

ETHICAL CAPITAL

Carbon Reduction Plan

FY 2025/26

Prepared in accordance with PPN 006:

Taking Account of Carbon Reduction Plans in the procurement of major government contracts

About Ethical Capital

Ethical Capital is a UK-based investment and asset management business focused on the renewable energy sector. Ethical Capital invests in, structures and manages a portfolio of operational and pre-construction solar PV and battery energy storage assets across Great Britain, supporting the build-out of the infrastructure needed for the UK's transition to a clean power system.

This Carbon Reduction Plan, Ethical Capital's first as a reporting entity, sets out the firm's operational greenhouse gas footprint for FY 2025/26 and its trajectory to Net Zero by 2040, ahead of the UK's statutory 2050 deadline.

FY 2025/26 34.35 tCO₂e Baseline year	FY 2030/31 23.0 tCO₂e Interim target, -33%	FY 2040/41 Net Zero Long-term target
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Operational emissions in context

Ethical Capital's operational footprint of 34.35 tCO₂e should be read alongside the avoided emissions delivered by the renewable generation and storage assets we invest in and manage. The UK solar PV and BESS portfolio under our stewardship displaces fossil-fired generation on the GB grid. In line with the GHG Protocol Corporate Standard, these avoided emissions are reported seperatley.

1. Commitment and Targets

Net Zero commitment

Ethical Capital is committed to achieving Net Zero emissions across Scopes 1, 2 and our reported Scope 3 categories by FY 2040/41.

Baseline year

FY 2025/26 (1 April 2025 to 31 March 2026) is the baseline reporting year for this plan. Baseline emissions, calculated in line with the GHG Protocol Corporate Standard on an operational control basis, are set out in section 3.

Interim target

We have set an interim target of a 33% reduction against the FY 2025/26 baseline by FY 2030/31, equivalent to 23.0 tCO₂e total reported emissions. This trajectory is consistent with a straight-line glidepath to Net Zero by FY 2040/41.

2. Methodology

Emissions have been quantified in accordance with the GHG Protocol Corporate Standard and the PPN 006 reporting standard for Carbon Reduction Plans. The operational control approach has been used to define the organisational boundary, capturing the office, staff and procurement activities of Ethical Capital.

Scope 1 and Scope 2 emissions are reported in full. Scope 3 reporting covers Categories 1 (purchased goods and services), 6 (business travel) and 7 (employee commuting, including homeworking), which together capture the material indirect emissions of an office-based investment management business. A formal screening of the remaining Scope 3 categories has been documented and is reviewed annually.

Scope / Category	Method	Emission factor source
Scope 1	Direct measurement	Not applicable, no owned combustion
Scope 2	Market-based, supplier-specific factor with residual mix	Supplier disclosure, DESNZ 2025 residual mix
Scope 3, Cat 1	Salary-based proxy method. In-scope overhead derived as 8% of total salary cost (other costs 3%, depreciation 4%, professional fees 1%), reflecting EC's operating model as a cost centre with shared services provided at group level.	DEFRA 2025 indirect emission factors, SIC code M, 0.151 kgCO ₂ e per £
Scope 3, Cat 6	Activity-based, Site Visit Log	DEFRA 2025 business travel factors
Scope 3, Cat 7	Activity-based, per-day WFH factor and rail commute factor	DEFRA 2025 homeworking and passenger transport factors

3. Baseline Emissions Footprint

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction of any strategies to reduce emissions. Baseline emissions are the reference point against which emissions reduction can be measured.

As this is Ethical Capital's first Carbon Reduction Plan, the reporting year FY 2025/26 (1 April 2025 to 31 March 2026) serves as the baseline year. There is no prior period against which to restate.

Baseline year emissions, FY 2025/26

Scope / Category	tCO ₂ e	% of total
Scope 1, direct emissions	0.00	0.0%
Scope 2, purchased electricity (market-based)	0.13	0.4%
Scope 3, Cat 1, purchased goods and services	27.54	80.2%
Scope 3, Cat 6, business travel	0.00	0.0%
Scope 3, Cat 7, employee commuting and homeworking	6.68	19.4%
Total	34.35	100.0%

Intensity metrics

Intensity metric	Value
Emissions per FTE (23 FTE)	1.49 tCO ₂ e / FTE
Emissions per £m assets under management	0.34 tCO ₂ e / £m AUM

Notes

- Scope 1 is nil. Ethical Capital has no owned vehicles, plant or combustion equipment.
- Scope 2 has been calculated on a market-based basis using the supplier-specific factor for the 100% renewable tariff at our London office, with a 5% residual applied per DESNZ guidance.
- Scope 3 Cat 1 is calculated on a salary-based proxy method, reflecting EC's operating model as a cost centre with most services provided at group level. In-scope overhead is derived as 8% of total salary cost (other costs 3%, depreciation 4%, professional fees 1%), giving £182,400 of notional operational spend. The DEFRA 2025 SIC code M factor of 0.151 kgCO₂e per £ is then applied. This approach is permitted under the GHG Protocol Corporate Value Chain (Scope 3) Standard where direct data is not available.
- Scope 3 Cat 6 is reported as zero on the basis of the FY 2025/26 Site Visit Log. Travel activity has been recorded but did not generate reportable emissions in this reporting year.
- Scope 3 Cat 7 has been calculated on an activity basis using a per-day homeworking factor at a 70% WFH split, combined with a rail commuting factor across a 30 km one-way commute, in line with DEFRA 2025 factors.

4. Current Emissions Reporting

Reporting year: FY 2025/26 (1 April 2025 to 31 March 2026). As this is our first reporting cycle, current emissions are equal to baseline emissions. Subsequent CRPs will report current-year emissions against the FY 2025/26 baseline set out in section 3.

Reporting year emissions, FY 2025/26

Scope / Category	tCO ₂ e	% of total
Scope 1, direct emissions	0.00	0.0%
Scope 2, purchased electricity (market-based)	0.13	0.4%
Scope 3, Cat 1, purchased goods and services	27.54	80.2%
Scope 3, Cat 6, business travel	0.00	0.0%
Scope 3, Cat 7, employee commuting and homeworking	6.68	19.4%
Total	34.35	100.0%

5. Emissions Reduction Targets

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

We project that carbon emissions will decrease over the next five years to 23.0 tCO₂e by FY 2030/31. This is a reduction of 33% against the FY 2025/26 baseline. This interim target is consistent with a straight-line glidepath to Net Zero by FY 2040/41, ten years ahead of the UK's statutory 2050 deadline.

6. Carbon Reduction Projects

Completed carbon reduction initiatives

The following environmental management measures are in effect at the FY 2025/26 baseline and will be in effect when performing any contract:

- 100% renewable electricity tariff in place at the London office, with REGO-backed supply.
- Default homeworking pattern of three days per week, reducing commuting-related emissions.
- Procurement preference for suppliers with credible decarbonisation commitments, applied at onboarding.

- Business travel hierarchy in place, prioritising rail over air for domestic and short-haul European travel, with a goal of no travel unless completely necessary.

Future carbon reduction initiatives

In the future we hope to implement further measures such as:

- Annual refresh of the Scope 3 screening to confirm category coverage as the business scales.
- Refinement of Cat 1 reporting from spend-based to hybrid spend-and-supplier-specific factors as supplier data improves.
- Continued engagement with portfolio counterparties and supply-chain partners to align reporting boundaries and reduction trajectories.
- Review of residual emissions strategy ahead of the FY 2030/31 interim milestone, including high-quality removals options.

7. Declaration and Sign-Off

This Carbon Reduction Plan has been completed in accordance with PPN 006 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 (where required), 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) of Ethical Capital.

Signed on behalf of Ethical Capital:

Signed: 

Name: **Suzanne Gilhooly**

Position: **Group Legal Director**

Date: **22 May 2026**