

Carbon Reduction Plan

Year Ended 30 June 2024

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 on 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, we continue to undertake specific projects to help reduce emissions as part of our transition towards carbon net zero. These projects include lower energy lighting replacement, increasing the percentage of 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 in order to achieve our aims. We are currently working to improve the granularity of primary data capture to ensure we target our initial efforts in our hot spots of emissions. Re-designing our products for 'circularity', ensuring these are durable and providing innovative recycling solutions for our customers, is already part of our solution.

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 tCO ₂ e

Current emissions reporting

Reporting year:	1st July 2023 – 30th June 2024
EMISSIONS	TOTAL tonnes of carbon dioxide equivalent (tCO ₂ e)
Scope 1	1,624 tCO ₂ e
Scope 2	929 tCO ₂ e (location-based)
Scope 3 (included sources)	10,919 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	13,472 tCO ₂ e

Note: methodology for Scope 3, Category 4 aligned with SBTi methodology. This is a change to previous years reporting as we improve our reporting processes.

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.

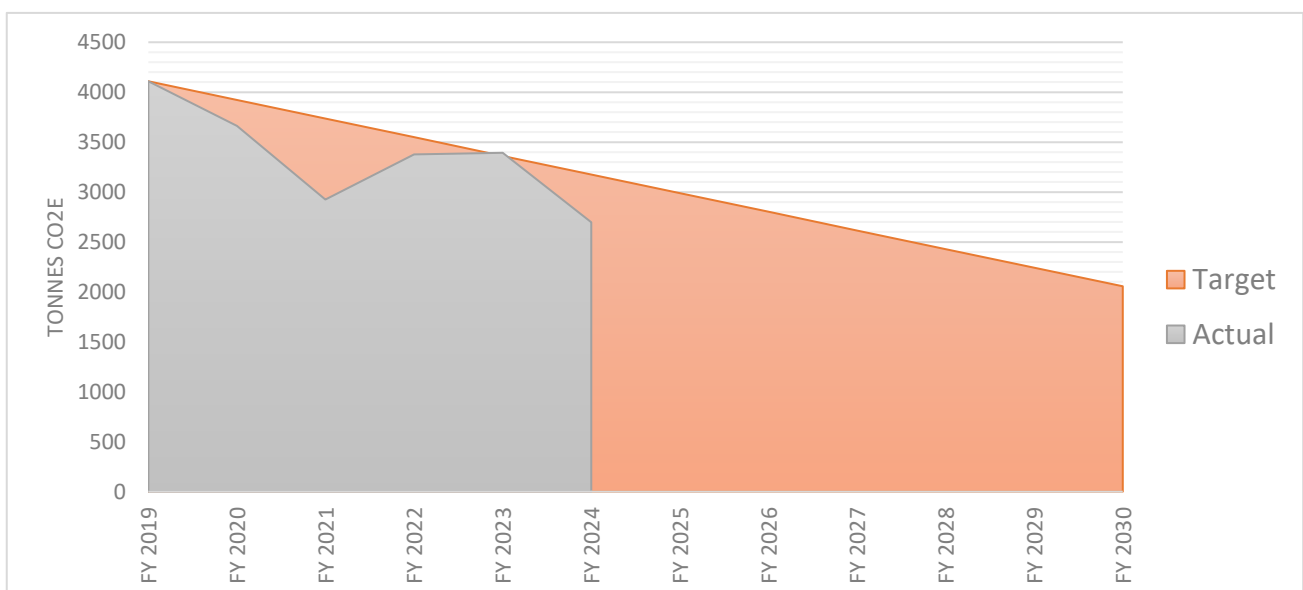
We are in the process of submitting our carbon reduction targets and trajectory to be validated by the Science-Based Targets Initiative (SBTi). We are prepared therefore to alter our targets in the future to align with this specification (if needed).

We project that carbon emissions for Scope 1 and 2 will decrease over the next five years to 2242 tCO₂e by 2029. This is a reduction of 45% 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 as part of our SBTi commitment.

Progress against our 2030 target can be seen in the graph below. The graph includes our Scope 1, Scope 2 and partial Scope 3 energy emissions (as reported in our current Streamlined Energy and Carbon Report):

Carbon reduction: projected vs. actual
Scope 1, Scope 2 & partial Scope 3 (energy)



Carbon reduction projects

Completed and Planned carbon reduction initiatives

The following environmental management measures and projects have either been completed or implemented since the 2019 baseline; or are planned for our current and future reporting periods. The carbon emission reduction achieved by these schemes so far equates to 1410 tCO₂e, a 34% reduction against the Scope 1 and 2 2019 baseline. 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 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.

Renewable energy generation

Arco's continued purchase of renewable energy **backed by certificates of origin**; the consolidation of safety store sites; and the introduction of a new "all electric" site at Belfast has further reduced Arco's dependence on fossil fuel derived sources of energy. As part of our low carbon transition plan, we have installed new solar generation capacity at several sites including Bracknell, Eccleshall, Linlithgow and the National Distribution Centre (1 Megawatt). We will continue our review of sites for solar panel installation.

Carbon Neutral Status

As per previous years, we have offset the Scope 1, Scope 2 and car travel emissions reported this year to achieve a carbon neutral energy status. We have purchased verified carbon offset credits on the Verra Registry, contributing to carbon reduction projects overseas.

Energy Audits, Monitoring and Raising Employee Awareness

During this financial year Arco will be committing to a number of initiatives in our ESOS Action Plan, to further reduce energy consumption and carbon emissions. As part of our ESOS activities in 2023, fourteen of our sites received a detailed energy use audit by our ESOS Lead Assessor, as a sample of our full portfolio. These audits benchmarked the use of energy by property, against values published by the Chartered Institute of Building Service Engineers (CIBSE), and the full portfolio. This benchmarking will continue with monthly monitoring and prioritising of sites by energy use, and also considering the normalisation of our energy consumption against external factors such as temperatures. We have engaged a third party monitoring service to support this activity and also help us raise employee awareness on energy conservation. All sites will be engaged in meter reading, monitoring and energy reduction opportunities as part of our wider GHG emissions targets.

Energy Consumption Reduction – Energy Efficiency

The ESOS Energy Use Audits identified a range of opportunities common to almost all sites. These included opportunities for lighting upgrades and the retro-fitting of system controls such as passive infrared and daylight sensors. A review of HVAC systems was recommended for most sites to ensure correct controls and temperature setting are in use; as well as use of destratification fans where available. We will implement this recommendation as part of activities to increase employee awareness of energy management.

Carbon Efficient Fleet and Logistics

In terms of the carbon efficiency of our own fleet, Arco has plans to install 26 EV charging points across the portfolio and continue its progress in switching 'grey' and owned fleet to electric and hybrid traction.

We are also keen to work with our logistics providers to understand how carbon emissions can be monitored and ultimately reduced as part of our wider Scope 3 target. We will submit our carbon inventory and targets to the Science-Based Targets Initiative (SBTi) for third party validation of our net zero ambitions this year, and our supply chain is critical to reducing our emissions.

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 by the leadership team.

Signed on behalf of the Leadership Team:



Head of Sustainability

Arco Limited

Date: February 2025