Prolog Fulfilment Ltd

Qualifying Explanatory Statement

in support of the

Achievement of and Ongoing Commitment to Carbon Neutrality

Application Period: 1st January 2022 – 31st December 2022

Date: 26/06/23

1. Executive Summary

This document is the Qualifying Explanatory Statement (QES) which provides collected evidence in support of the declaration that Prolog Fulfilment Ltd:

1. has achieved carbon neutrality for its Phase 1, Phase 8 and Contact Centre sites for the period commencing 1st January 2022 to 31st December 2022 (see Section 3); and
2. is committed to maintaining carbon neutrality for its Phase 1, Phase 8 and Contact Centre sites (see section 4).

The carbon neutrality declaration has been made and the collected supporting evidence has been provided in accordance with the requirements prescribed by PAS 2060:2014 – Specification for the demonstration of carbon neutrality.

Neil Daniells

CEO

26/06/23

2. General information

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Entity making PAS 2060 declaration:	Prolog Fulfilment Ltd
Subject of PAS 2060 declaration:	*Scope 1, 2 and scope 3 category 5 and 6 of all UK sites as listed below –* ***Phase 1*** *- Little Oak Drive, Sherwood Business Park, Annesley, Nottinghamshire, NG15 0DJ* ***Phase 8*** *- Lake View Drive, Sherwood Business Park, Annesley, Nottingham, NG15 0DF* ***Contact Centre*** *– Prolog House, Milner Roadm Chilton Industrial Estate, Sudbury, CO10 2XG*
Description of Subject:	***Phase 1*** *and* ***Phase 8****:*

	Warehouse, Storage and fulfilment sites. Primary activity is the storage and fulfilment of client products that are packed and despatched to their customers when ordered. *Both sites have large storage areas fitted out with floor to ceiling racking for storage and have operational areas for the packing of goods to be despatched* ***Contact Centre*** *Contact centre seating 120 heads. Primary function is to deal with customer enquiry calls on behalf of our clients.*
Rationale for selection of the subject:	*The carbon footprint across the business can be reduced through various projects including utilising renewable energy sources and less wasteful energy consuming devices such as lighting. This is all within our management control of the sites.* *We have no operational control over activities undertaken on behalf of our clients which are out of our control and scope.*
Control approach:	Operational Control
Type of conformity assessment:	Independent third-party certification (see Appendix 2)
Baseline date for PAS 2060 programme:	1st January 2019
Individuals responsible for evaluation and provision of data necessary for declaration:	Darren Hill Business Development Manager

3. Declaration of achievement to carbon neutrality

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Declaration of achievement:	Carbon neutrality of Phase 1, Phase 8 and Contact Centre sites achieved by Prolog Fulfilment Ltd in accordance with PAS 2060 at 26th June 2023 for the period commencing 1st Jan 2022, certified by the Carbon Trust.

Recorded carbon footprint of the subject during the period stated above	271 *(tCO_2e) – location based footprint* See section 3.2 for further details.
Carbon footprint reduction target for period	Our target for this period was reduce our emissions by 5%
Carbon footprint reduction achieved for period	73 tCO2e See section 3.3 for further details.
Carbon offsets purchased	271 *(tCO_2e)* See section 3.4 for further details.

3.1. Carbon footprint methodology

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Description of the standard and methodology used to determine GHG emissions and reductions	In establishing the company's GHG emissions, the principles of the GHG protocol were used alongside the ISO 14064-1 standard for guidance. The provisions of the methodology for calculating the carbon footprint was applied as detailed and the principles set out in PAS 2060 were met. The methodology for calculating the carbon footprint was as follows: Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard were used in establishing the company's greenhouse gas emissions. This included the GHG Protocol Scopes 1, 2 and Scope 3 Categories 5 (Waste) and 6 (Business Travel). **Scope 1** – Emissions of Prolog Fulfillment Ltd for Natural Gas, Electricity and Mobile Combustion (LPG forklifts) were calculated based on activity data and the relevant BEIS emission factors. Emissions from refrigerant losses were estimated based on the inventory of refrigerant units, the charge of the units and the refrigerant type. There was no stationary combustion, expect for diesel generator testing. This was excluded as *de* minimis (<0.1% of total footprint). **Scope 2** - Electricity emissions are accounted for under scope 2 with the location-based and the market-based method. Prolog Fulfilment Ltd has

	procured renewable electricity backed by certification over the last three reporting periods. **Scope 3** <u>Category 5</u> Waste in Operations – this category included emissions associated with waste generated from offices and other facilities. Emissions from the waste are determined based on an average BEIS waste emission factor based on tonnage, material description and end-of-life fate of the waste (e.g. recycling, waste-to-energy, landfill). <u>Category 6</u> Business Travel – for Prolog, business travel occurred from grey fleet (here: employee vehicle expense claims). According to the provided data, no further business travel occurred.
Justification for the selection of the methodologies chosen	It has been essential to follow best practices and use internationally recognised standards to ensure that the Footprint can be updated with consistency year-on-year. GHG Protocol establishes comprehensive global standardized frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. It is now the most widely used accounting tool to track GHG emissions. GHGPl also provides webinar, e-learning and in-person training and capacity-building support on its standards and tools. In all cases where most granular material/activity-specific data was available it was used. Assumptions were applied where taken where data availability was poor. This was to cover all areas, providing estimates for emissions over the company's complete scope.

3.2. Carbon footprint breakdown

<table>
<tr><th>Carbon Footprint (for latest footprinting year)</th><th>Information Relating to the Carbon Neutral Declaration</th></tr>
<tr><td>Total Carbon Footprint</td><td>
Total Footprint (location-based):
<table>
<tr><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td>366 tCO_2e</td><td>344 tCO_2e</td><td>271 tCO_2e</td></tr>
</table>
Total Footprint (market-based):
<table>
<tr><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td>167 tCO_2e</td><td>157 tCO_2e</td><td>114 tCO_2e</td></tr>
</table>
</td></tr>
<tr><td>Carbon Footprint Breakdown by Scope</td><td>
Total Footprint (location & market-based):
<table>
<tr><th>Scope</th><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td>Scope1</td><td>147 tCO_2e</td><td>132 tCO_2e</td><td>93 tCO_2e</td></tr>
<tr><td>Scope 2 (location-based)</td><td>199 tCO_2e</td><td>187 tCO_2e</td><td>157 tCO_2e</td></tr>
<tr><td>Scope 2 (market-based)</td><td>0 tCO_2e</td><td>0 tCO_2e</td><td>0 tCO_2e</td></tr>
<tr><td>Scope 3 (Cat. 5 and 6 only)</td><td>20 tCO_2e</td><td>25 tCO_2e</td><td>21 tCO_2e</td></tr>
</table>
</td></tr>
<tr><td>Scope 1 – Direct GHG Emissions:</td><td>
<table>
<tr><th>Emission source</th><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td>Natural Gas</td><td>147 tCO_2e</td><td>123 tCO_2e</td><td>89 tCO_2e</td></tr>
<tr><td>Refrigerants</td><td>2 tCO_2e</td><td>2 tCO_2e</td><td>0 tCO_2e</td></tr>
<tr><td>Company vehicles</td><td>5 tCO_2e</td><td>7 tCO_2e</td><td>4 tCO_2e</td></tr>
</table>
</td></tr>
<tr><td>Scope 2 – Energy Indirect Emissions:</td><td>
<table>
<tr><th>Emission source</th><th>2020</th><th>2021</th><th>2022</th></tr>
<tr><td>Location-based</td><td>199 tCO_2e</td><td>187 tCO_2e</td><td>157 tCO_2e</td></tr>
<tr><td>Market-based</td><td>0 tCO_2e</td><td>0 tCO_2e</td><td>0 tCO_2e</td></tr>
</table>
</td></tr>
</table>

Scope 3 – Other Indirect GHG Emissions:	<table><tr><th>Emission source</th><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>**Cat. 5 - Waste**</td><td>**6** tCO_2e</td><td>**4** tCO_2e</td><td>**4** tCO_2e</td></tr><tr><td>**Cat. 6 – Business Travel**</td><td>**15** tCO_2e</td><td>**21** tCO_2e</td><td>**17** tCO_2e</td></tr></table>
Exclusions	Scope 1 - Other fuels (diesel generator yearly testing) excluded as this was deemed as *de minimis* (<0.1% of total footprint) Due to limited visibility and data, other scope 3 categories have not been assessed and included. We will keep the boundary under review and consider the extension of this measurement to incorporate other relevant scope 3 categories in future.

3.3. Carbon reduction

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Reductions achieved	The carbon footprint reductions between the current carbon footprint (see section 3.2) and the baseline period are as follows: • Absolute reduction: 73 tCO_2e • Percentage absolute reduction: 21%
Baseline period	2019
Confirmation that there has been no change to the definition of the subject	Confirmed
Description of the means by which reductions have been achieved and any applicable assumptions or justifications	Absolute terms

3.4. Carbon offsets

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Offset methodology	Gold Standard
Offset Confirmation	The offsets generated represent genuine, additional GHG emission reductions elsewhere. Projects involved in delivering offsets meet the criteria of additionality, permanence, leakage and double counting. Carbon offsets are verified by an independent third-party verifier. The credits from the selected carbon offset projects are: • only issued after the emission reduction has taken place. • retired within 12 months from the date of the declaration of achievement. • supported by publicly available project documentation on a registry which provides information about the offset project, quantification methodology and validation and verification procedures. stored and retired in an independent and credible registry.
Offsets	Full details of the carbon offsets included in making this declaration are provided in Appendix 1.

4. Declaration of ongoing commitment to carbon neutrality

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Declaration of on-going commitment:	Prolog Fulfilment Ltd commits to maintain carbon neutrality for scope 1, 2 and scope 3 category 5 and 6 of its operations, including: ***Phase 1*** *- Little Oak Drive, Sherwood Business Park, Annesley, Nottinghamshire, NG15 0DJ* ***Phase 8*** *- Lake View Drive, Sherwood Business Park, Annesley, Nottingham, NG15 0DF* ***Contact Centre*** *– Prolog House, Milner Roadm Chilton Industrial Estate, Sudbury, CO10 2XG* in accordance to PAS 2060 for the period 1st Jan 2022 – 31st December 2022 Carbon neutrality for

	Phase 1 *- Little Oak Drive, Sherwood Business Park, Annesley, Nottinghamshire, NG15 0DJ* ***Phase 8*** *- Lake View Drive, Sherwood Business Park, Annesley, Nottingham, NG15 0DF* ***Contact Centre*** *– Prolog House, Milner Roadm Chilton Industrial Estate, Sudbury, CO10 2XG* for the period 1st Jan 2022 – 31st December 2022 will be achieved by May 2023

4.1. Carbon management plan

PAS 2060 Requirement	Information Relating to the Carbon Neutral Declaration
Targets for GHG reduction for the defined subject appropriate to the timescale for achieving carbon neutrality	We are targeting ourselves to reduce our emissions by 5% for the emissions set out in scope 1 and scope 2 against 2021
Planned means of achieving and maintaining GHG emissions reduction	• Installation of Solar panels on warehouse roofs • Continued Installation of LED lights throughout the business • Continued Training of staff in reduction of emissions through best practice procedures of all activities they undertake • Continued reduction of the use of Heating and Airconditioning through the sites. • Heat Conservation • Installation of ground heat pumps
The offset strategy to be adopted	To meet our carbon neutrality commitment, any carbon emissions remaining after reduction efforts for the period of 1st Jan 2023 to 31st December 2023 will be offset by purchasing high-quality carbon offsets.

Appendix of qualifying explanatory statement

Appendix 1: Offsets

Project name	Country	Project type	Standard	Type of credits	Total credits	Generation period	Retirement date	Reference No. & link to registry	Offset volume (tCO_2e)
60 MW Wind Power Project in Karnataka	*India*	*Wind Power*	*Gold Standard*	*VER*	*271*	Apr 01, 2018 — Jul 31, 2020	*28/07/2023*	*GSM19908*	*271*
							Total tonnes (tCO_2e) offset		**271**

Appendix 2: Independent third-party assurance

CARBON TRUST

Certificate of Achievement

Prolog Fulfilment Ltd.

has achieved carbon neutrality related to the 1st January 2022 - 31st December 2022 application period and is committed to on-going carbon neutrality of the total carbon footprint for

Scope 1, 2 and 3 (Category 5 and 6)

Carbon Trust Assurance Limited certifies that this company has correctly calculated its carbon footprint for the 1st January 2022 - 31st December 2022 application period and satisfactorily offset this to achieve carbon neutrality, in accordance with:

- PAS 2060:2014 – Specification for the demonstration of carbon neutrality

A detailed list of certified results can be found in the associated Certification Letter CERT-13509

Awarded: 24 August 2023

for and on behalf of Carbon Trust Assurance Ltd,

Martin Hockaday,
Head of Assurance

Appendix 3: Additional supporting information for interested parties

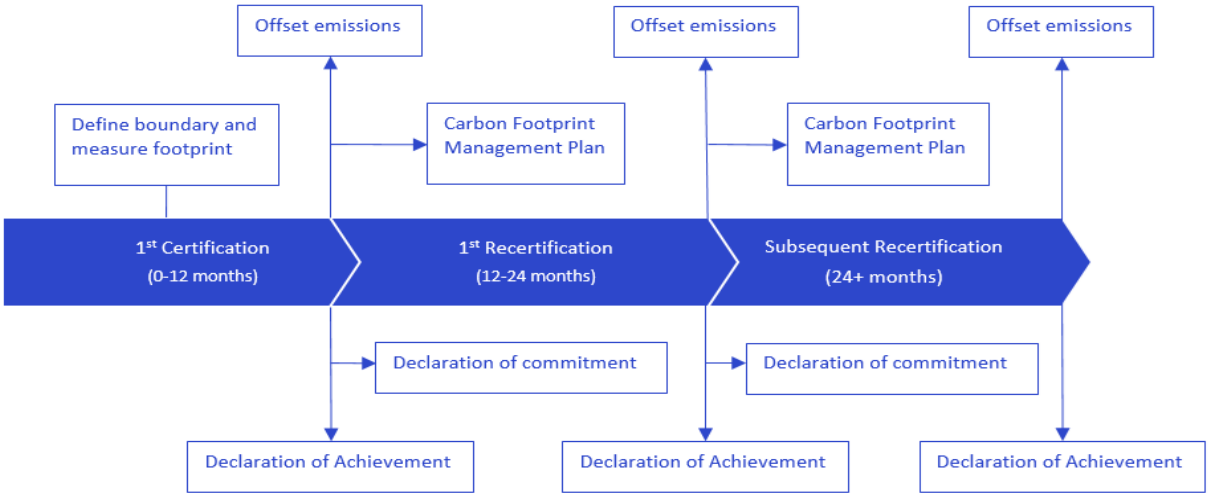

Figure 1. PAS 2060 certification process

Source: Carbon Trust. Adapted from "BSI - PAS 2060:2014: *Specification for the demonstration of carbon neutrality: Figure 1 – Illustration of the cyclical process for demonstrating carbon neutrality, taking into account permitted baseline period exceptions*". [Simplified version]

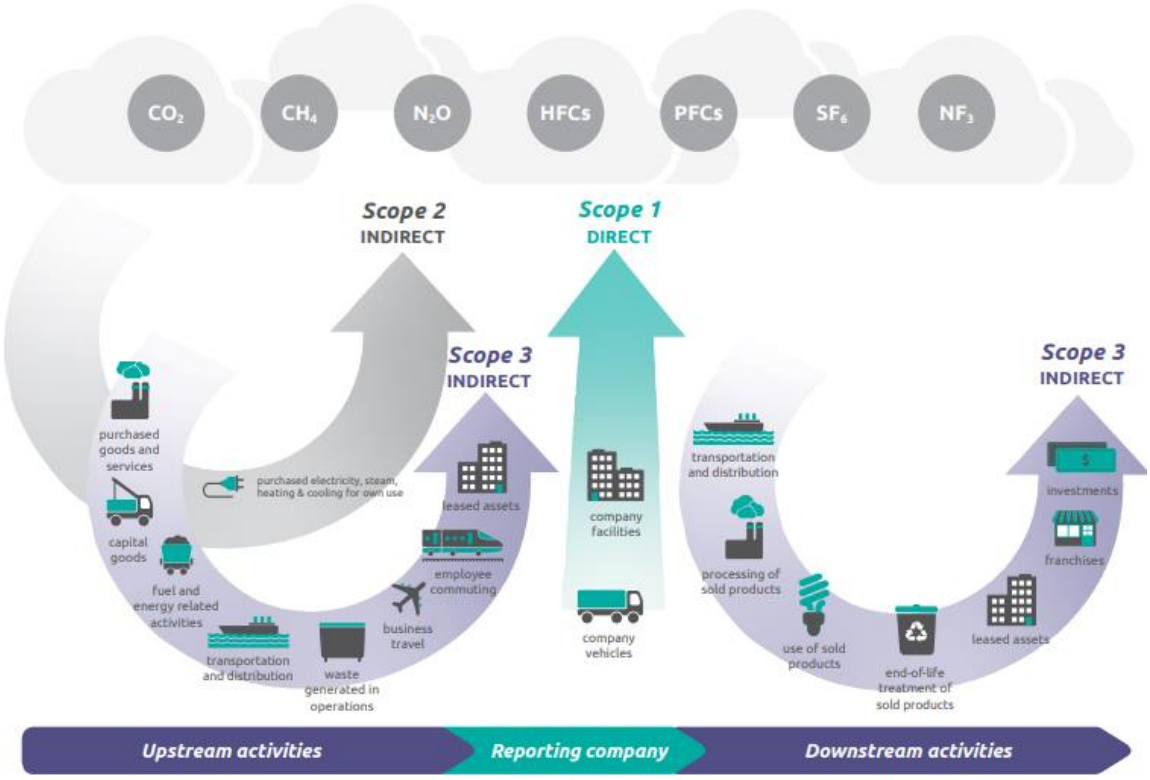

Figure 2. Organisational carbon footprinting

Source: Greenhouse Gas Protocol: http://ghgprotocol.org/