HERON BROS.

Vision 2030

Net-Zero Roadmap

Introduction

This is Heron Bros.' vision for how we intend to be part of the solution to climate change rather than contributing further to the problem through our work.

We have been closely following developments in technology, investing in innovations that will help reduce not only our own, but our clients' carbon footprints and we're ready to share some of these plans. Some projects have been piloted with great success recently, such as Project Girona in Coleraine which saved the participating households £450 on their electricity costs and exported more than 31,000 kWh to the grid.

This is just one of a number of projects in which we are partners. We are excited that together, these innovations will help to change the landscape for renewable energy adoption in our key markets in the coming years.

Alongside these initiatives, our construction business is leading the Heron Group in committing to an ESG Strategy that provides a wider context for our net-zero journey. This roadmap shows how we intend to conduct that journey, exploring opportunities and sharing commitments across six key themes that will help us achieve net zero by 2045 – five years ahead of the UK Government's goal.

We will address both operational and embodied carbon in our efforts and will review targets and goals quarterly using our investment in a data-driven software platform to measure, monitor and report on our progress at every stage. If you're reading this as a stakeholder of Heron Bros. we look forward to engaging with you and bringing you on this journey with us over the next two decades or so. Working together, we can achieve so much more and leave a positive legacy for the future.

Damien O'Callaghan
Group Managing Director

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The Context for our Net-Zero Journey

At Heron Bros. we're acutely aware of the challenge that climate change poses to how we live and work and of the role the construction sector plays in contributing to the climate emergency.

Almost 40% of all energy-related emissions globally derive from the construction sector, so companies like ours are critical to efforts to tackle the climate crisis. This is something we at Heron Bros. have put at the core of our business as we strive to become net zero in our own operations by 2035.

The development and continued investment into renewables, which has been part of the Heron Bros. portfolio since 2010, will be central to both reducing our emissions and positively contributing to wider decarbonization efforts by offering renewable solutions to others.

Our Net-Zero Roadmap sets out how we intend to achieve our emissions goals and it sits as part of a more expansive ESG Strategy that takes our business to 2030. Both this roadmap and the ESG Strategy will be reviewed annually and our progress reported against the goals we have set. If we can achieve those goals sooner than we've set out here, we will, for we know that every day counts on this important journey.

In recognition of the global context of the climate crisis, we align our efforts in reaching net zero with these **UN Sustainable Development Goals:**

Our Vision and Values

The ethos behind this strategy lies in Heron Bros' vision and values:

"Our **vision** *is to be the contractor and developer of choice for our clients by delivering added value through quality and sustainability"*

Our values:

Relationships – Collaborating with like-minded partners enhances our potential to achieve common goals

Forward-thinking – Embracing innovation to find sustainable solutions for our clients and wider society

Passion – We care about people and planet and having a positive impact that we can be proud of

Governance Structure

Heron Bros. drive to reach net zero is led by the Board with support from our Senior Management Team and ESG Manager to ensure ownership, commitment and full implementation across our organisation around our growing environmental, social and governance commitments.

Our goals:

1 To achieve net-zero carbon in our own operations (scopes 1 & 2) by 2035

2 To be net zero across our entire value chain by 2045

How we will achieve them:

Through a range of measures that sit broadly under the following six themes:

Education & Collaboration

Energy Management

Innovation

Measurement & Reporting

Materials & Supply Chain

Transport & Machinery

Education & Collaboration

Collaboration in this space is key. None of us can achieve net zero on our own, so it's important to share our knowledge and intentions and work together for a common goal. That's why we've signed up to the BITCNI Climate Action Pledge, committing to achieve a 50% reduction in our emissions by 2030 and net zero by 2050. Although our ambition is to reach those key milestones sooner than we pledged, we see the value in being part of a movement for change and adding our voice to inspire others to action.

Within the wider Heron Bros. group, we are also collaborating on a number of exciting renewables initiatives that will see us take a market-leading position on energy generation, storage and decarbonisation over the next decade. These initiatives will be central to our net-zero journey, as well as being of wider benefit to the NI economy and communities across the province.

Education is critical as we bring employees with us on this journey. Their knowledge and understanding is key to Heron Bros. achieving its goals and so in 2022 we embarked on carbon literacy training, starting with our senior team. This will be rolled out across the business in 2022 and supply chain thereafter.

Measurement & Reporting

We have invested in SustainIQ measurement and reporting software since 2018 and use it across the company to measure, monitor and report on all aspects of our sustainability, including our energy and emissions.

We are producing a full carbon inventory using SustainIQ. This will provide us with complete transparency of our emissions data and enable us to develop operational and strategic plans based on the detailed intelligence the system provides.

We can use SustainIQ to measure emissions within our supply chain as part of our scope 3, as well as tracking our own direct and indirect emissions in scopes 1 and 2 and also to track progress against the SDGs with which we've aligned Heron Bros' wider ESG strategy, including Goals 7, 11 and 13, which are especially pertinent to our net-zero journey.

We are certified to ISO 14001: 2015 and comply with ESOS and SECR reporting regulations. Certification to ISO 50001 is underway and will be completed in 2023.

We will seek certification to ISO 14064 in 2023 and begin reporting on all three scopes of emissions by 2025. We will also ensure full TCFD alignment in our risk management and planning by 2023.

Energy Management

In 2021 we began the process of implementing the ISO 50001 Energy Management System across Heron Bros. with a goal to achieve certification early in 2023.

With the 50001 system in place, we will be better placed to continually review and improve our energy management. We will be helped in this task by the use of the SustainIQ ESG measurement and reporting platform, which we have been using across the business since 2018.

Our regional office in Scotland is already on a 100% renewable energy tariff and by 2025 we will be using 100% renewably sourced electricity at all our offices. We will install solar PV panels combined with a wind turbine and battery storage at our Draperstown headquarters as part of our new build and refurbishment plan before the end of 2024, giving us the potential to generate 2.4m kWh of energy, which equates to 96% of our annual energy use.

LED lighting has been in place at our offices since 2017 and we currently operate three heat pumps and five biomass boilers. We will continue to innovate and improve our management of energy efficiency as we aim for net zero across our operations by 2035.

Innovation

We believe strongly that technology and innovation are key to addressing climate change by helping with mitigation pathways that allow significant reductions in energy use. That's why Heron Bros. is a key investment partner in The Electric Storage Company (TESC), which is set to dramatically change the landscape for electricity through smart metering and storage. Our investments in this space will transform both 'behind the metre' and 'in front of the metre' energy challenges, helping energy producers, large energy users and homeowners to smooth out their energy use, reduce costs, store renewably sourced electricity and sell it back to the grid for use by others.

We are further developing this space through investment in repurposing existing wind turbines, as well as erecting new turbines and solar farms combined with battery storage with the aim of generating 50m+kWh of renewable electricity. Suffice to say that at Heron Bros. we are committing to become part of the solution to climate change through our investments in technology and embracing and enabling innovation in this space.

Materials & Supply Chain

Understanding and measuring the embodied carbon within the materials used in our building projects is a key priority for us. We are working closely with SustainIQ to develop methodologies to measure and report on this.

In the meantime, we will prioritise use of those materials with a lower carbon footprint and environmental product declarations (EPDs) in order to reduce the emissions intensity of materials used.

We also recognise our responsibility to educate and support our supply chain on our mutual journey towards decarbonisation. We will extend the carbon literacy training undertaken by our staff to our supply chain, with a target completion date of 2025 for all tier 1 and 2 suppliers.

Transport & Machinery

In 2021, as part of the redevelopment of our head office at Draperstown, we installed 6 x EV charging points with 8 more in the pipeline. Almost a third of company cars are hybrid or EV and our target is for 100% by 2030. Vans in our fleet are more problematic, but we continue to explore alternatives to fossil-fuel powered vehicles and will ensure at least 25% are low/zero emissions by 2025.

We will also encourage our supply chain through education and support to use low or zero emissions vehicles and plant at our sites.

We are exploring the use of low emissions fuels and continue to monitor the feasibility of options available, with the intention of further decarbonizing our transport emissions by the end of 2025 by at least 20%. We expect to invest in hydrogen fuel technology with a goal to be zero carbon in all transport by 2030.

On building sites, the use of diesel-powered plant and machinery is another challenge and we regularly monitor the availability of feasible alternatives. We will use only eco-smart welfare units and cabins on our sites from 2023, reducing the usual footprint from such units by up to 90% on a typical project.

Our emissions and milestones to net zero

Current emissions (2021/'22)

	(tCO_2e)	%
Scope 1	924.77	84%
Scope 2	177.49	16%
Total	1,102.26	100%

Reduction targets

Our aim is to achieve 90+% reductions in scopes 1 and 2 emissions before adopting any removals, in line with best practice advocated by the Science-Based Targets initiative. Likewise in scope 3 emissions, we aim to reduce two thirds of emissions before moving to adopt credible, verifiable removals for the remainder.

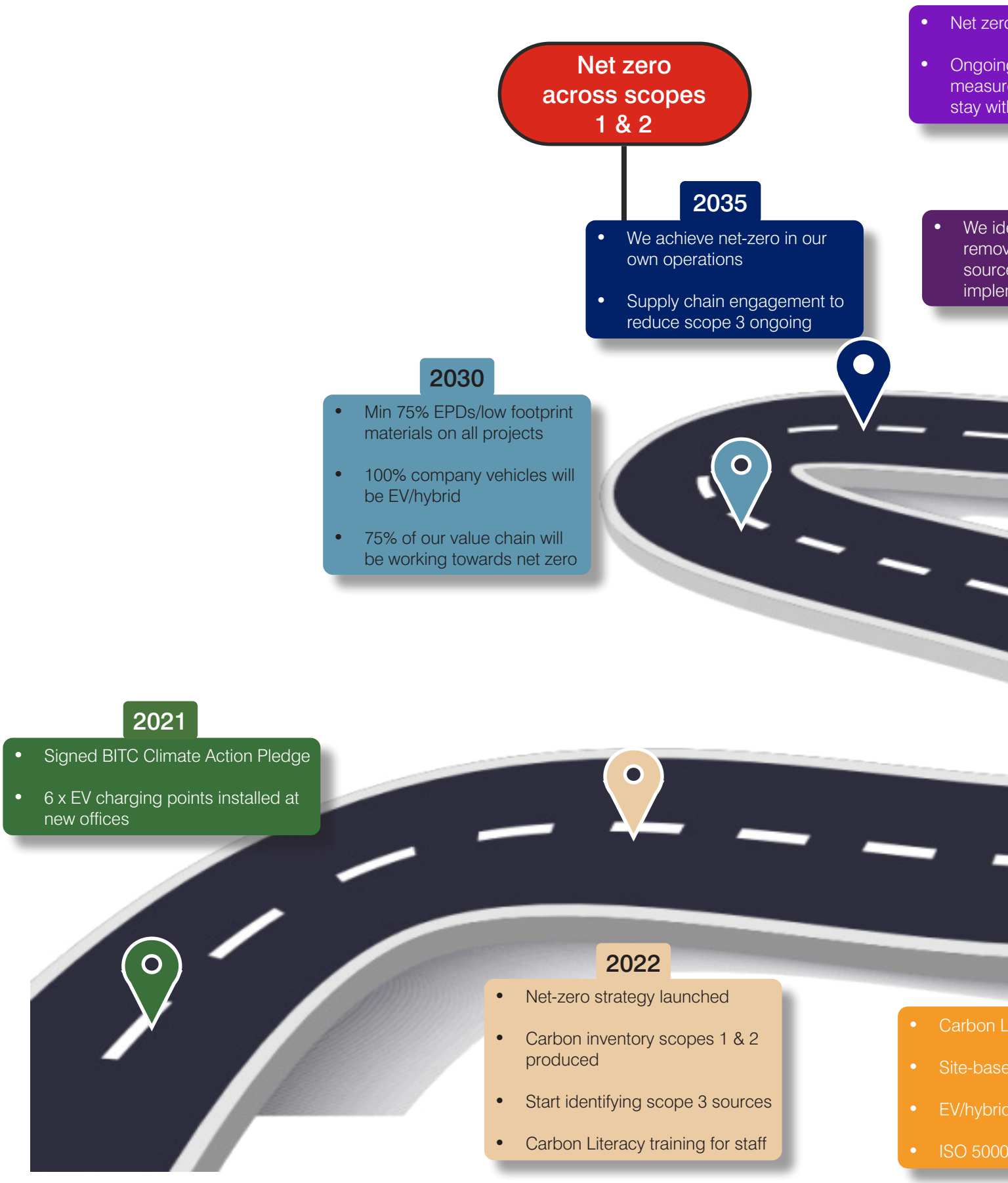
It is our intention to facilitate the majority of these removals through the renewable energy technology projects we are undertaking through The Energy Storage Company (TESC) as detailed in the carbon reduction plan on the next page.

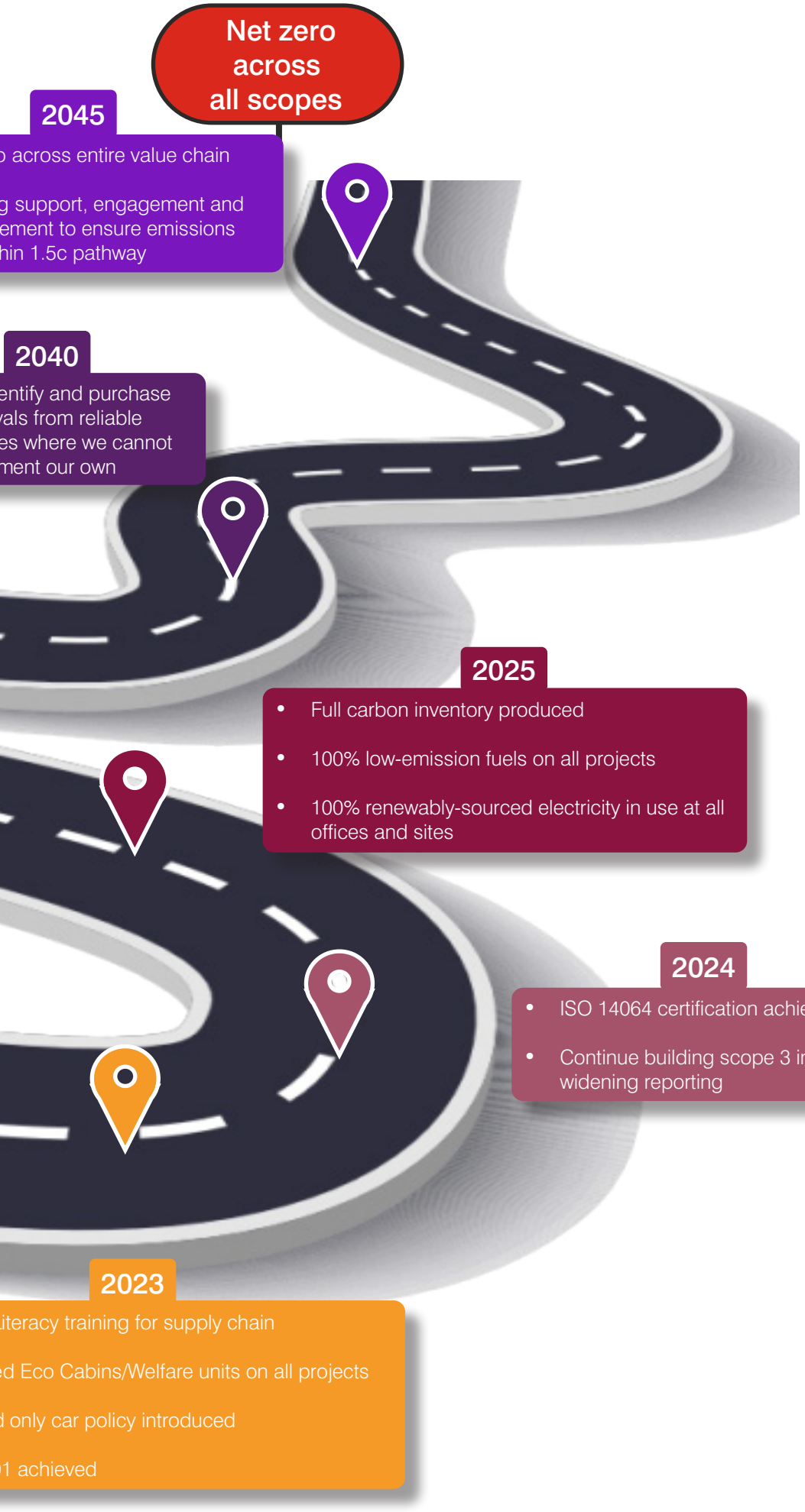
Reductions are absolute and measured against a baseline of data from Sept 2021 - August 2022.

	2025	2030	2035	2040	2045
Scope 1 & 2	25%	50%	100%	100%	100%
Scope 3 * limited categories	10%				
Scope 3 * full		25%	50%	75%	100%

* Scope 3 baseline year 2025

Net-Zero Roadmap





The journey doesn't end here

Reducing the emissions across our entire value chain to zero is a goal for us, but it isn't THE goal.

Thanks to expertise we've developed in recent years and our investment in renewables and battery technology, we have a much bigger vision that will see us producing more energy than we need and so becoming carbon negative through a range of innovative technologies and partnerships.

Ultimately, it is our goal to produce enough clean and green energy for ourselves, all divisions within the Heron Group and the tenants of our property division, thus supporting the journey to net zero for others as well as ourselves by 2030.

Carbon Reduction Plan

Theme	Goals	By when?
Education & Collaboration	Our workforce will be fully carbon literate	End of 2023
	Development of a solar facades project in partnership with Ulster University	2030
	Implementation of LEAN principles with a focus on decarbonisation across the business	From 2022
	Collaborating with national energy generators to harness the full potential of renewable energy through development of battery storage facilities	From 2022
	50% reduction in scopes 1 & 2 as a signatory to the BITC Climate Action Pledge	2030
Measurement & Reporting	Continued use of SustainIQ platform to measure, monitor and annually report on emissions on all build projects and company-wide	Ongoing
	Complete a full carbon inventory across all three scopes	2025
	Publicly report scope 1 and 2 emissions data annually against targets	Annually
	Publicly report scope 3 transport emissions	2023
	Publicly report full scope 3 emissions	2025
	Achieve ISO 14064 certification	2024
	Aim for measurement of embodied carbon on all projects	From 2025
	Risk management & planning aligned with TCFD framework	From 2023
Materials & Supply Chain	Aim for 50% certified low footprint materials/EPDs on all projects	2030
	Support tier 1 suppliers to become carbon literate	2023
	Support tier 2 suppliers to become carbon literate	2025
	Set targets for operational carbon reductions on all projects in line with net zero by 2045 goal	From 2025
	Set targets for embodied carbon reductions on all projects in line with net zero by 2045 goal	From 2025
	40% of value chain have set out their net-zero pathways	2025
	75% of value chain have set out their net-zero pathways	2030
Energy Management	Achieve ISO 50001 certification	2023
	100% renewably sourced electricity used at all offices & sites	2025
	Install additional solar PV panels at office locations in NI and Scotland to increase renewable electricity generation by 15%	2025
	Utilise PARIS smart energy platform to reduce energy use by up to 30% annually	From 2025

Theme	Goals	By when?
Innovation	Further develop investment in The Electric Storage company (TESC) with projects to harness power from wind, solar and battery storage for use by communities and large energy users	From 2022
	Generate 50m+ kWh of our own electricity through wind and solar technologies	By 2026
Transport & Machinery	50% company-owned cars will be EV/Hybrid	2025
	100% company-owned cars will be EV/Hybrid	2030
	Lower emission fuels (LEFs) to be prioritised for site-based plant & machinery	2023
	Full shift to LEFs for all site-based plant & machinery	2030
	All new site welfare units to meet low-emission standards	2023

Evaluation and Review

We have invested heavily in monitoring and evaluation across our business and report on our KPIs on a monthly basis. That same rigour will apply to our net-zero strategy and will be supported by our investment in SustainIQ – data-driven software that helps us measure, monitor and report on all our ESG commitments.

Our senior management team will undertake quarterly reviews of this net-zero strategy to ensure we remain on track and that our progress is closely monitored and can be corrected if necessary. Where we can transition to net zero faster than we've set out here, we will do so, adjusting our goals accordingly. A process of annual target setting will help ensure we are current in our thinking, and as we approach 2030, we will review and update this roadmap to ensure we remain on track to reach net zero by our target date of 2045.

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