

ZENITH VEHICLE CONTRACTS CARBON REDUCTION PLAN

Supplier name: Zenith

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Commitment to achieving Net Zero

Zenith is committed to achieving Net Zero emissions by 2050 at the latest.

Methodology

Zenith calculates its emissions in line with the greenhouse gas (GHG) protocol standards. We use the following guidance documents as a guide to set our organisational boundary and calculate our emissions:

- GHG protocol: A corporate accounting and reporting standard
- GHG protocol: Corporate value chain (Scope 3) Accounting and Reporting Standard

Third-party assurance

Our baseline and current year emissions as detailed below have been verified by an independent third party, Carbon Footprint.

The verification undertaken by Carbon Footprint Ltd was conducted in accordance with ISO 14064-3 (2019): Greenhouse gases- part 3: *'Greenhouse Gases: Specification with guidance for the verification and validation of greenhouse gas statements'*.

This was to a limited level of assurance, as defined by the ISO 14064-3 standard. A verification plan (including sampling) was devised at the preliminary stages of the assessment to guide the verification process.

In conformance with the ISO 14064-3 standard, the following activities were undertaken:

- Initial review of the GHG documentation and methodologies, including historical GHG data for the period **1st April 2021 to 31st March 2022**.
- Remote auditing activities, involving discussions with staff from Zenith regarding:
 - Scope of calculation (including appraisal boundaries).
 - Input data sets, any missing data, estimations made and assumptions.
 - Calculation methodology and conversion factors used.
 - Quality control procedures.

Baseline Emissions Footprint

Baseline Year: Financial Year 2022 01 April 2021 – 31 March 2022

Additional Details relating to the Baseline Emissions calculations.

During our first year of GHG emissions calculation, we focussed our efforts on ensuring we included all activities within our Scope 1 and Scope 2.

For this reason, several Scope 3 categories were not calculated in our baseline year. Our disclosure for each of the 15 Scope 3 categories can be seen below.

All categories within our organisational and operational boundary have been calculated in our most recent year below.

Upstream:

- Purchased goods and services – partial.
- Capital goods – in-scope but not calculated.
- Fuel-and-energy-related activities (not included in Scope 1 or 2) – partial.
- Upstream transportation and distribution – in-scope but not calculated.
- Waste generated in operations – partial.
- Business Travel – calculated.
- Employee commuting – partial.
- Upstream leased assets – not within scope.

Downstream

- Downstream transportation and distribution – in-scope but not yet calculated.
- Processing of sold products – not within scope.
- Use of sold products – in-scope but not yet calculated.
- End of life treatment of sold products – in-scope but not yet calculated.
- Downstream leased assets – in-scope but not yet calculated.
- Franchises – not within scope.
- Investments – not within scope.

Baseline year emissions: Financial Year 2022 01 April 2021 – 31 March 2022

EMISSIONS	TOTAL (tCO ₂ e) 4,675.68
Scope 1	3,044.45
Scope 2	1,428.26
Scope 3	341.37
Total Emissions	4,814.08

**We are restating our Scope 1 and Scope 2 FY22 baseline year figures due to improvements in data accuracy.*



Current Emissions Reporting

Reporting Year: Financial Year 2024 (1 April 2023 – 31 March 2024)	
Additional Details relating to current year emissions.	
<p>We have yet to fully calculate our Scope 3 emissions. Our disclosure for each of the 15 Scope 3 categories can be seen below.</p> <p>Upstream</p> <ul style="list-style-type: none"> • Purchased goods and services – calculated. • Capital goods – calculated. • Fuel-and-energy-related activities (not included in Scope 1 or 2) – calculated. • Upstream transportation and distribution – calculated. • Waste generated in operations – calculated. • Business travel – calculated. • Employee commuting – calculated. • Upstream leased assets – not within scope. <p>Downstream</p> <ul style="list-style-type: none"> • Downstream transportation and distribution – calculated. • Processing of sold products – not within scope. • Use of sold products – in-scope but not yet calculated. • End of life treatment of sold products – in-scope but not yet calculated. • Downstream leased assets – calculated. • Franchises - not within scope. • Investments - not within scope. 	
EMISSIONS	TOTAL (tCO ₂ e) - 570,076.92



Scope 1	1,968.84 <i>1,915.47*</i>
Scope 2	785.45 <i>622.82*</i>
Scope 3	567,322.63 <i>567,200.10*</i>
Total Emissions	570,076.92 <i>569,738.39*</i>


**Zenith closed three of its vehicle workshops in early FY25. The italicised figures shown in the current emissions reporting table for FY24 above are the GHG emissions with the closed workshops excluded.*

Emissions reduction targets

We have committed to the Science Based Targets initiatives (SBTi) Business Ambition for 1.5 degrees. We submitted our targets to SBTi in January 2024. The validation review process will start in Summer 2024. These targets will cover our Scope 1, Scope 2 and Scope 3 emissions and will include near-term reduction targets and longer-term reduction targets. Our current commitment can be seen here - <https://sciencebasedtargets.org/companies-taking-action>.

Steps we take to reduce our emissions

Information on the steps we have taken to reduce our carbon emissions and environmental impact can be seen in our 2024 financial year annual report here - <https://indd.adobe.com/view/7f8efc06-1649-4ecd-b0b1-5b5103ecc8ce>.



1. Our key impacts

Scope 1 and 2 GHG emissions

We reduced our total Scope 1 and Scope 2 GHG emissions by 38% between the 2022 financial year and 2024 financial year.

This was achieved through transitioning our own employee company car scheme to battery electric vehicle (BEV). By the end of March 2024, our Zenith employee company car and salary sacrifice scheme had surpassed 90% BEV.

Our head office is located at Kirkstall Forge, Leeds. We moved to this office in 2017 in part due to its environmental credentials. The building was awarded BREEAM outstanding in both Construction and in Operation, the first office in the UK to achieve this.

We closed three of our vehicle workshops in early FY25, we expect this to reduce our Scope 1 by circa 50tCO₂e per year and Scope 2 by circa 160tCO₂e. Further information on the full impact of this will be disclosed in next year's plan.

Scope 3 GHG emissions

By calculating our total GHG emissions, we were able to identify the three largest categories of our emissions:

Scope 3 Category	tCO ₂ e
Category 1 - Purchased Goods and Services	74,632.89
Category 2 - Capital goods	144,655.20
Category 13 - Downstream leased assets	341,565.91

Purchased goods and services

Findings: The emissions produced during the maintenance and repair of our vehicles contributes significantly to our overall emissions. The activities completed by our supply chain within this Scope 3 category includes tyres and glass repairs, and vehicle repair and maintenance by our supplier partners.

Next steps: We've begun engaging our business-critical supplier partners to understand the maturity of their GHG emissions reporting and circular economy practices, starting with the Supplier Sustainability Survey in September 2023. We're committed to maturing our reporting



and the accuracy of the information from our key supplier partners, in order to work together for the best environmental outcome.

Capital Goods

Findings: The embodied carbon produced when vehicles are manufactured by OEMs is one of largest contributors to our Scope 3 GHG emissions. Currently very few manufacturers disclose this data, so for the purpose of calculating our emissions we have based our figures on the 2022 Government Report: *Lifecycle analysis of UK road vehicles*

(<https://assets.publishing.service.gov.uk/media/623b0fb28fa8f540f3202c12/lifecycle-analysis-of-UK-road-vehicles.pdf>). To ensure our emission figures are accurate, we're working with the manufacturers to develop the accuracy of the data and intend to use supplier-specific emissions figures when available.

Next steps: This element of our Scope 3 value chain emissions will be the most difficult to decarbonise as we have little influence over the vehicle manufacturers' processes and priorities. Having said that, over 82% of the vehicles that we purchased and delivered to customers in FY24 were from manufacturers that had either a validated SBTi target or an SBTi commitment. As such, they will have their own roadmaps and targets to reduce their GHG emissions, which will then subsequently reduce our Scope 3 Capital Goods emissions.

Once the manufacturers are universally reporting on the embodied carbon of their vehicles, we intend to provide this information to our customers as part of the sales and ordering process. This will enable our customers to order vehicles based on the total lifecycle emissions, in addition to tailpipe.

Downstream leased assets

Findings: Once the vehicles are on the road and with our customers, the emissions produced during the in-life stage is another large contributor. Zenith is manufacturer agnostic and leases all vehicle types from cars to LCVs and HGVs, with some specialist vehicles too. We lease all fuel types, with a particular focus on supporting customers with their journey to net zero.

Next steps: Working towards our vision to decarbonise the UK vehicle parc by eliminating tailpipe emissions, we're helping our customers transition to BEV and other alternative fuels with seamless, cost-efficient fleet plans and expert support. As a result, emissions from our car fleet have reduced by 20% YOY to FY2024.



2. Our Key Targets

SBTi commitment

Committed to the Business Ambition for 1.5 degrees in October 2021. We submitted our near-term and long-term science-based carbon reduced targets to SBTi in January 2024. Our validation review process is scheduled to begin in summer 2024.

EV100 target

Transition the funded fleet for our corporate customers to battery electric vehicle only by 2030. We are currently calculating the annual emissions generated by our customer's fleet and will be able to evidence the carbon emissions avoided by leasing battery electric vehicles over traditional internal combustion engine (petrol and diesel) following calculation. At the time of our commitment in 2020, our funded fleet was 48,000 vehicles and using the current UK emissions conversion factor plus each car driving 12,000 miles per year would result in carbon emissions reductions of 161,585,280 tCO₂e.

Green Financing

Issued the UK vehicle leasing sector's largest Green Bond in January 2022, totalling £475 million. Our Green Bond issue includes the commitment to spend the proceeds on battery electric vehicles. In Q1 FY24, we met this pledge six months early, having spent the required £475 million, with the remaining balance to spend being nil.

At that point, we had 12,767 vehicles in the eligible portfolio, and had reduced or avoided 38,718.54 tCO₂e of annual GHG emissions. As at 31 March 2023, we had 11,410 vehicles in the eligible portfolio and had reduced or avoided 38,216 tCO₂e of annual GHG emissions. This equated to a spend on the eligible portfolio of £425.7 million, with remaining balance of unallocated proceeds of £49.3 million.

Carbon Neutral certification

We are also a certified Carbon Neutral organisation and have committed to maintaining this each year. We achieve this by offsetting our direct Scope 1, Scope 2 and operational Scope 3 emissions across the Group by supporting carbon reduction, avoidance and sequestering



projects. Our priority is to reduce our GHG emissions and carbon offsetting of our direct emissions remains a secondary element of our carbon reduction plan.

Further information on the steps we have taken to reduce our carbon emissions and environmental impact can be seen in our 2024 financial year annual report here -

<https://indd.adobe.com/view/7f8efc06-1649-4ecd-b0b1-5b5103ecc8ce>.

3. Our Governance

At a management level, we appointed a Sustainability Manager in April 2023 to lead the design, delivery, and reporting arms of our management of climate-related risks and opportunities, and our wider sustainability strategy. This includes responsibility for calculating and monitoring of our GHG emissions.

We have a clear environmental governance structure in place with our Leadership Board and CEO being ultimately accountable for climate change and the environment. They have devolved responsibilities to the ESG Committee and our Sustainability Manager, who leads the design, delivery and reporting arms of our sustainability plan, including climate change management.

Beneath the ESG Committee sits our Climate Risk Working Group with responsibility for identifying, assessing and managing climate-related risks and opportunities.

Further information on our ESG and climate-related governance structure and processes can be found within the Task Force for Climate-Related Financial Disclosures (TCFD) section of our 2024 financial year annual report here - <https://indd.adobe.com/view/7f8efc06-1649-4ecd-b0b1-5b5103ecc8ce>.



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 standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

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) Standard³.

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:



Mark Phillips (CFO)

10th October 2024

¹<https://ghgprotocol.org/corporate-standard>

²<https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

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