# Severfield - Climate Change 2023

## C0. Introduction

### C0.1

**(C0.1) Give a general description and introduction to your organization.**

Severfield is the UK's market-leading structural steel company, the home of world class engineering and design excellence. For decades we have been shaping skylines and delivering the modern built environment. Severfield is the largest structural steel business in the UK and one of the biggest in Europe, Severfield operates across six sites providing unrivalled capacity and capability. Our six UK sites have a combined annual capacity of around 155,000 tonnes of fabricated steel work and our operatives are working on at least 35 major projects nationwide at any one time. During 2022-23 we have made no new acquisitions.

Severfield offers a full range of services from design and fabrication to construction to ensure your project runs smoothly. We pride ourselves on our in-house capabilities and each phase of a project is as important as the next. Our dedicated, skilled workforce will be with you every step of the way. From creating an innovative design, that will really stand out, to constructing complex structures, our team of structural and civil engineers will help to deliver the right solution for you. We also have our own erection teams, which provides added efficiency and compliance as we do not need to outsource this service to any other provider. We also take the same approach to safety and quality in our erection processes as every other service we provide. Manufacturing is another integral part of what we do. We have fabrication facilities across all six of our sites and our dedicated contract managers will be with you every step of the way delivering high quality projects on time and within budget. Severfield's fabrication facilities include expansive stockyard areas and in-line cutting, fabrication, welding. We also paint some of the largest finished goods and sub-assembly areas in the industry.

Operational investment has been significant and continuous over the years, with many innovative features being developed and incorporated. Modern state of the art processing equipment has been employed with full consideration for design, supporting layout, logistics, integration and construction. Our equipment is fed with numerical control data which optimises output and minimises waste and errors. We are continually investing in our business in order to preserve our ability to generate value in the short, medium and long term.

### C0.2

**(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.**

**Reporting year**

**Start date**
April 1 2022

**End date**
March 31 2023

**Indicate if you are providing emissions data for past reporting years**
Yes

**Select the number of past reporting years you will be providing Scope 1 emissions data for**
4 years

**Select the number of past reporting years you will be providing Scope 2 emissions data for**
4 years

**Select the number of past reporting years you will be providing Scope 3 emissions data for**
4 years

### C0.3

**(C0.3) Select the countries/areas in which you operate.**
United Kingdom of Great Britain and Northern Ireland

### C0.4

**(C0.4) Select the currency used for all financial information disclosed throughout your response.**
GBP

### C0.5

**(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.**

Operational control

## C-CN0.7/C-RE0.7

**(C-CN0.7/C-RE0.7) Which real estate and/or construction activities does your organization engage in?**

New construction or major renovation of buildings

## C0.8

**(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?**

| Indicate whether you are able to provide a unique identifier for your organization | Provide your unique identifier |
|---|---|
| Yes, an ISIN code | GB00B27YGJ97 |
| Yes, a SEDOL code | B27YGJ9 |

# C1. Governance

## C1.1

**(C1.1) Is there board-level oversight of climate-related issues within your organization?**

Yes

## C1.1a

**(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.**

| Position of individual or committee | Responsibilities for climate-related issues |
|---|---|
| Chief Executive Officer (CEO) | The CEO has overall responsibility for the Severfield Group and the reporting of our climate related issues and their management, including but not limited to sustainability, risks and opportunity and carbon management. The CEO heads up the Sustainability Committee and has the final decision making position. An example decision made within the last 12 months was to embedded sustainability aspect into its purchasing approval of all capital expenditure above £50,000. The CEO reports back any decisions made to the plc board and shareholders. |

## C1.1b

**(C1.1b) Provide further details on the board's oversight of climate-related issues.**

| Frequency with which climate-related issues are a scheduled agenda item | Governance mechanisms into which climate-related issues are integrated | Scope of board-level oversight | Please explain |
|---|---|---|---|
| Scheduled – all meetings | Reviewing and guiding annual budgets<br>Overseeing major capital expenditures<br>Overseeing acquisitions, mergers, and divestitures<br>Reviewing innovation/R&D priorities<br>Overseeing and guiding employee incentives<br>Reviewing and guiding strategy<br>Overseeing and guiding the development of a transition plan<br>Monitoring the implementation of a transition plan<br>Overseeing and guiding scenario analysis<br>Overseeing the setting of corporate targets<br>Monitoring progress towards corporate targets<br>Overseeing and guiding public policy engagement<br>Overseeing value chain engagement<br>Reviewing and guiding the risk management process | <Not Applicable> | The board meet monthly, and climate related issues are an agenda item for review and discussion. The board report is updated monthly and includes the progress on Severfield's green house gas (GHG) emissions, progress against our other ESG-related targets relating to climate. Review and discussion include improvement plans we are currently working through that will assist with GHG reductions and risks and opportunities on our risk register both in the long term and anything that arises sporadically through the year.<br><br>Our executive board members also sit on the sustainability committee, that meets quarterly, to focus on all aspects of sustainability including climate change.<br><br>The board have made strategic decisions to<br><br>offer recycled steel as an option for our clients during the tender process, reinforcing the sustainability benefits of steel.<br><br>Invest in climate-related research and development to identify new engineering techniques as part of our business strategy, reinforced by the launch of Project Horizon and our operational improvement programme. |

## C1.1d

**(C1.1d) Does your organization have at least one board member with competence on climate-related issues?**

| | Board member(s) have competence on climate-related issues | Criteria used to assess competence of board member(s) on climate-related issues | Primary reason for no board-level competence on climate-related issues | Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future |
|---|---|---|---|---|
| Row 1 | Yes | All non-executive directors are assessed in line with our competency skills and diversity matrix. This includes 13 areas of competency and 6 out of 9 board members have relevant competency. We also have a succession plan in place to further expand competence on climate-related issues on new board level positions. | <Not Applicable> | <Not Applicable> |

## C1.2

**(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.**

**Position or committee**
Chief Executive Officer (CEO)

**Climate-related responsibilities of this position**
Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Managing climate-related acquisitions, mergers, and divestitures
Providing climate-related employee incentives
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing public policy engagement that may impact the climate
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

**Coverage of responsibilities**
<Not Applicable>

**Reporting line**
Reports to the board directly

**Frequency of reporting to the board on climate-related issues via this reporting line**
More frequently than quarterly

**Please explain**
The CEO is responsible for all climate-related issues.

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**Position or committee**
Sustainability committee

**Climate-related responsibilities of this position**
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

**Coverage of responsibilities**
<Not Applicable>

**Reporting line**
CEO reporting line

**Frequency of reporting to the board on climate-related issues via this reporting line**
As important matters arise

**Please explain**
The Group board, through the executive committee and risk committee (both chaired by the CEO), has delegated oversight of the management of climate related risks and opportunities to the sustainability committee and sustainability risk review committee. Members of the Severfield's sustainability committee include the chief executive officer, chief operating officer, Group finance director, Group legal director and Company secretary, Group SHE director, Group HR director, Group Head of Procurement and the Group's Head of ESG. This ensures that key management across all the business disciplines have an aligned approach to climate-related matters to ensure that the Group's overall sustainability strategy is successfully delivered. The sustainability committee meets every two months and engages with a wide range of senior managers and colleagues from across the Group to oversee the day-to-day implementation of our sustainability strategy and report on the progress of the Group to the executive committee, who ultimately report to the
board.
The chief executive officer, chief operating officer and Group finance director are all members of the sustainability committee and provide the board with regular written and verbal updates on climate-related matters.

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**Position or committee**
Risk committee

**Climate-related responsibilities of this position**
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

**Coverage of responsibilities**
<Not Applicable>

**Reporting line**
Other, please specify (Group legal secretary chairs this committee)

**Frequency of reporting to the board on climate-related issues via this reporting line**
Quarterly

**Please explain**
Sustainability ESG Risk committee assesses and manages risks.

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**Position or committee**
Other, please specify (Group Head of ESG)

**Climate-related responsibilities of this position**
Developing a climate transition plan
Implementing a climate transition plan
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

**Coverage of responsibilities**
<Not Applicable>

**Reporting line**
Corporate Sustainability/CSR reporting line

**Frequency of reporting to the board on climate-related issues via this reporting line**
More frequently than quarterly

**Please explain**
Group Head of ESG reports directly to Group SHE Director and leads on all climate-related responsibilities.

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**Position or committee**

Other, please specify (Group Head of Procurement)

**Climate-related responsibilities of this position**
Integrating climate-related issues into the strategy
Managing value chain engagement on climate-related issues
Other, please specify

**Coverage of responsibilities**
<Not Applicable>

**Reporting line**
Operations - COO reporting line

**Frequency of reporting to the board on climate-related issues via this reporting line**
More frequently than quarterly

**Please explain**
Group Head of Procurement works collaboratively with Group Head of ESG on sustainable procurement strategy that supports climate-related opportunities and manages climate related risks within value chain.

## C1.3

**(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?**

| | Provide incentives for the management of climate-related issues | Comment |
|---|---|---|
| Row 1 | Yes | Given Severfield's focus on sustainability, an ESG performance metric has been introduced in 2023 alongside the underlying PBT and safety performance metrics. 80 per cent of the annual bonus is subject to underlying PBT performance, 15 per cent is subject to safety performance (injury frequency rate ('IFR')) and 5 per cent is subject to ESG performance.<br><br>In addition, one of the 'underpins', which are the vesting criteria for the restricted share plan ('RSP'), requires sufficient progress is made against the Group's ESG strategy. In total, there are 5 underpins – These are disclosed on page 142 of the 2023 Annual Report and Accounts. |

## C1.3a

**(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).**

**Entitled to incentive**
Board/Executive board

**Type of incentive**
Monetary reward

**Incentive(s)**
Bonus - % of salary

**Performance indicator(s)**
Board approval of climate transition plan
Shareholder approval of climate transition plan
Achievement of climate transition plan KPI
Progress towards a climate-related target
Achievement of a climate-related target
Reduction in absolute emissions

**Incentive plan(s) this incentive is linked to**
Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**
It's a monetary incentive, based on 5% of base salary. The Executive leadership team have an element of their bonus deferred into shares, that they can't access for a further 2+ years.

The RSP is a share based payment award. Awards are subject to continued service and the achievement of performance underpins normally measured over a three-year period. The awards will vest following the assessment of the performance underpins. Vested awards will be subject to a two-year post-vesting holding period. Page 142-143 in ARA FY23 for more detail.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**
For the 2024 bonus scheme, a new ESG target has been introduced, contributing 5% of the maximum available bonus award, based on salary. In addition, an ESG 'underpin' (which is one of 5 conditions required to allow vesting) has been added to the newly introduced restricted share plan ('RSP').

This results in both short- and long-term incentive plans requiring ESG targets to be met.

The short term targets, required for the bonus, will drive focus from decision makers in the business to incrementally reduce CO2e emissions. Whilst the RSP, the long-term incentive plan, will reinforce focus at the executive and senior management levels to achieving our longer term strategy to reducing our emissions.

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**Entitled to incentive**
Corporate executive team

**Type of incentive**
Monetary reward

**Incentive(s)**
Bonus - % of salary

**Performance indicator(s)**
Achievement of climate transition plan KPI
Progress towards a climate-related target
Achievement of a climate-related target
Implementation of an emissions reduction initiative
Reduction in absolute emissions
Energy efficiency improvement
Implementation of employee awareness campaign or training program on climate-related issues

**Incentive plan(s) this incentive is linked to**
Both Short-Term and Long-Term Incentive Plan

**Further details of incentive(s)**
It's a monetary incentive, based on 5% of base salary.

**Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan**
For the 2024 bonus scheme, a new ESG target has been introduced, contributing 5% of the maximum available bonus award, based on salary. In addition, an ESG 'underpin' (which is one of 5 conditions required to allow vesting) has been added to the newly introduced restricted share plan ('RSP').

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## C2. Risks and opportunities

### C2.1

**(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**
Yes

## C2.1a

**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

| | From (years) | To (years) | Comment |
|---|---|---|---|
| Short-term | 0 | 5 | Aligns to how we assess the Group's principal risks. Short terms risks and opportunities are those which are of imminent nature and are reviewed by the board as a matter of urgency. They are usually discussed as part of formal and informal meetings on a regular basis. |
| Medium-term | 5 | 10 | Aligns to longer-term projects with risks driven by government policy, infrastructure needs and market conditions. These risks require the awareness, understanding and input of the board and key decision makers and can be both operational and strategic. They are reviewed on a regular basis (formally and informally); however this does not negate action being taken in the shorter-term. |
| Long-term | 10 | 30 | Factors that could impact the Group's ability to achieve its strategic goals. These risks are assessed, reviewed and managed as part of the Group's longer-term plan. This does not negate actions being taken in the shorter-term, where necessary. |

## C2.1b

**(C2.1b) How does your organization define substantive financial or strategic impact on your business?**

Severfield has developed the assessment of climate-related risks in line with our established risk management process and assessment of the Group's principal risks, only high and medium risks are considered sufficiently significant for disclosure in the annual report.

The level of risk considered appropriate to accept in achieving the Group's strategic objectives is reviewed and validated by the board. The appropriateness of the mitigating actions is determined in accordance with the board-approved risk appetite for the relevant area. The organisation's approach is to minimise exposure to reputational, financial, and operational risk, while accepting and recognising a risk and reward trade-off in the pursuit of its strategic and commercial objectives.

Operating in the construction industry, the reputation of the Group is imperative to its continued success and cannot be risked. Consequently, it has a zero tolerance for risks relating to health and safety. However, management recognises that certain strategic, commercial and investment risks will be required to seize opportunities and deliver growth in line with the Group's strategic objectives.

The Group establishes its risk appetite through use of delegated authorities so that matters considered higher risk require the approval of senior management or the board.

At Severfield, we define substantive financial impact as anything that significantly affects our corporate profitability and anything that could hamper the Group from reaching its strategic goals. These risks comprise external risks: (physical, environmental, regulatory, and reputational) and internal risks (strategic, operational, and financial). In line with the Group's established risk scoring matrix the impact of a risk is categorised between negligible to catastrophic as follows:

Catastrophic- Severfield would find it impossible to recover this risk type. Examples being a fall in service levels, permanent loss of major customers, failure of major supplier, complete failure in quality standards, maximum financial penalties. The financial impact would be greater than £20 million with serious public or media outcry on an international basis impacting our Reputation. Requires Board level intervention and damage limitation to respond to this risk.

Significant- Severe risks which are managed to some extent. Examples being a significant fall in service levels, project deadlines not achieved, product specifications not met, customers go elsewhere, substantial financial penalties. The financial impact would be between £4-£20 million with significant adverse national media or public coverage impacting our reputation. Public statements required to respond to the situation.

Moderate- The consequences of the risk materialising are not severe and could be managed. Examples being a moderate fall in service levels, major customer and/or supplier relationships strained, project delays, some financial penalties. The financial impact would be between £1-£4 million. Attention from the media or public in the local area could risk our reputation. Community relations at risk but no damage nationally.

Low- The consequences of the risk materialising are considered relatively unimportant. Examples being small fall in service levels, some minor quality standards not met, no financial penalties. The financial impact would be between £250,000 to £1 million. Minor adverse pubic or media attention or complaints could impact our reputation. No special measures needed beyond normal operations needed to respond to this risk.

Negligible- No consequences of this risk materialising are considered realistic. Some service interruption but can be made up without customers becoming aware. The financial impact would be less than £250,000 with public concern unlikely to have any lasting effect. No measures required to correct the situation.

Risks categorised as either 'significant' or 'catastrophic' are considered to have a substantial financial or strategic impact. This reflects those risks that could impact the Group's financial performance of c.10-15% PBT or more.

## C2.2

**(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.**

**Value chain stage(s) covered**
Direct operations
Upstream
Downstream

**Risk management process**
Integrated into multi-disciplinary company-wide risk management process

**Frequency of assessment**
More than once a year

**Time horizon(s) covered**
Short-term
Medium-term
Long-term

**Description of process**
Severfield's process of identifying and assessing climate-related risks and opportunities is embedded in the existing risk management process and is fully aligned with our three lines of defence model assurance model (management activity, Group oversight and independent review), which is mapped against the Company's principal risks. (see pages 94-95 of our annual report for more details).

Our ESG / sustainability risk review committee, meeting quarterly, with input from senior management from all key disciplines of the business and members of the sustainability committee, continued to develop and assess our sustainability risk register during the year, capturing climate and other sustainability-related risks to ensure that material risks are identified, assessed and responded to effectively.

Severfield considers climate change within the principal risk of being able to demonstrate that we are a 'sustainable and responsible business' and consider this to be a medium risk in the short term. We define principal risks as those with medium/ high risk rating, taking into account the potential impact and likelihood associated with the crystallisation of each risk (the assessment of impact takes into account both potential and reputational issues).
Severfield respond to the risk by mitigating and managing. Our process for mitigating, accepting and controlling principal risks, which also includes climate-related risks. We prioritise principal risks through our Group risk register and risk heat map. The impact-likelihood rating, which is evaluated during risk identification, is our primary metric for prioritising risks. The board has overall responsibility for the Group's risk management and systems of internal control and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives, this includes specific consideration of climate-related risks.

As part of our quarterly ESG risk review, we incorporate longer term risks into our quarterly review. This process feeds into our assessment of long-term viability and encompasses all aspects of risk, including operational, compliance, financial, strategic, and sustainability issues.

Ongoing risk management and assurance is provided through various monitoring reviews and reporting mechanisms, including the executive risk committee (chaired by the Chief Executive Officer) which convenes on a frequency of monthly basis and has the primary responsibility to identify, monitor and control significant risks to an acceptable level throughout the Group. The committee receives information on relevant risk matters from a variety of sources on a regular basis.

## C2.2a

**(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?**

| | Relevance & inclusion | Please explain |
|---|---|---|
| Current regulation | Relevant, always included | Review of current climate related legislation including areas such as air pollution and regulations regarding building structures. Severfield fully adheres to all pertinent legislation and feeds into a number of regulatory bodies. There are strict guidelines around construction methodologies and employment legislation which may change to reflect the changes to the climate and would, therefore, impact how Severfield approaches projects (e.g., health and Safety legislation for working outside, paint requirements, energy generation) |
| Emerging regulation | Relevant, always included | The regulatory environment is constantly reviewed by the Group and requires continuous monitoring and assessment of policy actions to identify emerging regulatory risk. Failing to meet emerging regulatory requirements could impact upon our cash flow, operating results, financial position, business and reputation. Specific risks in this area relate to emissions reporting and energy regulation, increased energy costs, carbon pricing and expanding carbon trading schemes. UK Government regulations particularly are a key driver of market activities in the UK construction sector. The Group ensures we maintain awareness of new regulatory requirements and the changes this will have within the market, both in terms of product and method of delivery (e.g., a commitment through the adoption of Science Based targets to a reduction in the use of fossil fuels) and impact on the demands and expectations of clients (e.g., provision of Scope 3 information). Severfield is currently reporting on the Taskforce on Climate-related Financial Disclosure (TCFD) with further discloses planned on metrics in 2024. |
| Technology | Relevant, always included | Severfield is regarded as a market leader and a market innovator - changes in technology may affect production process (e.g. paint technology changes for intumescent finishes), methods of construction (e.g., testing new unproven methods of building utilizing wood in conjunction with steel) and changes to the structural specifications which effect the engineering of buildings. Changes in technology are necessary to ensure products and operations are more sustainable and environmentally friendly. |
| Legal | Relevant, always included | Awareness of legal requirements and the changes this will have within the market, both in terms of product and method of delivery (e.g., Severfield through a commitment to the adoption of Science Based targets to a reduction in the use of fossil fuels) and impact on the demands and expectations of clients (e.g., provision of Scope 3 information). Legal risks are also considered in order to reduce our exposure to litigation, including litigation around climate law. Failure to mitigate this risk could result in reduced cash flow, could impact our operating results and could result in damages to financial position and reputation. Legal compliance is the responsibility of the Group Legal Director. In a Paris-aligned scenario, it is anticipated that the UK is more likely to see increased levels of climate-related litigation and litigation around environmental incidents. Failure to comply could result in fines, penalties and legal action. |
| Market | Relevant, always included | Severfield is regarded as a market leader and a market innovator - changes in technology which Severfield are currently investigating may effect production process (e.g., paint technology changes for intumescent finishes), methods of construction (e.g., testing new unproven methods of building utilizing wood in conjunction with steel) and changes to the structural specifications (lower embodied carbon products) which effect the engineering of buildings.<br><br>There may also be changes to the market place as the demand increases or contracts and changes to competitors as the changing demands and legislative burden may drive some competitors out, which Severfield should be prepared to fill this gap in the market.<br><br>Changes to contract requirements could include achieving a specified amount of embodied carbon per tonne of steel or achieving a specified percentage of recycled steel for fabricated sections. A recent example to Severfield was a contract requirement to achieve no less than 20% recycled steel on fabricated sections and no less than 90% recycled steel on rolled standard sections. |
| Reputation | Relevant, always included | There is increasing focus on climate-related issues and clients and the stock markets are interested in the robustness and approach of listed companies to ESG. Severfield recognises the risk to reputation of not attributing to reducing climate impact with the appropriate level of focus (e.g., clients no longer want to work with us due to lack of ESG management or disclosure) and hence it is included within the risks and opportunities register. |
| Acute physical | Relevant, sometimes included | The evaluation of the impact of accurate physical risks is included in our general risk and opportunity matrices. As part of Severfield's recent climate scenario analysis, we have not uncovered any significant acute physical risks. As part of best practice, there is a disaster recovery plan in place for addressing any immediate catastrophic impact and in addition Severfield have helped mitigate/manage this risk through steps such as investment in a flood amelioration project and redesign of a bridge on the access road to our Dalton site which was highlighted as being prone to impact of flash flooding due to a local river often breaking its banks in high rainfall. We include monitoring of weather forecasts to ensure employee safety and early steps taken to mitigate potential disruption to deliveries. We undertake detailed risk reviews of project sites in areas of extreme weather or located close to waterways. It is commonplace to agree allowances in our construction programmes to accommodate potential adverse weather conditions. |
| Chronic physical | Relevant, sometimes included | Severfield considers environmental change as part of its risk assessment processes e.g the impact of operational disruption/reduced capacity due to increased frequency of extreme weather. Project delays incurred due to unsafe working conditions on site and disruption to deliveries of materials to our factories. Damage to construction sites and equipment. Design and procurement challenges to deliver a project to withstand extreme weather effects. |

## C2.3

**(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?**

Yes

## C2.3a

**(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**

Risk 1

**Where in the value chain does the risk driver occur?**

Downstream

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Current regulation | Enhanced emissions-reporting obligations |

**Primary potential financial impact**

Increased indirect (operating) costs

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**

Risk Title – Failure to comply with climate-related legislation by not meeting targets or reporting requirements
Severfield strategic pillar - Growth/clients/operational excellence/people
Likelihood – 2 (unlikely) Impact – 2 (low)
Risk rating - 4 (out of a possible 20)
Risk owner - Group SHE Director

Risk of not being able to meet other targets or reporting requirements leads to loss of position as market leader, reputational damage and wider losses of future opportunities within our market sectors and potential fines and penalties imposed on the Group.

We have assessed the financial impact of this risk specifically in relation to the recent Procurement Policy Note 06/21.

Case study:
The 2021 UK's Procurement Policy Note 06/21, continues to dictate to main contractors wanting to bid for public works jobs will have to pledge to be net zero by 2050 under new government rules. Construction industry contractors such as Severfield are seeking to bid projects worth more than £5m a year will have to publish clear and credible carbon reduction plans before being considered. The Cabinet Office warned that construction industry firms that fail to set out a carbon reduction plan will be excluded from bidding for contracts. Director are expected to sign off the pledge to demonstrate a clear commitment to emissions reduction at the highest level (which Severfield have done since 2021).

Example of the impact of this regulation is a client project where we worked on a public procurement contract. Contract value at tender stage was over £75 mil, if we didn't comply with PPN06/21, the impact of losing this tender would be the same value.

**Time horizon**
Short-term

**Likelihood**
Unlikely

**Magnitude of impact**
Medium

**Are you able to provide a potential financial impact figure?**
Yes, an estimated range

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
0

**Potential financial impact figure – maximum (currency)**
11000000

**Explanation of financial impact figure**
Approximately 27% of the Group's order book (as of1 June 2023 - the time of our 2023 year-end results announcement) represents orders secured by our Nuclear and Infrastructure division in the nuclear, power and energy and transport sectors. Construction industry contracts within these sectors can largely be attributed to government contracts and therefore impacted by the Procurement Policy Note 06/21. Failure to adhere to this legislation could result in the Group being prevented from tendering for these public works contracts, this could impact the Group's overall profit by a range of £nil to £11m.

Calculation: Loss revenue impact of 27% x £510m (order book 1st of June 2023) at an 8% typical margin = total financial impact of not tendering for such work £nil to £11m. This impact analysis is modelled on the assumed worst-case scenario that the lost work cannot be back-filled by work from the Group's other sectors.

**Cost of response to risk**
287117

**Description of response and explanation of cost calculation**
This year, we have focused our attention on embedding our 'net zero roadmap' into the business and it's in-depth transition plan, which focuses on the strategic priorities we believe are right for the steel industry, the world and for our Group.

The main elements of our roadmap are in line with the BCSA UK structural steelwork 2050 decarbonisation roadmap, and is made up of a combination of actions to reduce our emissions and offsetting activities. Our net zero roadmap illustrates that Severfield made significant progress by achieving its interim target in FY23, originally set to achieve by 2025.
Targets to reduce its scope 1 & 2 emissions by 25%, resulted in 33.4% emission reduction; targets are based on the Paris Agreement, which seeks to limit global warming to below 1.5 degrees Celsius, compared to pre-industrial levels.

The board gives full and close consideration to ESG factors when assessing the impact of the decisions it makes. Examples of strategic decisions made in recent years by the board and board committees having consideration of the Group's sustainability strategy and climate-related impact include:
• Investing in climate-related research and development to identify new engineering techniques remains part of our strategy, reinforced by the launch of Project Horizon and our operational improvement programme.
• The Group has embedded sustainability considerations into its capital expenditure approval process.
• The Group has further invested in carbon offsets to ensure we remain certified as carbon neutral. This linked to the identified risks of failing to meet emissions targets or failing to comply with legislation or expectations. The cost of offsets against our revenue in FY23 is approximately 0.03% (assuming average price from our purchases for 15997 tCO2e of offsets for FY23).

The estimated cost of risk management represents the estimated annual salary cost of the Group Head of ESG, who is responsible on a day-to-day basis for staying updated with current and emerging climate-related legislation, reporting requirements and developing strategies to ensure compliance and that the Group achieves its sustainability ambition, together with the estimated salary costs of the remaining member of the sustainability committee and sustainability ESG risk committee. It is assumed that c.10% of the remaining committee members time is dedicated to climate-related matters.

**Comment**

---

**Identifier**
Risk 2

**Where in the value chain does the risk driver occur?**
Downstream

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Reputation | Increased stakeholder concern or negative stakeholder feedback |

**Primary potential financial impact**
Decreased revenues due to reduced demand for products and services

**Climate risk type mapped to traditional financial services industry risk classification**

<Not Applicable>

**Company-specific description**
Risk Title - Failure to comply with climate-related stakeholder expectations leading to loss of position as market leader and lost opportunities
Severfield strategic pillar - Growth/clients/people
Likelihood – 3 (possible) Impact – 3 (moderate)
Risk rating - 9 (out of a possible 20)
Risk owner – Group SHE director

Severfield has significant market sector, geographical and client diversification, which means we work on a wide-range of projects across our ten targeted market sectors for a variety of clients and working with a range of suppliers and local communities, all of whom have differing climate-related objectives and priorities. We feel that by demonstrating clear leadership and action around important sustainable and responsible business issues, creates a competitive advantage in the construction industry. This can help Severfield to achieve increased market share and ultimately increased profits, job security for employees and supply chain opportunities.

Increasing focus has been placed on disclosing social value actions within construction industry contracts. For example companies that Severfield have worked with in the last 12 months have produced a target to have 25% social value against the contract turnover by 2024 (using the TOMs framework), and strengthen their requirement to deliver social value within tighter locations of local authority areas (for example priority 1– Broxbourne area, priority 2 - 10 mile radius, and a radius of 25 miles for priority 3.

Severfield is committed to work in line with the released Public Procurement Note 06/20 “Procurement Policy Note 06/20 – taking account of social value in the award of central government contracts”, however we continue to consult with our clients the challenges we face being a business based on North Yorkshire, delivering local and ‘within certain radius’ of London based sites can be a challenge.

**Time horizon**
Short-term

**Likelihood**
Unlikely

**Magnitude of impact**
Low

**Are you able to provide a potential financial impact figure?**
Yes, an estimated range

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
8000000

**Potential financial impact figure – maximum (currency)**
16000000

**Explanation of financial impact figure**
For the purposes of the financial impact, we have considered that failure to have strong ESG credentials could result in us losing the opportunity to tender for new work in certain areas. Assuming that ESG credentials are a differentiator in between c.5% to 10% of all tenders, this could result in a reduction in Group profit of between c.£8m to £16m.
Calculation: Fixed costs impact 5% or 10% x £160m (annual direct labour and overheads) = total financial impact of not tendering for 5% to 10% of work £8 to £16m. This impact analysis is modelled on the assumed worst-case scenario that the lost work cannot be back-filled by work from the Group’s other sectors.

**Cost of response to risk**
19000

**Description of response and explanation of cost calculation**
This year, we have focused our attention on developing our social value strategy as many of our activities within ‘our people’ pillar in our sustainability framework, such as development of future skills, increasing local employability and learning and development, directly contribute to us generating social value within the business. We have spent the year refining our approach to social value and adopted the National TOMs – Themes, Outcomes and Measures – methodology framework to measure our social value contribution. Since 2017, the TOMs Framework has been used as the principal tool for reporting Social Value to a consistent standard and based on the Social Value Act’s themes of social, economic and environmental wellbeing.

We use it to focus our future commitments on all areas of social value both internally and in partnership with our clients. This has included monitoring and measuring our social value contribution as a Group including areas such as apprentices, local spend and volunteering.

The development of Severfield's social value strategy has been managed by our Group Head of ESG, who helped established a baseline of our activities and have set external commitments to develop further work to establish social value reporting system within the business and set Group and Divisional targets around social value delivery in 2024. We assume 20% of Group Head of ESG time contributes to social value.

Case study: In 2022, we helped our client map out social value supply chain offering, as our commitments would form part of contractual commitment on the contract. Working with our client, we were able to package of circa 2% of social value delivery (SLEV) on circa £55 mil contract value, offering number of activities linked to TOMs as part of the contractual commitment.

**Comment**

---

**Identifier**
Risk 3

**Where in the value chain does the risk driver occur?**
Downstream

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Reputation | Increased stakeholder concern or negative stakeholder feedback |

**Primary potential financial impact**
Decreased revenues due to reduced demand for products and services

**Climate risk type mapped to traditional financial services industry risk classification**
<Not Applicable>

**Company-specific description**
Risk Title - Failure to meet emissions reduction targets or increased costs due to offset costs
Severfield strategic pillar - Growth/clients/operational excellence/people
Likelihood – 2 (unlikely) Impact – 2 (low)
Risk rating - 4 (out of a possible 20)
Risk owner - CEO

Risk of not being able to meet emissions targets. We are monitoring targets and implementing operational changes where relevant (e.g., purchasing green energy). The biggest area of risk (other than carbon in steel) is transport for distribution. We have a specialist transport service provider, called WS Transport who we work with to find greener solutions. Transport and distribution accounts for 8,466 tons of carbon emissions across our portfolio. This reflects the geographical spread of the construction sites we have worked on throughout the year in relative distance to our factories. Compared to last year, this is an increase. We consider last year's values to be exceptionally low, as our current values (when adjusted for growth) are more aligned with 2021 emissions (2021: 11,137 tonnes of CO2e). If we are unable to reduce these emissions in conjunction with our partnership with WS Transport then we face a significant risk of losing reputation with our clients and the desire to purchase our products and services will invariably decline.

In addition, in a scenario aligned with the Paris-agreement, which seeks to limit global warming to below 1.5 degrees Celsius compared to pre-industrial levels, it is anticipated that the cost of carbon will increase, in order to drive down emissions and minimise global warming. Failure to meet our carbon reduction targets could result in Severfield facing possible fines and penalties, including carbon taxes, increased offsetting costs if the Group need to purchase additional offsetting credits where we fail to reduce our GHG emissions. Compounding this, it is anticipated that carbon offsetting costs will increase in the short to medium term as demand for the initiatives increases. These increased costs could impact upon our cash flow, direct costs and ultimately our operating profit.

**Time horizon**
Medium-term

**Likelihood**
Unlikely

**Magnitude of impact**
Low

**Are you able to provide a potential financial impact figure?**
Yes, an estimated range

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
140000

**Potential financial impact figure – maximum (currency)**
2500000

**Explanation of financial impact figure**
The estimated financial impact of increased carbon costs, and in particular the imposition of carbon taxes, is based on a simplified assumption of a hybrid scenario as part of our climate scenario analysis. We assume that at a gradual evolution of the offset market, from the voluntary market today, to a removal-only market for corporations and finally to a removal-only market primarily for countries, rather than companies, by 2050. This assumes that a global carbon market allowing countries to buy and sell verifiable emissions reductions - similar to what is being discussed under Article 6 at COP26 - overtakes the company-run market. Prices rise to $48/tonne in 2030 before shooting up to $217/tonne the following year, and gradually dropping to $99/tonne in 2050., Based on information from the International Energy Agency ('IEA'), carbon prices in countries including the UK could rise to an average of $215 per tonne of CO2 (as modelled by BNEF Long-term carbon offset outlook 2022), under a Paris-aligned scenario in which the world achieves net zero emissions by 2050. We assume this scenario for Severfield as the client demand of offsets is relatively high, as corporates seek to pass on their carbon offset requirements.

Assuming that a carbon price of a similar amount (i.e., between £100 to £150 per tonnes of CO2) is levied on our 2022 scope 1, scope 2 and verified scope 3 GHG emissions of 15,997 tonnes of CO2e (on a market-based approach), the additional cost to Severfield could be between c.£140k (2025 values) and c.£2.5m

**Cost of response to risk**
162300

**Description of response and explanation of cost calculation**
The Group has a net zero target for its scope 1 and 2 emissions by 2040, scope 3 by 2050 and have already achieved its previously set interim target of 25% reduction against a 2018 baseline by 2025 (surpassed – 33.4%).

These targets are based on the Paris Agreement, which seeks to limit global warming to below 1.5 degrees Celsius, compared to pre-industrial levels. We are seeking validation of our net zero target with SBTi, in line with our net zero road map, and the main elements of our roadmap are set out below. The subject of sustainability and reporting around it is constantly evolving. The Group's plan reflects this as it will continuously develop over the coming years., Our Net Zero Roadmap focuses on the strategic priorities we believe are suitable for the steel industry, the planet, and for our Group and our current roadmap is made up of a combination of actions to reduce our emissions and offsetting activities.

The Group's key initiatives include:
• Switching to green energy
• Energy saving opportunities scheme ('ESOS') recommendations phase 3
• Training
• Plant and equipment

See page 77 of our 2023 annual report for further information.

The estimated cost of risk management represents the estimated annual salary cost of the Group Head of ESG, who is responsible on a day-to-day basis for staying updated with current and emerging climate-related legislation, reporting requirements and developing strategies to ensure compliance and that the Group achieves its sustainability ambition, together with the estimated salary costs of the remaining member of the sustainability committee and sustainability risk committee. It is assumed that c.10% of the remaining committee members time is dedicated to climate-related matters.

**Comment**

**Identifier**
Risk 4

**Where in the value chain does the risk driver occur?**
Upstream

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Market | Increased cost of raw materials |

**Primary potential financial impact**
Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**
<Not Applicable>

**Company-specific description**
Risk Title - Steel becomes unsustainable due to over demand for low carbon steel, making it unaffordable and projects being cancelled.
Severfield strategic pillar - Growth/clients/operational excellence
Likelihood – 2 (unlikely) Impact – 4 (significant)
Risk rating - 8 (out of a possible 20)
Risk owner - COO

Severfield are market leaders in their field and as such start to see the impact of any climate related changes much sooner than their peers. The World Steel Association forecasts this year that steel demand will increase by 2.3% to reach 1,822.3 megatons, and a further increase of 1.7% in 2024. Dodge Data and Analytics conducted a survey of around 2,000 building professionals from across 86 countries to find out what they thought about sustainable construction and design, as well as future trends in the market. It shows the international market for green construction projects has grown significantly in the last 10 years and expects this to continue – 47% of people surveyed said they expect the majority of their projects to be green by 2021 (https://www.energylivenews.com/2018/11/16/demand-for-green-buildings-could-double-in-near-future/).

Steel can be produced via two main processes: either using an integrated blast furnace (BF)/basic oxygen furnace (BOF) or an electric arc furnace (EAF). A BOF can be charged with as much as 30% scrap steel, where EAF can take up to 100% scrap steel (https://www.worldsteel.org/about-steel/steel-facts.html).
With the increased focus in the built environment on the embodied carbon in steel and achieving Net Zero buildings we have an increasing number of enquiries as to whether Severfield is able to obtain lower carbon materials from our supply chain. This means that we are forced to purchase the majority of rolled sections from one main supplier who can provide lower carbon products by using the EAF process that tolerates a higher recycled steel content figure than traditional methods. This method also results in a higher cost per ton which is passed on to us as purchasers. This has the potential to shift procurement away from other suppliers if they don't decarbonise at the same pace impacting markets. If we continue as "business as usual" and do not source our steel from these particular supply chains, then we are at risk of losing business from the client who is looking to provide a low carbon steel building of the future.

**Time horizon**
Medium-term

**Likelihood**
Unlikely

**Magnitude of impact**
Medium-low

**Are you able to provide a potential financial impact figure?**
Yes, an estimated range

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
9000000

**Potential financial impact figure – maximum (currency)**
35000000

**Explanation of financial impact figure**
The financial impact of this risk largely relates to the risk of project delays where an increasing number of contracts specifications state that a certain percentage of steel procured for the project must be either low carbon or from locally sourced suppliers. There is currently a significant premium on the price of low carbon steel sections, and a limited supply chain that could meet any material increase in demand for these. There is no significant financial impact to the Group due to the increase in raw material costs for low carbon steel, as steel remains largely a pass-through cost for the Group. However, there is an increased risk of supply chain failure, which could result in projects delays or cancellations.

For the purposes of this scenario, it has been assumed that due to over demand for low carbon steel, the Group could lose c.25% of the order book as a result of not being able to source and fulfil these demands. In addition, it is assumed that a delay and disruption claim for failure of the Group to achieve the project timetable is capped at 10% of the contract value of remainder of contracts won, a risk that such a claim is raised against the Group in c.25% of contracts, this could result in a financial impact to the Group of c.£9m. Therefore, the potential profit impact to the Group could be between £9m and £35m.

Calculation: Minimum impact: £491.8m x 75% (remainder of contracts won) x 25% x 10% (delay and disruption capped claim) = c.£9m
Maximum impact: Fixed costs impact 25% x £160m (annual direct labour and overheads) = total financial maximum impact of not tendering for such work could be up to £35m.

**Cost of response to risk**
162300

**Description of response and explanation of cost calculation**
Severfield are working with their supply chain to understand what they are innovating and how this could affect our pricing structures moving forwards. Within 2020 Severfield have also signed SteelZero, a global initiative to speed up the transition to a net zero steel industry. SteelZero is led by the international non-profit organisations, the Climate Group and Responsible Steel. Through signing up to the SteelZero initiative we have committed to procuring at least 50% low carbon steel by 2030 and 100% Net Zero steel by 2050. This invariably means that the risk of increased direct costs will continue to remain a significant risk for Severfield in the medium-term whilst our supply chain works on increasing the amount of low carbon steel available to the market.

The estimated cost of risk management represents the estimated annual salary cost of the Group Head of ESG, who is responsible on a day-to-day basis for staying updated with current and emerging climate-related legislation, reporting requirements and developing strategies to ensure compliance and that the Group achieves its sustainability ambition, together with the estimated salary costs of the remaining member of the sustainability committee and sustainability ESG risk committee. It is assumed that c.10% of the remaining committee members time is dedicated to climate-related matters.

**Comment**

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**Identifier**
Risk 5

**Where in the value chain does the risk driver occur?**
Direct operations

**Risk type & Primary climate-related risk driver**

| | |
|---|---|
| Acute physical | Flood (coastal, fluvial, pluvial, groundwater) |

**Primary potential financial impact**
Increased direct costs

**Climate risk type mapped to traditional financial services industry risk classification**
<Not Applicable>

**Company-specific description**
Risk Title – Operational disruption / reduced capacity due to extreme weather event (e.g., flooding or wind damage)
Severfield strategic pillar - Growth/clients/operational excellence/people
Likelihood – 3 (possible) Impact – 2 (low)
Risk rating - 6 (out of a possible 20)
Risk owner - COO

Severfield has multiple manufacturing locations and works on numerous construction sites at different geographical locations, mainly across the UK but also in Europe. Extreme weather events, can all result in project delays as a result of disruption to deliveries/access to our production sites and construction sites.
As an example, the access road into our Dalton, North Yorkshire factory can be subject to flooding due to a nearby river (River Swale) that is categorized by the government as high risk (over 3.3% chance of flooding) and also subject to surface water flooding. According to statistics, the 2022 total rainfall was nearly 400 millimetres less than in 2020, and the highest temperature recorded was 1.1 degrees Celsius higher (https://www.statista.com/statistics/584914/monthly-rainfall-in-uk/), showing the variation in climate pattern and rising temperatures. Although the risk for flooding is slightly lower, as North Yorkshire's highest recorded rainfall in October 2020 was 29.7mm but in 2022 it was recorded at 22.6mm, the risk still prevails.
An increase in likelihood of extreme weather conditions outside of the UK could also result in an increase in design and procurement challenges faced by the Group to deliver a project to withstand extreme weather events. Design solutions such as protection for buildings against extreme heat, which are currently considered exceptional, could become the norm. Our inability to manage these risks could ultimately impact upon the Group's cash flow, operating and financial performance and could result in damages to reputation.

**Time horizon**
Long-term

**Likelihood**
Likely

**Magnitude of impact**
Low

**Are you able to provide a potential financial impact figure?**
Yes, an estimated range

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
3000000

**Potential financial impact figure – maximum (currency)**
24600000

**Explanation of financial impact figure**
The potential financial impact of disruption caused by an extreme weather event has been modelled assuming the Group's sites are closed for a period of between one week and 2 months. This scenario has been applied to all of our production and construction sites to reflect the impact of national extreme weather events, e.g., extreme high or low temperatures or high winds. The potential profit impact of the Group's sites being shut down of a period of between one week and 2 months is between £3.0m and £24.6m reflecting significant under recoveries due to the lost production hours.

Calculation: 5 day disruption: Fixed costs impact £160m (annual direct labour and overheads) x 5/260 days = total minimum financial impact £3.0m.

Calculation: 2 month disruption: Fixed costs impact £160m (annual direct labour and overheads) x 40/260 days = total maximum financial impact of £24.6m.

We have modelled the upper limit of the potential site disruption in line with the first COVID-19 UK lockdown restriction timescales. Due to the specific nature of the COVID19 pandemic and the wide-reaching impacts that the pandemic and the associated national lockdowns had on the UK, we would not expect a similar impact to profitability as a result of an extreme weather event. The above scenario has been used as an indicative example of how our profits could be impacted. Overall, we would expect the actual impact of an extreme weather event to be minimal and much more localised to individual sites.

**Cost of response to risk**
57600

**Description of response and explanation of cost calculation**
We have various procedures in place across all our production and construction sites to ensure that extreme heat and other temperature extremes are managed

appropriately, including health and safety policies to ensure staff have adequate PPE, access to water and shelter, and allow for an increased number of breaks, where applicable. We mitigate site risk contractually and have insurance in place to compensation for damage/business interruption due to weather.

The estimated cost of response to risk is measures that were put in place to mitigate our risk response related to heat (approximately for 6000 factory employees)

**Comment**

## C2.4

**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**
Yes

## C2.4a

**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.**

**Identifier**
Opp1

**Where in the value chain does the opportunity occur?**
Downstream

**Opportunity type**
Markets

**Primary climate-related opportunity driver**
Access to new markets

**Primary potential financial impact**
Increased revenues resulting from increased demand for products and services

**Company-specific description**
As a key component of economic growth, the construction industry will be central to a sustainable economic recovery. New, low carbon infrastructure (including HS2, wind power, new nuclear, rail electrification, energy efficient buildings) will play a leading role in stimulating sustainable growth. As part of the Autumn Statement in November 2022, the UK Government reconfirmed its commitment to deliver major infrastructure projects, highlighting investment in infrastructure and sustainability, as central to boosting growth and productivity. Despite the expected delays to some aspects of the Road Investment Strategy and HS2, which the Government confirmed in March 2023, the Autumn Statement reaffirmed its commitment to deliver Sizewell C, HS2 to Manchester and core Northern Powerhouse rail links as set out in the £650 billion National Infrastructure Strategy (NIS) from 2020.We have already secured some significant road bridge awards and orders for HS2 from a variety of consortia, together with some ancillary steelwork packages at SeAH, Northvolt, and we continue to make good progress with several other similar opportunities, including rail electrification work. We remain well-positioned to win work in the transport sector given the Group's historical track record and our in-house bridge capability. By acquiring DAM Structures year we have also gained opportunities to new market sectors and access to an already established client base.

In line with the UK government published its Energy Security Strategy (April 2022), pledging to a new generation of nuclear power (under the banner of 'Great British Nuclear'), our Nuclear and Infrastructure division is well placed to meet the demand for ongoing state-backed investment, including a growing focus on infrastructure which can mitigate climate change. This leaves us well positioned to win work from such projects, many of which are likely to have a significant steelwork content.

**Time horizon**
Long-term

**Likelihood**
Very likely

**Magnitude of impact**
Medium-high

**Are you able to provide a potential financial impact figure?**
Yes, an estimated range

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
2000000

**Potential financial impact figure – maximum (currency)**
4000000

**Explanation of financial impact figure**
Assuming an increase in demand between 5% and 10% across the Group's order book, since an increase in green revenue streams is anticipated across several market sectors including infrastructure, nuclear, commercial offices and industrial and distribution. This could have a favourable impact on Group profit of between £2m and £4m.
Calculation: 5% increase in demand: £491.8m x 5% = £25m x 8% (average margin) = c.£2m.
Calculation: 10% increase in demand: £491.8m x 10% = £49m x 8% (average margin) = c.£4m.

**Cost to realize opportunity**
162300

**Strategy to realize opportunity and explanation of cost calculation**
The Group's board and executive committee review Nuclear and Infrastructure divisional financial and commercial forecasts on a quarterly basis and the divisional strategy is reviewed annually as part of the Group's formal strategic review, which takes account of changing legislation, regulation and market trends.

Severfield will continue to work with customers and contractors to realise innovative ways of construction and maintain position as market leader for structural steel. In 2022-23 Severfield worked with several customers to develop better ways of working to reduce the carbon emissions associated with the structural steel element of a build.

An example of this would be one particular customer where we worked with them to increase the efficiency of design and source lower embodied carbon steel. An example of this would be one particular customer where we worked with them to increase the use of recycled steel. From the design of steel-to-steel connections and supplying and erecting 12,200 tonnes of structural steelwork, we reduced carbon emissions on the project, as 1,500 tonnes of steel on this project is recycled (total of 31.920 emissions saved). The full amount of recycled steel comprises the bowl (terracing) and roof for Everton Football Stadium.

Building and maintaining relationships, enhanced collaboration and dialogue with new and existing potential customers will allow us to continue to be a first choice contractor for new and innovative projects.

The estimated cost to realise the opportunity represents the estimated annual salary cost of the Group Head of ESG, who is responsible on a day-to-day basis for staying updated with current and emerging climate-related legislation, reporting requirements and developing strategies to ensure compliance and that the Group achieves its sustainability ambition, together with the estimated salary costs of the remaining members of the sustainability committee and sustainability risk committee. It is assumed that c.2% of the remaining committee members time is dedicated to climate-related matters. In addition to these costs are the estimated divisional management costs dedicated to developing and progressing the divisions strategic objectives. In this scenario, it is assumed that 10% of the divisional board's team is spent progressing such strategic objectives.

**Comment**

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**Identifier**
Opp2

**Where in the value chain does the opportunity occur?**
Direct operations

**Opportunity type**
Resilience

**Primary climate-related opportunity driver**
Resource substitutes/diversification

**Primary potential financial impact**
Reduced indirect (operating) costs

**Company-specific description**
Severfield's factories are heavily heated due to painting processes. The paint drying times are influenced by, among other factors, temperature (ideally between 15-35 degrees centigrade) and humidity (below 80%). If the average temperature is not met then paint takes longer to dry and can be damaged in the drying process, for this reason Severfield maintains a temperature of at least 15 degrees across its factory locations. When the average temperatures are low outside Severfield has to increase the heating supply to maintain these lower limits, resulting in higher heating costs in gas oil and natural gas. The increase in average global temperatures has opportunities for Severfield in that the lower temperatures can be maintained without as much assistance from gas oil and natural gas provision, lowering operating costs.

**Time horizon**
Medium-term

**Likelihood**
More likely than not

**Magnitude of impact**
Medium-low

**Are you able to provide a potential financial impact figure?**
Yes, an estimated range

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
22200

**Potential financial impact figure – maximum (currency)**
55500

**Explanation of financial impact figure**
It is estimated that an average global temperature increase of 2% (the average increase over the last decade) would result in an estimated saving of 2-5% of annual spend on natural gas and gas oil. Average annual gas oil and natural gas for Severfield currently sits at circa £1.11m per annum.
Calculation: average annual spend on gas oil and natural gas £1.11m x 2% or 5% reduction.
Based on a 2% reduction cost would be £1.09m and a 5% reduction would be £1.06m

**Cost to realize opportunity**
110000

**Strategy to realize opportunity and explanation of cost calculation**
Given the impact of raising temperatures, Severfield monitors temperatures monthly and purchasing of gas oil and natural gas through monthly dashboarding which is shared with the senior leadership team. Severfield also included collaboration with its major paint supplier in 2023 to see what better product alternatives exist, that are compliant with our operational requirements (regarding temperatures) but also have less of an environmental impact. The collaboration includes sharing Environmental product declarations from their product catalogue. In 2022, our paint supplier launched an article entitled 'The journey to solvent free paints and coatings starts here' with exploring solvent free coatings to replace high VOC emitting paints with those with alternatives such as water-based paints.

The estimated cost to realise the opportunity is projects related to ESOS that would improve energy efficiency of our paint workshop.

**Comment**

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**Identifier**
Opp3

**Where in the value chain does the opportunity occur?**
Downstream

**Opportunity type**
Products and services

**Primary climate-related opportunity driver**
Development of new products or services through R&D and innovation

**Primary potential financial impact**
Increased revenues resulting from increased demand for products and services

**Company-specific description**
With the increasing focus on climate-related matters as the UK, and the world, accelerates its efforts to decarbonise in line with the Paris Agreement, we expect to see a change in the requirements of our customers to build projects that reduce their carbon emissions. New, low carbon infrastructure (including HS2, wind power, new nuclear, rail electrification, energy efficient buildings) will play a leading role in stimulating sustainable growth.

Research and development into products and processes will help us to provide innovative solutions that meet the complex and changing needs of our customers, primarily through the development of new design and engineering techniques.

One of our strategic objectives is to continue to invest in climate-related research and development to identify new engineering techniques, innovative technologies and source steel with low embodied carbon and to re-use steel to assist our customers to minimise the lifecycle carbon
emissions of their projects. Through our central engineering team and Project Horizon (our new digitisation project and long-term business initiative from 2023), we are constantly striving to develop innovative products and services that deliver positive environmental or social outcomes through the value chain and will contribute to Severfield's sustainable growth. The overall project is made up of around 100 individual projects and initiatives designed to modernise and further standardise processes and systems across Severfield. The project list is dynamic and will evolve as new opportunities and technologies present themselves through the programme.

**Time horizon**
Short-term

**Likelihood**
Very likely

**Magnitude of impact**
Medium-low

**Are you able to provide a potential financial impact figure?**
Yes, an estimated range

**Potential financial impact figure (currency)**
<Not Applicable>

**Potential financial impact figure – minimum (currency)**
2000000

**Potential financial impact figure – maximum (currency)**
4000000

**Explanation of financial impact figure**
The potential opportunity for the Group has been based on a potential increase in demand for low carbon products and services across the Group of between 5% and 10%, increasing Group profit by between c.£2m and £4m.
Calculation: 5% increase in demand: £491.8m x 5% = £25m x 8% (average margin) = c.£2m.
Calculation: 10% increase in demand: £491.8m x 10% = £49m x 8% (average margin) = c.£4m.

**Cost to realize opportunity**
190000

**Strategy to realize opportunity and explanation of cost calculation**
The estimated cost to realise the opportunity is based on the incremental annual salary cost expected to be required across the Group to be able to deliver these improvements in R&D, design and engineering processes. For this scenario, it is assumed an additional specialist is required in both the design and engineering departments.

One of our strategic objectives, supported by our business improvement initiatives, is to continue to invest in climate-related research and development to identify new engineering techniques, innovative technologies and source steel with low embodied carbon to assist our customers to minimise the lifecycle carbon emissions of their projects. Through the course of 2022, the Group engineering director together with the Group Head of ESG, Head of Procurement and senior engineering design managers have been working on a project to ascertain the how the steel reuse could be implemented across the business. This is based on the increase of targets associated with clients, such as LETI (London Energy Transformation Initiative), UK GBC or BREEAM.
Severfield has taken steps to ensure we offer recycled steel as an option for our clients during the tender process, reinforcing the sustainability benefits of steel. This is also linked to the identified risk of steel having a high embedded carbon. Research and development is continuing into 2023 in collaboration with our supply chain, where we are looking to demonstrate further benefits of reused steel on our projects.

**Comment**

## C3. Business Strategy

## C3.1

### (C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

**Row 1**

**Climate transition plan**
Yes, we have a climate transition plan which aligns with a 1.5°C world

**Publicly available climate transition plan**
Yes

**Mechanism by which feedback is collected from shareholders on your climate transition plan**
We have a different feedback mechanism in place

**Description of feedback mechanism**
Our climate transition plan gets approved on executive and board level.

**Frequency of feedback collection**
More frequently than annually

**Attach any relevant documents which detail your climate transition plan (optional)**

**Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future**
<Not Applicable>

**Explain why climate-related risks and opportunities have not influenced your strategy**
<Not Applicable>

## C3.2

### (C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

| | Use of climate-related scenario analysis to inform strategy | Primary reason why your organization does not use climate-related scenario analysis to inform its strategy | Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future |
|---|---|---|---|
| Row 1 | Yes, qualitative and quantitative | <Not Applicable> | <Not Applicable> |

## C3.2a

**(C3.2a) Provide details of your organization's use of climate-related scenario analysis.**

| Climate-related scenario | Scenario analysis coverage | Temperature alignment of scenario | Parameters, assumptions, analytical choices |
|---|---|---|---|
| Transition scenarios: IEA B2DS | Company-wide | <Not Applicable> | Rapid decarbonization pathway in line with international policy goals.<br><br>Parameters- Electricity is the primary fuel for land-based transport, 200 million electric cars on the road.<br>Assumptions- Technologies pushed to the limits, electricity is integral for success.<br><br>https://www.carbonbrief.org/explainer-how-shared-socioeconomic-pathways-explore-future-climate-change/ |
| Transition scenarios: IEA SDS | Company-wide | <Not Applicable> | IEA's Sustainable Development Scenario (SDS) is compatible with the Paris Agreement's less ambitious "well-below 2°C" goal.<br><br>Parameters- By 2030- 60% global car sales are electric vehicles, by 2035- 50% of heavy truck sales are electric and there are no new internal combustion engines.<br><br>Assumptions- Policy- Focus on CCUS and shift policy changes for sustainable development goals. Waste- Increase circular economy. Focused on following the Sustainable development goals.<br><br>https://www.carbonbrief.org/explainer-how-shared-socioeconomic-pathways-explore-future-climate-change/ |
| Physical climate scenarios: RCP 2.6 | Company-wide | <Not Applicable> | A sample of assets was assessed to consider exposure to the most extreme risks arising from flood, sea level rise, cyclone, heatwave, wildfire, and water stress. The modelling used General Circulation Models based on the latest international modelling efforts (CMIP6), high-resolution historical observations from satellites and a range of other techniques to provide details on the physical climate impacts of specific asset locations. The analysis provided quantitative information (relating to risk probability) on the forward looking projected risk exposure for each asset location tested.<br><br>Severfield also considered the Value at Risk of sampled assets arising as a result of high impact events such as wildfire, cyclone and intense river flooding. The process simulated many thousands of events, at multiple hazard intensities with varying probabilities of occurrence and differing levels of vulnerability. The quantitative output provided a financial value at risk and the change in value at risk compared to baseline over time.<br><br>The broad warming trajectory of RCP 2.6 to 2100 is 1.8°, associated with atmospheric CO2 of 430-480ppm. 2050 was the primary time horizon assessed within the modelling approach, but 2030 and 2080 impacts were also considered. No discount rates were applied within our modelling approach. |
| Physical climate scenarios: RCP 4.5 | Company-wide | <Not Applicable> | A sample of assets was assessed to consider exposure to the most extreme risks arising from flood, sea level rise, cyclone, heatwave, wildfire, and water stress. The modelling used General Circulation Models based on the latest international modelling efforts (CMIP6), high-resolution historical observations from satellites and a range of other techniques to provide details on the physical climate impacts of specific asset locations. The analysis provided quantitative information (relating to risk probability) on the forward looking projected risk exposure for each asset location tested.<br><br>Severfield also considered the Value at Risk of sampled assets arising as a result of high impact events such as wildfire, cyclone and intense river flooding. The process simulated many thousands of events, at multiple hazard intensities with varying probabilities of occurrence and differing levels of vulnerability. The quantitative output provided a financial value at risk and the change in value at risk compared to baseline over time.<br><br>The broad warming trajectory of RCP 4.5 to 2100 is 2.4°, associated with atmospheric CO2 of 580-720ppm. 2050 was the primary time horizon assessed within the modelling approach, but 2030 and 2080 impacts were also considered. No discount rates were applied within our modelling approach. |
| Physical climate scenarios: RCP 8.5 | Company-wide | <Not Applicable> | A sample of assets was assessed to consider exposure to the most extreme risks arising from flood, sea level rise, cyclone, heatwave, wildfire, and water stress. The modelling used General Circulation Models based on the latest international modelling efforts (CMIP6), high-resolution historical observations from satellites and a range of other techniques to provide details on the physical climate impacts of specific asset locations. The analysis provided quantitative information (relating to risk probability) on the forward looking projected risk exposure for each asset location tested.<br><br>Severfield also considered the Value at Risk of sampled assets arising as a result of high impact events such as wildfire, cyclone and intense river flooding. The process simulated many thousands of events, at multiple hazard intensities with varying probabilities of occurrence and differing levels of vulnerability. The quantitative output provided a financial value at risk and the change in value at risk compared to baseline over time.<br><br>The broad warming trajectory of RCP 8.5 to 2100 is 4.3°, associated with atmospheric CO2 of >1000ppm. 2050 was the primary time horizon assessed within the modelling approach, but 2030 and 2080 impacts were also considered. No discount rates were applied within our modelling approach. |
| Transition scenarios: Customized publicly available transition scenario | Company-wide | 1.5ºC | The Mission Possible Partnership (MPP) has conducted extensive scenario analysis to assess possible trajectories for the steel sector to reach Net Zero by 2050. The information published by MPP has been used to identify and assess the implications for Severfield's own procurement strategy and associated financial impacts.<br><br>The Carbon Cost scenario aligns with a warming trajectory of 1.5°, and illustrates how the steel sector might decarbonise if coordinated action to support low-CO2 steelmaking takes hold this decade. This scenario assumes that, at each major investment decision, the steel asset switches to whichever technology offers the lowest total cost of ownership<br><br>The scenario assumes a carbon price of $0/tCO2 in 2023, rising linearly to $200/tCO2 in 2050. The data points tested were 2025, 2030, 2040 and 2050. |

## C3.2b

**(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.**

**Row 1**

**Focal questions**

Severfield's scenario analysis prioritised climate-related risks considered to have the greatest impact on the business in the short, medium and long-term. The areas assessed and incorporated above relate to the following primary risk drivers:
FOCAL QUESTION 1 How will increasing frequency and severity of extreme physical weather events impact upon our assets, projects and supply chains?
FOCAL QUESTION 2 What does the decarbonisation of the steel sector mean for Severfield's procurement strategy?
FOCAL QUESTION 3 What does Severfield need to do to achieve Science Based Targets

**Results of the climate-related scenario analysis with respect to the focal questions**

FOCAL QUESTION 1 How will increasing frequency and severity of extreme physical weather events impact upon our assets, projects and supply chains?
Climate risk relating to the assets sampled, and the associated financial risk of our assets does not significantly change to 2050 based on our current modelling approach. In addition to the analysis above, we assessed potential financial impacts arising as a result of operational delays caused by localised flooding to access roads, based on historic flood impact events. These have been mitigated by site improvements to prevent flooding at both Dalton and Enniskillen. In addition, such is the economic importance of the sites, climate risks are likely to be further mitigated by future infrastructure investment.

FOCAL QUESTION 2 What does the decarbonisation of the steel sector mean for Severfield's procurement strategy?
The cost of producing traditional carbon intensive steel is likely to significantly increase to 2050 in a scenario aligned with 1.5° of warming. If Severfield's procurement strategy remains constant, there could be increase in procurement spend over time toward 2050. It is likely that novel and nascent technologies will disrupt incumbent technologies, as the cost of zero carbon electricity and hydrogen declines over the coming decade. Assuming that Severfield adopts a procurement strategy that evolves with the best available technologies, the financial impact is unlikely to result in a significant increase in deliverable project prices. Within the existing economic landscape, the impact of fluctuations in energy prices and the conflict in Ukraine have put pressure on steel prices globally. In addition, market demand for nascent technology may drive market fluctuations in steel prices. These factors combined place significant uncertainty over the projected scenarios modelled in a 'low carbon' transition.

FOCAL QUESTION 3 What does Severfield need to do to achieve Science Based Targets
Modelling our operations and activities against IEA scenarios supports us in building detailed transition plans to achieve our Science Based Targets ambitions.

INFORMING DECISIONS AND ACTIONS (a sample of our actions within the next 1-3 years)
We regularly assess how our strategic partners are working toward decarbonisation and are in the process of developing an engagement plan, to enhance oversight of our progress toward achieving Net Zero throughout the value chain.

Our involvement with SteelZero and wider industry and government collaborations provide increased awareness of the challenges of the steel sector as a whole and how these could be overcome. This deeper understanding will feed into our Net Zero plans.

We are investing in R&D to optimise production processes and are exploring methods to maximise circularity of our materials and the re-use of steel, enhancing our role in reducing the carbon content of delivered projects.

## C3.3

**(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.**

| | Have climate-related risks and opportunities influenced your strategy in this area? | Description of influence |
|---|---|---|
| Products and services | Yes | Over 90% of Severfield's purchasing is that of the steel required for our business. As part of CSA, we have mapped the steel market within the low carbon transition.<br><br>As a SteelZero signatory since 2021, a global initiative to speed up the transition to a net zero steel industry, we have worked with SteelZero in 2023 as part of Steel Zero policy taskforce. This included collaborating with the Climate Group and other members on the most effective approach to capturing and reporting data for the Steel Zero framework.<br><br>By being a signatory have made a public commitment to transition to procuring, specifying, or stocking 100 per cent net zero steel by 2050, with certain interim targets to be achieved by 2030.<br>We regularly assess how our strategic partners are working toward meeting these aims and are in the process of developing an engagement plan, to enhance oversight of our progress toward achieving Net Zero throughout the value chain. Our near-term market price modelling assesses how the market price of steel may fluctuate, as a result of a range of events, and our pricing and contracting strategies ensures that we are protected against fluctuations in the price of steel, as evidenced by our resilience in the face of recent economic and political events.<br><br>This signatory is a key aspect of our strategy and longer-term vision, in line with the UK government, to reach absolute Net Zero by 2050. |
| Supply chain and/or value chain | Yes | A case study of the most substantial strategic decision(s) made in this area to date that have been influenced by the climate-related risks and opportunities includes the effect that climate change has had on the supply chain. There has been some impact of climate change and awareness of the environmental costs for some suppliers - most notably for the provision of electricity where the longer term costs are increasing, and the sustainable electricity costs have a differential. Severfield have arrangements to mitigate this in the short term using an energy consultant that reviews our provision annually, but it is being monitored and incorporated within the planning in the medium term. The consultants are using market projections to weave our provisions into a medium term strategy over the next 5-years. |
| Investment in R&D | Yes | Severfield invests heavily with R&D, primarily through development of new engineering techniques. Severfield are in the process of developing a new 5-year strategy that will encompass how we invest in climate related research and development; this is an ongoing case study of a potential substantial strategic decision made in this area that will be influenced by climate-related risks and opportunities. We aim to have a process for investment over the next 5-years that reflects the changes in risks and opportunities, current focus is<br>investing in our supply chain to assist in the production of lower embodied steel. On working with our supply chain over the last year we have ascertained that realisation of such strategy<br>will take place over the next five years as research and development progresses in the field of hydrogen energy in the production of steel. |
| Operations | Yes | A case study of the most substantial strategic decision(s) made in this area to date that have been influenced by the climate-related risks and opportunities would include the adaptation<br>and change of Severfield's operations to reflect the changing needs of clients and their climate related aspirations. An example is a building with timber decking instead of concrete panels (which would have been the traditional method of construction) - this has required the acquisition of not only new construction skills, but also new ways of working. This building<br>was commissioned in the last 18 months and work has now begun on site. This type of new construction is being assessed and reviewed as the project progresses to completion over<br>the course of the next 12-18 months. Other items include re-usable temporary works scheme being developed and used on schemes. |

## C3.4

**(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.**

| | Financial planning elements that have been influenced | Description of influence |
|---|---|---|
| Row 1 | Revenues<br>Direct costs<br>Liabilities | Severfield recognise that there could be potential issues arising through the failed implementation of client requirements - for example, the requirement of having EPD associated with products. Severfield has a 50% investment within another business that specialises in metal decking that is used in conjunction with concrete as the traditional method for flooring in buildings. Currently, there is only one supplier that has produced an EPD for a range of their decking products, it has been made very clear to us through our client conversation the risk of losing new opportunities, if the metal decking CMF produces doesn't have an associated EPD. There has been a multifaceted approach to address this, including working with the client and main contractor to help identify potential availability of average EPD's for the sector. This hasn't been widely accepted and ensuring the financial risk is minimised through suitable contingency within the tender, Severfield has worked with an external consultancy to help develop EPD for their main product.<br><br>This represents a new long term, 10 year plus, strategic business opportunity for Severfield as the markets shift to greener buildings which will be requiring low EPD as part of steel offering.<br><br>Severfield have also seen requests from clients to provide lower embodied carbon steel - this change in client strategy to be carbon over cost focused has led to a direct cost increase of price per tonne of lower carbon steel. Our procurement manager and commercial teams are accounting and planning for higher material related costs in tender and pre-qualification questionnaires. There is also a risk around availability of lower carbon steel, as we must plan further in advance, we have low carbon steel available.<br><br>Capital expenditure budgets now include and require an aspect of embedded sustainability when it comes to purchasing approval. For example, considering new plant and machinery for factories, challenges are raised to see if better energy efficient products are available (for example, heating or vehicles that are hybrid / electric). |

## C3.5

**(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?**

| | Identification of spending/revenue that is aligned with your organization's climate transition | Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy |
|---|---|---|
| Row 1 | Yes, we identify alignment with our climate transition plan | <Not Applicable> |

## C3.5a

**(C3.5a) Quantify the percentage share of your spending/revenue that is aligned with your organization's climate transition.**

**Financial Metric**
Revenue/Turnover

**Type of alignment being reported for this financial metric**
Alignment with our climate transition plan

**Taxonomy under which information is being reported**
<Not Applicable>

**Objective under which alignment is being reported**
<Not Applicable>

**Amount of selected financial metric that is aligned in the reporting year (unit currency as selected in C0.4)**
144925

**Percentage share of selected financial metric aligned in the reporting year (%)**
29.5

**Percentage share of selected financial metric planned to align in 2025 (%)**
35

**Percentage share of selected financial metric planned to align in 2030 (%)**
45

**Describe the methodology used to identify spending/revenue that is aligned**
We have a list of revenue by contract, we have identified what contracts can be classed as 'green revenue'. To do this we review the sector of the contact, along with the specifics of the structure being built. Our disclosure includes the number of % of green revenue of our total revenue that links to transition and low carbon.

# C4. Targets and performance

## C4.1

**(C4.1) Did you have an emissions target that was active in the reporting year?**
Absolute target

## C4.1a

**(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.**

**Target reference number**
Abs 1

**Is this a science-based target?**
Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

**Target ambition**
1.5°C aligned

**Year target was set**
2020

**Target coverage**
Company-wide

**Scope(s)**
Scope 1
Scope 2

**Scope 2 accounting method**
Market-based

**Scope 3 category(ies)**
<Not Applicable>

**Base year**
2019

**Base year Scope 1 emissions covered by target (metric tons CO2e)**
5561

**Base year Scope 2 emissions covered by target (metric tons CO2e)**
4218

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year total Scope 3 emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**
9779.81

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**
100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**
100

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**
<Not Applicable>

**Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**
<Not Applicable>

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**
100

**Target year**
2025

**Targeted reduction from base year (%)**
33.4

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**
6513.35346

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**
6390.69

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**
116.08

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**
6507

**Does this target cover any land-related emissions?**
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

**% of target achieved relative to base year [auto-calculated]**
100.19450618498

**Target status in reporting year**
Achieved

**Please explain target coverage and identify any exclusions**
Severfield have set a 5-year target to reduce the scope 1 and 2 emissions by 25.2% with a 2018 baseline. The target is considered in line with science as it follows the methodology of the SBTi in not allowing global temperatures to increase by more than 1.5 degrees. During the reporting year we surpassed our interim target, having currently reduced them by 33% against the 2018 baseline.

**Plan for achieving target, and progress made to the end of the reporting year**
<Not Applicable>

**List the emissions reduction initiatives which contributed most to achieving this target**
For Scope 1 we transitioned to HVO across three of our factories and our construction sites. For Scope 2 we expanded our procurement of green electricity contracts with 5 out of 6 of our factories on green contracts.

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**Target reference number**
Abs 2

**Is this a science-based target?**

Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

**Target ambition**
1.5°C aligned

**Year target was set**
2022

**Target coverage**
Company-wide

**Scope(s)**
Scope 1
Scope 2

**Scope 2 accounting method**
Market-based

**Scope 3 category(ies)**
<Not Applicable>

**Base year**
2022

**Base year Scope 1 emissions covered by target (metric tons CO2e)**
6391

**Base year Scope 2 emissions covered by target (metric tons CO2e)**
116

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Base year total Scope 3 emissions covered by target (metric tons CO2e)**
<Not Applicable>

**Total base year emissions covered by target in all selected Scopes (metric tons CO2e)**
6507

**Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1**
100

**Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2**
100

**Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO2e)**
<Not Applicable>

**Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO2e)**
<Not Applicable>

**Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)**
<Not Applicable>

**Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes**
100

**Target year**
2032

**Targeted reduction from base year (%)**
50.4

**Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]**
3227.472

**Scope 1 emissions in reporting year covered by target (metric tons CO2e)**
6391

**Scope 2 emissions in reporting year covered by target (metric tons CO2e)**
116

**Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)**
<Not Applicable>

**Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)**
6507

**Does this target cover any land-related emissions?**
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

**% of target achieved relative to base year [auto-calculated]**
0

**Target status in reporting year**
New

**Please explain target coverage and identify any exclusions**
There are no exclusion and targets are set in line with SBTi. The SBTi target has been set in 2022 as the base year and is also the reporting year at the point of this submission.

**Plan for achieving target, and progress made to the end of the reporting year**
Scope 1 emission reduction will include increased HVO use on our sites and offices. We will also adopt further electrified plant and machinery within the business.
Scope 2: Implement measures as part of ESOS (energy savings opportunity scheme) – such as carry out energy audits, implement improvements regarding heating, lighting (such as solar panels installed on our sites), compressed air. Utilise green energy contracts to 100% on all wholly owned facilities, switch to green gas contracts at applicable locations.
R&D projects will play key role in reducing energy at our facilities (e.g., robotics, AI) – progress on this to be monitored during our annual submissions.

**List the emissions reduction initiatives which contributed most to achieving this target**
<Not Applicable>

## C4.2

**(C4.2) Did you have any other climate-related targets that were active in the reporting year?**
Target(s) to increase low-carbon energy consumption or production
Net-zero target(s)
Other climate-related target(s)

## C4.2a

**(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.**

**Target reference number**
Low 1

**Year target was set**
2021

**Target coverage**
Company-wide

**Target type: energy carrier**
Electricity

**Target type: activity**
Consumption

**Target type: energy source**
Renewable energy source(s) only

**Base year**
2019

**Consumption or production of selected energy carrier in base year (MWh)**
0

**% share of low-carbon or renewable energy in base year**
0

**Target year**
2023

**% share of low-carbon or renewable energy in target year**
100

**% share of low-carbon or renewable energy in reporting year**
94

**% of target achieved relative to base year [auto-calculated]**
94

**Target status in reporting year**
Underway

**Is this target part of an emissions target?**
Yes, this target was set to help us reduce our Scope 1 and 2 emissions by 25.2% by 2025 (which was now achieved) and will also contribute to our Net Zero emissions by 2040 target.

**Is this target part of an overarching initiative?**
No, it's not part of an overarching initiative

**Please explain target coverage and identify any exclusions**
We are targeting to increase the % of renewable electricity consumed to 100% by 2023 across our wholly owned facilities.

**Plan for achieving target, and progress made to the end of the reporting year**
We have 1 remaining facility to switch during 2023.

**List the actions which contributed most to achieving this target**
<Not Applicable>

## C4.2b

**(C4.2b) Provide details of any other climate-related targets, including methane reduction targets.**

**Target reference number**
Oth 1

**Year target was set**
2022

**Target coverage**
Company-wide

**Target type: absolute or intensity**
Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

| | |
|---|---|
| Engagement with suppliers | Percentage of suppliers (by procurement spend) with a science-based target |

**Target denominator (intensity targets only)**
<Not Applicable>

**Base year**
2022

**Figure or percentage in base year**
48

**Target year**
2027

**Figure or percentage in target year**
74

**Figure or percentage in reporting year**
48

**% of target achieved relative to base year [auto-calculated]**
0

**Target status in reporting year**
New

**Is this target part of an emissions target?**
Yes - NZ1 for SBTi. (Currently being verified).

**Is this target part of an overarching initiative?**
Science Based targets initiative - other

**Please explain target coverage and identify any exclusions**
This is part of our supplier engagement target for scope 3 - currently waiting for SBTi verification.

**Plan for achieving target, and progress made to the end of the reporting year**
We are a SteelZero member, which set a public commitment to procure 100% net zero steel by 2050 (50% by 2030). Net zero steel procurement will play a key part in us reducing our scope 3 emission. This goes hand in hand with design efficiencies and reducing waste steel offcuts. We will work on potential reduction strategies with our transport and distribution partners and towards reducing our own waste and business travel.
Decarbonisation of the industry is high on the political agenda, and we closely work with other SteelZero members, industry bodies and our supply chain.

**List the actions which contributed most to achieving this target**
<Not Applicable>

---

**Target reference number**
Oth 2

**Year target was set**
2022

**Target coverage**
Company-wide

**Target type: absolute or intensity**
Absolute

**Target type: category & Metric (target numerator if reporting an intensity target)**

| | |
|---|---|
| Waste management | metric tons of waste generated |

**Target denominator (intensity targets only)**
<Not Applicable>

**Base year**
2022

**Figure or percentage in base year**
2304

**Target year**
2030

**Figure or percentage in target year**
20

**Figure or percentage in reporting year**
2072

**% of target achieved relative to base year [auto-calculated]**
10.1576182136602

**Target status in reporting year**
New

**Is this target part of an emissions target?**
Yes - this will contribute to wider climate related emission targets.

**Is this target part of an overarching initiative?**
Other, please specify (Part of ESG/sustainability strategy)

**Please explain target coverage and identify any exclusions**
Target is excluding steel scrap.

**Plan for achieving target, and progress made to the end of the reporting year**
We have an overarching waste engagement campaign to increase recycling rates through behaviour campaigns. We plan to monitor this via regular audits and data from our waste providers.

**List the actions which contributed most to achieving this target**
<Not Applicable>

## C4.2c

**(C4.2c) Provide details of your net-zero target(s).**

**Target reference number**
NZ1

**Target coverage**
Company-wide

**Absolute/intensity emission target(s) linked to this net-zero target**
Abs1
Abs2

**Target year for achieving net zero**
2040

**Is this a science-based target?**
Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

**Please explain target coverage and identify any exclusions**
The target covers Scope 1 and 2. Severfield will set a further target inclusive of Scope 3.
Targets waiting for verification include:
Severfield commits to be net zero across all scopes by 2050.
Severfield commits to reduce absolute Scope 1 and Scope 2 GHG emissions 90%* by 2040 from FY23 base year
*The target boundary includes land-related emissions and removals from bioenergy feedstocks

**Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?**
Unsure

**Planned milestones and/or near-term investments for neutralization at target year**
<Not Applicable>

**Planned actions to mitigate emissions beyond your value chain (optional)**
Scope 1 emission reduction will include increased HVO use on our sites and offices. We will also adopt further electrified plant and machinery within the business.

Scope 2: Implement measures as part of ESOS (energy savings opportunity scheme) – such as carry out energy audits, implement improvements regarding heating, lighting (such as solar panels installed on our sites), compressed air. Utilise green energy contracts to 100% on all wholly owned facilities, switch to green gas contracts at applicable locations.

**Target reference number**
NZ2

**Target coverage**
Company-wide

**Absolute/intensity emission target(s) linked to this net-zero target**
Not applicable

**Target year for achieving net zero**
2050

**Is this a science-based target?**
Yes, we consider this a science-based target, and the target is currently being reviewed by the Science Based Targets initiative

**Please explain target coverage and identify any exclusions**
Targets waiting for verification include:
Severfield commits to be net zero across all scopes by 2050.
Severfield commits to reduce absolute Scope 3 GHG emissions by 90%* by 2050 from FY23 base year.
*The target boundary includes land-related emissions and removals from bioenergy feedstocks

**Do you intend to neutralize any unabated emissions with permanent carbon removals at the target year?**
Unsure

**Planned milestones and/or near-term investments for neutralization at target year**
<Not Applicable>

**Planned actions to mitigate emissions beyond your value chain (optional)**
SteelZero set a public commitment to procure 100% net zero steel by 2050 (50% by 2030). Net zero steel procurement will play a key part in us reducing our scope 3 emission. This goes hand in hand with design efficiencies and reducing waste steel offcuts. Decarbonisation of the industry is high on the political agenda, and we closely work with other SteelZero members, industry bodies and our suppliers to ensure we reach our net zero target by established date.

## C4.3

**(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.**

Yes

## C4.3a

**(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.**

| | Number of initiatives | Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *) |
|---|---|---|
| Under investigation | 6 | 116970 |
| To be implemented* | 1 | 165.03 |
| Implementation commenced* | 3 | 447.97 |
| Implemented* | 6 | 85.43 |
| Not to be implemented | 4 | 181.62 |

## C4.3b

**(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.**

**Initiative category & Initiative type**

| | |
|---|---|
| Energy efficiency in buildings | Other, please specify (Replace all gas fired heaters with latest high efficiency models in production areas Replace all factory lighting (4x54W) with LED alternatives and control , Instigate formal system for air leak detection and repair ) |

**Estimated annual CO2e savings (metric tonnes CO2e)**

32.42

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 1

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

14108

**Investment required (unit currency – as specified in C0.4)**

51508

**Payback period**

4-10 years

**Estimated lifetime of the initiative**

16-20 years

**Comment**

Replace as part of office refurbishment in line with energy efficiency and sustainability

**Initiative category & Initiative type**

| | |
|---|---|
| Transportation | Other, please specify (Transport trailer innovation) |

**Estimated annual CO2e savings (metric tonnes CO2e)**

53

**Scope(s) or Scope 3 category(ies) where emissions savings occur**

Scope 3 category 4: Upstream transportation & distribution

**Voluntary/Mandatory**

Voluntary

**Annual monetary savings (unit currency – as specified in C0.4)**

62338

**Investment required (unit currency – as specified in C0.4)**

10566

**Payback period**

<1 year

**Estimated lifetime of the initiative**

21-30 years

**Comment**

Investment requirement is calculated for development of the project.

## C4.3c

**(C4.3c) What methods do you use to drive investment in emissions reduction activities?**

| Method | Comment |
|---|---|
| Employee engagement | We engage with our employees to encourage waste recycling. We also offer bike to work schemes (that includes electric). Minibuses are used at some locations to reduce the number of staff vehicles travelling and help reduce Scope 3 – Employee commuting emissions. |
| Internal finance mechanisms | Our investment plan is part of a £8 million per annum capital improvement programme which aims to optimise our business performance. |
| Other (ESOS) | One of our key objectives is to maintain our current momentum with reducing our scope 1 and 2 greenhouse gas ('GHG') emissions. This includes ESOS related improvements such as compressed air, lighting, and machinery. |

## C4.5

**(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?**

Yes

## C4.5a

**(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.**

**Level of aggregation**

Product or service

**Taxonomy used to classify product(s) or service(s) as low-carbon**

Other, please specify (Environmental Product Declaration)

**Type of product(s) or service(s)**

| | |
|---|---|
| Iron and steel | Other, please specify (Low carbon steel - using more scrap to produce the steel) |

**Description of product(s) or service(s)**

The use of steel as a construction material as opposed to concrete, for example, has been researched and typically a steel framed building uses 30% less CO2 emissions compared with concrete, not including running costs of the finished building. Hence the construction saving in using our product is substantial.

**Have you estimated the avoided emissions of this low-carbon product(s) or service(s)**

Yes

**Methodology used to calculate avoided emissions**

Other, please specify (Calculations based upon environmental product declarations (EPDs))

**Life cycle stage(s) covered for the low-carbon product(s) or services(s)**

Cradle-to-gate

**Functional unit used**

KGCO2E per metric tonne of steel

**Reference product/service or baseline scenario used**

2.45 kgco2e for British Steel using an EPD
0.842 kgco2e for European Section using an EPD

**Life cycle stage(s) covered for the reference product/service or baseline scenario**

Cradle-to-gate

**Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario**

4678

**Explain your calculation of avoided emissions, including any assumptions**

In FY23 the purchased steel from one of our EU lower carbon suppliers was 2909t which equates to 2445 tCO2e. If the steel had been purchased from a British supplier this steel would have been 7128 tCO2e a saving of 4678 tCO2e.

**Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year**

3

# C5. Emissions methodology

## C5.1

**(C5.1) Is this your first year of reporting emissions data to CDP?**

No

## C5.1a

**(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?**

**Row 1**

**Has there been a structural change?**
No

**Name of organization(s) acquired, divested from, or merged with**
<Not Applicable>

**Details of structural change(s), including completion dates**
<Not Applicable>

## C5.1b

**(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?**

| | Change(s) in methodology, boundary, and/or reporting year definition? | Details of methodology, boundary, and/or reporting year definition change(s) |
|---|---|---|
| Row 1 | No | <Not Applicable> |

## C5.2

**(C5.2) Provide your base year and base year emissions.**

**Scope 1**

**Base year start**
April 1 2018

**Base year end**
March 31 2019

**Base year emissions (metric tons CO2e)**
5561

**Comment**

**Scope 2 (location-based)**

**Base year start**
April 1 2018

**Base year end**
March 31 2019

**Base year emissions (metric tons CO2e)**
3640.649

**Comment**

**Scope 2 (market-based)**

**Base year start**
April 1 2018

**Base year end**
March 31 2019

**Base year emissions (metric tons CO2e)**
4218.432

**Comment**

**Scope 3 category 1: Purchased goods and services**

**Base year start**
April 1 2020

**Base year end**
March 31 2021

**Base year emissions (metric tons CO2e)**
252633.721

**Comment**

**Scope 3 category 2: Capital goods**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Not calculated

**Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)**

**Base year start**
April 1 2020

**Base year end**
March 31 2021

**Base year emissions (metric tons CO2e)**
2202.523

**Comment**

**Scope 3 category 4: Upstream transportation and distribution**

**Base year start**
April 1 2020

**Base year end**
March 31 2021

**Base year emissions (metric tons CO2e)**
10154.853

**Comment**

**Scope 3 category 5: Waste generated in operations**

**Base year start**
April 1 2020

**Base year end**
March 31 2021

**Base year emissions (metric tons CO2e)**
331.913

**Comment**

**Scope 3 category 6: Business travel**

**Base year start**
April 1 2020

**Base year end**
March 31 2021

**Base year emissions (metric tons CO2e)**
245.929

**Comment**

**Scope 3 category 7: Employee commuting**

**Base year start**
April 1 2020

**Base year end**
March 31 2021

**Base year emissions (metric tons CO2e)**
403.636

**Comment**

**Scope 3 category 8: Upstream leased assets**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Not calculated

**Scope 3 category 9: Downstream transportation and distribution**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Not calculated

**Scope 3 category 10: Processing of sold products**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Not calculated

**Scope 3 category 11: Use of sold products**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Not calculated

**Scope 3 category 12: End of life treatment of sold products**

**Base year start**
April 1 2020

**Base year end**
March 31 2021

**Base year emissions (metric tons CO2e)**
112.837

**Comment**

**Scope 3 category 13: Downstream leased assets**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Not calculated

**Scope 3 category 14: Franchises**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Not calculated

**Scope 3 category 15: Investments**

**Base year start**
April 1 2020

**Base year end**
March 31 2021

**Base year emissions (metric tons CO2e)**
817.404

**Comment**

**Scope 3: Other (upstream)**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Not calculated

**Scope 3: Other (downstream)**

**Base year start**

**Base year end**

**Base year emissions (metric tons CO2e)**

**Comment**
Not calculated

## C5.3

**(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**
ISO 14064-1
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
Toitū carbonreduce programme
Toitū carbonzero programme

# C6. Emissions data

## C6.1

**(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?**

**Reporting year**

**Gross global Scope 1 emissions (metric tons CO2e)**
6391

**Start date**
April 1 2022

**End date**
March 31 2023

**Comment**

**Past year 1**

**Gross global Scope 1 emissions (metric tons CO2e)**
7359

**Start date**
April 1 2021

**End date**
March 31 2022

**Comment**

**Past year 2**

**Gross global Scope 1 emissions (metric tons CO2e)**
6297

**Start date**
April 1 2020

**End date**
March 31 2021

**Comment**

**Past year 3**

**Gross global Scope 1 emissions (metric tons CO2e)**
5638

**Start date**
April 1 2019

**End date**
March 31 2020

**Comment**

**Past year 4**

**Gross global Scope 1 emissions (metric tons CO2e)**
5561

**Start date**
April 1 2018

**End date**
March 31 2019

**Comment**

## C6.2

**(C6.2) Describe your organization's approach to reporting Scope 2 emissions.**

**Row 1**

**Scope 2, location-based**
We are reporting a Scope 2, location-based figure

**Scope 2, market-based**
We are reporting a Scope 2, market-based figure

**Comment**
We started reporting on market based in 2017/18 so have both (location and market) available. However, our preferred option is market based reporting (which is what our targets are set in line with SBTi)

## C6.3

**(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?**

**Reporting year**

**Scope 2, location-based**
3106

**Scope 2, market-based (if applicable)**
116

**Start date**
April 1 2022

**End date**
March 31 2023

**Comment**

**Past year 1**

**Scope 2, location-based**
3374

**Scope 2, market-based (if applicable)**
671

**Start date**
April 1 2021

**End date**
March 31 2022

**Comment**

**Past year 2**

**Scope 2, location-based**
3598

**Scope 2, market-based (if applicable)**
1565

**Start date**
April 1 2020

**End date**
March 31 2021

**Comment**

**Past year 3**

**Scope 2, location-based**
3696

**Scope 2, market-based (if applicable)**
2706

**Start date**
April 1 2019

**End date**
March 31 2020

**Comment**

**Past year 4**

**Scope 2, location-based**
3641

**Scope 2, market-based (if applicable)**
4218

**Start date**
April 1 2018

**End date**
March 31 2019

**Comment**

## C6.4

**(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?**
No

## C6.5

**(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.**

### Purchased goods and services

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
213586

**Emissions calculation methodology**
Hybrid method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
100

**Please explain**
Steel purchased from the mill and stockholders is included. Environmental product declarations are used to calculate the emissions from each supplier. Where we have a supplier specific EPD we utilise this, if a supplier does not have an EPD available we use the industry average based on the steel being procured from a UK or EU supplier.

### Capital goods

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
We have calculated our capital goods however it is not something we disclose publicly. Emissions would be negligible (1.35%) in comparison with other categories and all purchases made are long term.

### Fuel-and-energy-related activities (not included in Scope 1 or 2)

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
2589

**Emissions calculation methodology**
Fuel-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
0

**Please explain**
Electricity transmission and distribution losses as well as well-to-tank losses for both electricity and fuels are covered.

### Upstream transportation and distribution

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
8466

**Emissions calculation methodology**
Average data method
Distance-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
85

**Please explain**
All incoming and outgoing deliveries to and from factory and site. The transport is divided into categories for steel, bolts, PPE, fuel and other consumables.

### Waste generated in operations

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
264

**Emissions calculation methodology**
Waste-type-specific method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
100

**Please explain**
Waste is calculated by load, using invoices and waste dashboards at facilities and on site (supply chain).

### Business travel

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
738

**Emissions calculation methodology**
Fuel-based method
Distance-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
0

**Please explain**
Employee business travel for rail, taxi, flight and bus are recorded. Rail and flight is coordinated by a third-party travel consultant who provide specific emissions data.

### Employee commuting

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
3723

**Emissions calculation methodology**
Fuel-based method
Distance-based method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
0

**Please explain**
A survey was conducted to determine the average number of employees commuting into work and working from home each week. Company owned vehicles and company purchased fuels (fuel cards) which have been captured in scope 1 and 2 were accounted for within this category.

### Upstream leased assets

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Assets have been included within scope 1 & scope 2. This would be inclusive of fuel or any leased equipment (Plant and machinery).

### Downstream transportation and distribution

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Products travel to their end construction site destination within the Severfield logistics chain and so the transport is included within Upstream transportation and distribution. There is no further transportation or distribution once the product is delivered to the construction site.

### Processing of sold products

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Severfield fabricate and erect steel buildings. As a result, there is no processing of the sold product.

### Use of sold products

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Products are not sold past the point of delivery to the construction site.

### End of life treatment of sold products

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
93

**Emissions calculation methodology**
Hybrid method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
0

**Please explain**
Calculated using BEIS UK conversion factors 2021. Whilst Severfield fabricate and erect steel buildings, with an estimated lifespan of over 200 years, steel is 100% recyclable and design can impact the amount of steel salvageable at the time of deconstruction.

### Downstream leased assets

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
The leased assets for Severfield are either internal (we operate our own hire business for internal asset management e.g., cranes and heavy lifting gear). The fuel and associated emissions have been included in scope 1.

### Franchises

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
Severfield do not operate any franchises.

**Investments**

**Evaluation status**
Relevant, calculated

**Emissions in reporting year (metric tons CO2e)**
1665

**Emissions calculation methodology**
Investment-specific method

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
100

**Please explain**
Severfield has 50% ownership of 2 investment companies (JSSL and CMF) we use their emissions and 50% of the revenue to calculate these figures.

**Other (upstream)**

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
N/A

**Other (downstream)**

**Evaluation status**
Not relevant, explanation provided

**Emissions in reporting year (metric tons CO2e)**
<Not Applicable>

**Emissions calculation methodology**
<Not Applicable>

**Percentage of emissions calculated using data obtained from suppliers or value chain partners**
<Not Applicable>

**Please explain**
N/A

## C6.5a

**(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.**

**Past year 1**

**Start date**
April 1 2021

**End date**
March 31 2022

**Scope 3: Purchased goods and services (metric tons CO2e)**
374660

**Scope 3: Capital goods (metric tons CO2e)**
0

**Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**
2849

**Scope 3: Upstream transportation and distribution (metric tons CO2e)**
4589

**Scope 3: Waste generated in operations (metric tons CO2e)**
279

**Scope 3: Business travel (metric tons CO2e)**
484

**Scope 3: Employee commuting (metric tons CO2e)**
1188

**Scope 3: Upstream leased assets (metric tons CO2e)**
0

**Scope 3: Downstream transportation and distribution (metric tons CO2e)**
0

**Scope 3: Processing of sold products (metric tons CO2e)**
0

**Scope 3: Use of sold products (metric tons CO2e)**
0

**Scope 3: End of life treatment of sold products (metric tons CO2e)**
166

**Scope 3: Downstream leased assets (metric tons CO2e)**
0

**Scope 3: Franchises (metric tons CO2e)**
0

**Scope 3: Investments (metric tons CO2e)**
1215

**Scope 3: Other (upstream) (metric tons CO2e)**
0

**Scope 3: Other (downstream) (metric tons CO2e)**
0

**Comment**
Where value is zero , we have provided explanation in the section above (6.5) on why this is not applicable to Severfield.

**Past year 2**

**Start date**
April 1 2020

**End date**
March 31 2021

**Scope 3: Purchased goods and services (metric tons CO2e)**
252634

**Scope 3: Capital goods (metric tons CO2e)**
0

**Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**
2203

**Scope 3: Upstream transportation and distribution (metric tons CO2e)**
10155

**Scope 3: Waste generated in operations (metric tons CO2e)**
332

**Scope 3: Business travel (metric tons CO2e)**
246

**Scope 3: Employee commuting (metric tons CO2e)**
404

**Scope 3: Upstream leased assets (metric tons CO2e)**
0

**Scope 3: Downstream transportation and distribution (metric tons CO2e)**
0

**Scope 3: Processing of sold products (metric tons CO2e)**
0

**Scope 3: Use of sold products (metric tons CO2e)**
0

**Scope 3: End of life treatment of sold products (metric tons CO2e)**
113

**Scope 3: Downstream leased assets (metric tons CO2e)**
0

**Scope 3: Franchises (metric tons CO2e)**
0

**Scope 3: Investments (metric tons CO2e)**
817

**Scope 3: Other (upstream) (metric tons CO2e)**
0

**Scope 3: Other (downstream) (metric tons CO2e)**
0

**Comment**
Where value is zero , we have provided explanation in the section above (6.5) on why this is not applicable to Severfield.

**Past year 3**

**Start date**
April 1 2019

**End date**
March 31 2020

**Scope 3: Purchased goods and services (metric tons CO2e)**
239279

**Scope 3: Capital goods (metric tons CO2e)**
0

**Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**
314

**Scope 3: Upstream transportation and distribution (metric tons CO2e)**
2562

**Scope 3: Waste generated in operations (metric tons CO2e)**
654

**Scope 3: Business travel (metric tons CO2e)**
870

**Scope 3: Employee commuting (metric tons CO2e)**
0

**Scope 3: Upstream leased assets (metric tons CO2e)**
0

**Scope 3: Downstream transportation and distribution (metric tons CO2e)**
0

**Scope 3: Processing of sold products (metric tons CO2e)**
0

**Scope 3: Use of sold products (metric tons CO2e)**
0

**Scope 3: End of life treatment of sold products (metric tons CO2e)**
0

**Scope 3: Downstream leased assets (metric tons CO2e)**
0

**Scope 3: Franchises (metric tons CO2e)**
0

**Scope 3: Investments (metric tons CO2e)**
0

**Scope 3: Other (upstream) (metric tons CO2e)**
0

**Scope 3: Other (downstream) (metric tons CO2e)**
0

**Comment**
Where value is zero , we have provided explanation in the section above (6.5) on why this is not applicable to Severfield.

**Past year 4**

**Start date**
April 1 2018

**End date**
March 31 2019

**Scope 3: Purchased goods and services (metric tons CO2e)**
225823

**Scope 3: Capital goods (metric tons CO2e)**
0

**Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)**
310

**Scope 3: Upstream transportation and distribution (metric tons CO2e)**
2504

**Scope 3: Waste generated in operations (metric tons CO2e)**
275

**Scope 3: Business travel (metric tons CO2e)**
596

**Scope 3: Employee commuting (metric tons CO2e)**
0

**Scope 3: Upstream leased assets (metric tons CO2e)**
0

**Scope 3: Downstream transportation and distribution (metric tons CO2e)**
0

**Scope 3: Processing of sold products (metric tons CO2e)**
0

**Scope 3: Use of sold products (metric tons CO2e)**
0

**Scope 3: End of life treatment of sold products (metric tons CO2e)**
0

**Scope 3: Downstream leased assets (metric tons CO2e)**
0

**Scope 3: Franchises (metric tons CO2e)**
0

**Scope 3: Investments (metric tons CO2e)**
0

**Scope 3: Other (upstream) (metric tons CO2e)**
0

**Scope 3: Other (downstream) (metric tons CO2e)**
0

**Comment**
Where value is zero , we have provided explanation in the section above (6.5) on why this is not applicable to Severfield.

## C-CN6.6/C-RE6.6

**(C-CN6.6/C-RE6.6) Does your organization assess the life cycle emissions of new construction or major renovation projects?**

| | Assessment of life cycle emissions | Comment |
|---|---|---|
| Row 1 | Yes, quantitative assessment | Severfield are only a part of the life cycle process. We calculate our embodied carbon figures for our clients who then process the figures into the life cycle analysis of both previous and upcoming projects. |

## C-CN6.6a/C-RE6.6a

**(C-CN6.6a/C-RE6.6a) Provide details of how your organization assesses the life cycle emissions of new construction or major renovation projects.**

| | Projects assessed | Earliest project phase that most commonly includes an assessment | Life cycle stage(s) most commonly covered | Methodologies/standards/tools applied | Comment |
|---|---|---|---|---|---|
| Row 1 | On a case by case basis | Pre-design phase | Cradle-to-gate | Embodied Carbon in Construction Calculator (EC3) Tool<br>One Click LCA | Clients predominantly take our calculations and use One Click LCA to process the LCA |

## C-CN6.6b/C-RE6.6b

**(C-CN6.6b/C-RE6.6b) Can you provide embodied carbon emissions data for any of your organization's new construction or major renovation projects completed in the last three years?**

| | Ability to disclose embodied carbon emissions | Comment |
|---|---|---|
| Row 1 | No | We consider this to be commercially sensitive information given the higher profile of embodied carbon in the tender process. |

## C6.7

**(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?**

Yes

## C6.7a

**(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.**

| | CO2 emissions from biogenic carbon (metric tons CO2) | Comment |
|---|---|---|
| Row 1 | 912.71 | The emissions relating to HVO under Scope 1 biofuel emission factor is 13.15 tCO2e. For the outside of scope emissions associated with the burning of biofuels is 912.71 tCO2e. |

## C6.10

**(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.**

**Intensity figure**

13.23

**Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)**

6507

**Metric denominator**

unit total revenue

**Metric denominator: Unit total**

491800000

**Scope 2 figure used**

Market-based

**% change from previous year**

6.67

**Direction of change**

Decreased

**Reason(s) for change**

Change in renewable energy consumption
Other emissions reduction activities

**Please explain**

The focus on carbon reduction has resulted in the decrease in the intensity figure. This is attributed to green electricity contracts and the transition to HVO.

# C7. Emissions breakdowns

## C7.1

**(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?**

Yes

## C7.1a

**(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).**

| Greenhouse gas | Scope 1 emissions (metric tons of CO2e) | GWP Reference |
|---|---|---|
| CO2 | 6310.2 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| CH4 | 6.28 | IPCC Fifth Assessment Report (AR5 – 100 year) |
| N2O | 74.2 | IPCC Fifth Assessment Report (AR5 – 100 year) |

## C7.2

**(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.**

| Country/area/region | Scope 1 emissions (metric tons CO2e) |
|---|---|
| United Kingdom of Great Britain and Northern Ireland | 6391 |

## C7.3

**(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.**

By facility

## C7.3b

**(C7.3b) Break down your total gross global Scope 1 emissions by business facility.**

| Facility | Scope 1 emissions (metric tons CO2e) | Latitude | Longitude |
|---|---|---|---|
| Severfield Commercial and Industrial - Dalton | 2210.19 | 54.173094 | -1.353017 |
| Severfield Commercial and Industrial - Lostock | 993.79 | 53.577265 | -2.526395 |
| Severfield Commercial and Industrial Enniskillen (NI) | 1102.18 | 54.422153 | -7.596949 |
| Severfield Products and Processing (SPP) | 428.77 | 54.179269 | -0.127758 |
| Severfield Sites | 1477.41 | 51.507351 | -0.127758 |
| Severfield Nuclear and Infrastructure | 88.54 | 53.580686 | -2.41966 |
| Severfield Infrastructure | 61.8 | 54.057377 | -0.271923 |
| Severfield plc | 28.11 | 53.979643 | -1.132268 |

## C7.5

**(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.**

| Country/area/region | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|---|---|---|
| United Kingdom of Great Britain and Northern Ireland | 3106 | 116 |

## C7.6

**(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.**

By facility

## C7.6b

**(C7.6b) Break down your total gross global Scope 2 emissions by business facility.**

| Facility | Scope 2, location-based (metric tons CO2e) | Scope 2, market-based (metric tons CO2e) |
|---|---|---|
| Severfield Commercial and Industrial - Dalton | 1297.65 | 0 |
| Severfield Commercial and Industrial - Lostock | 668.46 | 0 |
| Severfield Commercial and Industrial Enniskillen (NI) | 547.36 | 6.12 |
| Severfield Products and Processing (SPP) | 403.15 | 0 |
| Sites | 0 | 0 |
| Severfield Nuclear and Infrastructure | 32.15 | 15.6 |
| Severfield Infrastructure | 147.61 | 88.55 |
| Severfield plc | 9.74 | 5.84 |

## C7.7

**(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?**

Not relevant as we do not have any subsidiaries

## C7.9

**(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?**

Decreased

## C7.9a

**(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.**

| | Change in emissions (metric tons CO2e) | Direction of change in emissions | Emissions value (percentage) | Please explain calculation |
|---|---|---|---|---|
| Change in renewable energy consumption | 555 | Decreased | 9 | Severfield switched another contract to green electricity in October 2022. This means we have one remaining facility to switch to green in 2023. This year's market-based scope 2 emissions were 116 tCO2e and 671 tCO2e in financial year 2022 with a difference of 555 tCO2e. |
| Other emissions reduction activities | 1019.34 | Decreased | 16 | Severfield increased the use of HVO at three of our factories and our construction sites. If the HVO consumed had of been gas oil, this would have been 1019.34 tCO2e therefore this was saved. |
| Divestment | 0 | No change | 0 | Not applicable |
| Acquisitions | 0 | No change | 0 | Not applicable |
| Mergers | 0 | No change | 0 | Not applicable |
| Change in output | 0 | No change | 0 | Not applicable |
| Change in methodology | 0 | No change | 0 | Not applicable |
| Change in boundary | 0 | No change | 0 | Not applicable |
| Change in physical operating conditions | 0 | No change | 0 | Not applicable |
| Unidentified | 0 | No change | 0 | Not applicable |
| Other | 0 | No change | 0 | Not applicable |

## C7.9b

**(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?**

Market-based

# C8. Energy

## C8.1

**(C8.1) What percentage of your total operational spend in the reporting year was on energy?**

More than 5% but less than or equal to 10%

## C8.2

**(C8.2) Select which energy-related activities your organization has undertaken.**

| | Indicate whether your organization undertook this energy-related activity in the reporting year |
|---|---|
| Consumption of fuel (excluding feedstocks) | Yes |
| Consumption of purchased or acquired electricity | Yes |
| Consumption of purchased or acquired heat | No |
| Consumption of purchased or acquired steam | No |
| Consumption of purchased or acquired cooling | No |
| Generation of electricity, heat, steam, or cooling | Yes |

## C8.2a

**(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.**

| | Heating value | MWh from renewable sources | MWh from non-renewable sources | Total (renewable and non-renewable) MWh |
|---|---|---|---|---|
| Consumption of fuel (excluding feedstock) | Unable to confirm heating value | 2355.67 | 19598.59 | 21954.26 |
| Consumption of purchased or acquired electricity | <Not Applicable> | 14611.46 | 926.23 | 15537.69 |
| Consumption of purchased or acquired heat | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired steam | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of purchased or acquired cooling | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Consumption of self-generated non-fuel renewable energy | <Not Applicable> | 524.59 | <Not Applicable> | 524.59 |
| Total energy consumption | <Not Applicable> | 17491.72 | 20524.82 | 38016.54 |

## C8.2b

**(C8.2b) Select the applications of your organization's consumption of fuel.**

| | Indicate whether your organization undertakes this fuel application |
|---|---|
| Consumption of fuel for the generation of electricity | No |
| Consumption of fuel for the generation of heat | Yes |
| Consumption of fuel for the generation of steam | No |
| Consumption of fuel for the generation of cooling | No |
| Consumption of fuel for co-generation or tri-generation | No |

## C8.2c

**(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.**

**Sustainable biomass**

**Heating value**
Unable to confirm heating value

**Total fuel MWh consumed by the organization**
0

**MWh fuel consumed for self-generation of electricity**
<Not Applicable>

**MWh fuel consumed for self-generation of heat**
<Not Applicable>

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**
<Not Applicable>

**Comment**
Not applicable to our business.

**Other biomass**

**Heating value**
Unable to confirm heating value

**Total fuel MWh consumed by the organization**
0

**MWh fuel consumed for self-generation of electricity**
<Not Applicable>

**MWh fuel consumed for self-generation of heat**
<Not Applicable>

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**
<Not Applicable>

**Comment**
Not applicable to our business.

**Other renewable fuels (e.g. renewable hydrogen)**

**Heating value**
LHV

**Total fuel MWh consumed by the organization**
2355.67

**MWh fuel consumed for self-generation of electricity**
<Not Applicable>

**MWh fuel consumed for self-generation of heat**
<Not Applicable>

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**
<Not Applicable>

**Comment**

**Coal**

**Heating value**
Unable to confirm heating value

**Total fuel MWh consumed by the organization**
0

**MWh fuel consumed for self-generation of electricity**
<Not Applicable>

**MWh fuel consumed for self-generation of heat**
<Not Applicable>

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**
<Not Applicable>

**Comment**
Not applicable to our business.

### Oil

**Heating value**
LHV

**Total fuel MWh consumed by the organization**
14197.55

**MWh fuel consumed for self-generation of electricity**
<Not Applicable>

**MWh fuel consumed for self-generation of heat**
<Not Applicable>

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**
<Not Applicable>

**Comment**

### Gas

**Heating value**
LHV

**Total fuel MWh consumed by the organization**
5401.05

**MWh fuel consumed for self-generation of electricity**
<Not Applicable>

**MWh fuel consumed for self-generation of heat**
<Not Applicable>

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**
<Not Applicable>

**Comment**

### Other non-renewable fuels (e.g. non-renewable hydrogen)

**Heating value**
Unable to confirm heating value

**Total fuel MWh consumed by the organization**
0

**MWh fuel consumed for self-generation of electricity**
<Not Applicable>

**MWh fuel consumed for self-generation of heat**
<Not Applicable>

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**
<Not Applicable>

**Comment**
Not applicable to our business.

**Total fuel**

**Heating value**
LHV

**Total fuel MWh consumed by the organization**
21954.26

**MWh fuel consumed for self-generation of electricity**
<Not Applicable>

**MWh fuel consumed for self-generation of heat**
<Not Applicable>

**MWh fuel consumed for self-generation of steam**
<Not Applicable>

**MWh fuel consumed for self-generation of cooling**
<Not Applicable>

**MWh fuel consumed for self- cogeneration or self-trigeneration**
<Not Applicable>

**Comment**

## C8.2d

**(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.**

| | Total Gross generation (MWh) | Generation that is consumed by the organization (MWh) | Gross generation from renewable sources (MWh) | Generation from renewable sources that is consumed by the organization (MWh) |
|---|---|---|---|---|
| Electricity | 926.23 | 524.59 | 926.23 | 524.59 |
| Heat | 0 | 0 | 0 | 0 |
| Steam | 0 | 0 | 0 | 0 |
| Cooling | 0 | 0 | 0 | 0 |

## C8.2e

**(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero or near-zero emission factor in the market-based Scope 2 figure reported in C6.3.**

**Country/area of low-carbon energy consumption**
United Kingdom of Great Britain and Northern Ireland

**Sourcing method**
Default delivered electricity from the grid (e.g. standard product offering by an energy supplier), supported by energy attribute certificates

**Energy carrier**
Electricity

**Low-carbon technology type**
Wind

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**
14611.46

**Tracking instrument used**
REGO

**Country/area of origin (generation) of the low-carbon energy or energy attribute**
United Kingdom of Great Britain and Northern Ireland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**
No

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**
<Not Applicable>

**Comment**

---

**Country/area of low-carbon energy consumption**
United Kingdom of Great Britain and Northern Ireland

**Sourcing method**
Purchase from an on-site installation owned by a third party (on-site PPA)

**Energy carrier**
Electricity

**Low-carbon technology type**
Solar

**Low-carbon energy consumed via selected sourcing method in the reporting year (MWh)**
524.59

**Tracking instrument used**
Contract

**Country/area of origin (generation) of the low-carbon energy or energy attribute**
United Kingdom of Great Britain and Northern Ireland

**Are you able to report the commissioning or re-powering year of the energy generation facility?**
Yes

**Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)**
2016

**Comment**
Two our facilities have solar panels since 2016.

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## C8.2g

**(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.**

**Country/area**
United Kingdom of Great Britain and Northern Ireland

**Consumption of purchased electricity (MWh)**
15537.69

**Consumption of self-generated electricity (MWh)**
524.58

**Is this electricity consumption excluded from your RE100 commitment?**
<Not Applicable>

**Consumption of purchased heat, steam, and cooling (MWh)**
0

**Consumption of self-generated heat, steam, and cooling (MWh)**
0

**Total non-fuel energy consumption (MWh) [Auto-calculated]**
16062.27

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## C9. Additional metrics

### C9.1

**(C9.1) Provide any additional climate-related metrics relevant to your business.**

**Description**
Waste

**Metric value**
264

**Metric numerator**
Tonnes of CO2e

**Metric denominator (intensity metric only)**
Not applicable.

**% change from previous year**
5.38

**Direction of change**
Decreased

**Please explain**
Overall general waste decreased by 16%, and timber decreased by 41%. Further work includes behaviour engagement campaign with our employees.

### C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6

**(C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6) Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?**

| | Investment in low-carbon R&D | Comment |
|---|---|---|
| Row 1 | No | Severfield are structural steel contractors therefore we directly contribute our steel works to clients. They have a major drive to construct net zero carbon buildings or reducing carbon through climate-related projects.<br><br>An example includes when Severfield was faced with large amounts of steel to transport to a building site – approximately 6,600 floor beams and associated decking sections. By introducing a system unique to Severfield, in the form of an extended trailer, the transported weight was doubled per delivery. This resulted in 50% reduction in deliveries, corresponding reduction in use of fuel, achieving an approximate 36 tonne reduction in overall CO2e associated with the deliveries, the equivalent of saving of over 214,000 km whilst driving an average diesel car. |

### C-CN9.10/C-RE9.10

**(C-CN9.10/C-RE9.10) Did your organization complete new construction or major renovations projects designed as net zero carbon in the last three years?**
No, but we plan to in the future

### C-CN9.11/C-RE9.11

**(C-CN9.11/C-RE9.11) Explain your organization's plan to manage, develop or construct net zero carbon buildings, or explain why you do not plan to do so.**

Severfield are structural steel contractors therefore we directly contribute our steel works to clients, who have a major drive to construct net zero carbon buildings.

There are a number of Electric Arc Furnace products on the market, the majority of steel uses a Blast Oxygen Furnace which is carbon intensive (UK split is about 20/80).

We are working with our supply chain to progress new technologies in their tier to enable us to offer a wider portfolio of low carbon products. Severfield are also contracted so we work towards the specification of our clients - many of which are considering either low impact or net zero buildings. We have had several discussions and provided embodied carbon calculations to our clients in line with design and lower embodied carbon steel initiatives. Severfield are very interested in progressing construction projects that have net zero aspirations and work with our clients to do so.

We have also worked via applied research and innovation - achieving net zero carbon buildings and circular economy through innovative demountable floor systems, component reuse and improved building information.

## C10. Verification

### C10.1

**(C10.1) Indicate the verification/assurance status that applies to your reported emissions.**

| | Verification/assurance status |
|---|---|
| Scope 1 | Third-party verification or assurance process in place |
| Scope 2 (location-based or market-based) | Third-party verification or assurance process in place |
| Scope 3 | Third-party verification or assurance process in place |

### C10.1a

**(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.**

**Verification or assurance cycle in place**
Annual process

**Status in the current reporting year**
Complete

**Type of verification or assurance**
Limited assurance

**Attach the statement**
CARBON REDUCE Certificate_2023230J_Severfield PLC_CR_Org.pdf
Verification_Report_2022-23_Severfield r1.pdf

**Page/ section reference**
Verification Report 2022-23 Severfield r1: page 3 - category 1: Direct emissions and removals for verified S1 data. Please refer to p8 for an independent audit opinion from TOITU (Achilles)

Please refer to Carbon Reduce Certificate for certification details.

**Relevant standard**
Toitū Envirocare's carbonreduce certification standard

**Proportion of reported emissions verified (%)**
100

### C10.1b

**(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.**

**Scope 2 approach**
Scope 2 market-based

**Verification or assurance cycle in place**
Annual process

**Status in the current reporting year**
Complete

**Type of verification or assurance**
Limited assurance

**Attach the statement**
CARBON REDUCE Certificate_2023230J_Severfield PLC_CR_Org.pdf
Verification_Report_2022-23_Severfield r1.pdf

**Page/ section reference**
Verification Report 2022-23 Severfield r1: page 3 - category 2: Indirect emissions from imported energy for verified S2 data. Please refer to p8 for an independent audit opinion from TOITU (Achilles)

Please refer to Carbon Reduce Certificate for certification details.

**Relevant standard**
Toitū Envirocare's carbonreduce certification standard

**Proportion of reported emissions verified (%)**
100

---

**Scope 2 approach**
Scope 2 location-based

**Verification or assurance cycle in place**
Annual process

**Status in the current reporting year**
Complete

**Type of verification or assurance**
Limited assurance

**Attach the statement**
CARBON REDUCE Certificate_2023230J_Severfield PLC_CR_Org.pdf
Verification_Report_2022-23_Severfield r1.pdf

**Page/ section reference**
Verification Report 2022-23 Severfield r1: page 3 - category 2: Indirect emissions from imported energy for verified S2 data. Please refer to p8 for an independent audit opinion from TOITU (Achilles)

Please refer to Carbon Reduce Certificate for certification details.

**Relevant standard**
Toitū Envirocare's carbonreduce certification standard

**Proportion of reported emissions verified (%)**
100

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## C10.1c

**(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.**

**Scope 3 category**
Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting

**Verification or assurance cycle in place**
Annual process

**Status in the current reporting year**
Complete

**Type of verification or assurance**
Limited assurance

**Attach the statement**
CARBON REDUCE Certificate_2023230J_Severfield PLC_CR_Org.pdf
Verification_Report_2022-23_Severfield r1.pdf

**Page/section reference**
Verification Report 2022-23 Severfield r1: page 3 , please see below for reference for each category
Upstream transportation and distribution, Business travel & Employee commuting = total of Category 3 (12,927.67)
Waste generated in operation + Transmission loss of electricity = total of Category 4 (548.75)

Please refer to p8 for an independent audit opinion from TOITU , and Carbon Reduce Certificate for certification details.

**Relevant standard**
Toitū Envirocare's carbonreduce certification standard

**Proportion of reported emissions verified (%)**
100

## C10.2

**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**
Yes

## C10.2a

**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

| Disclosure module verification relates to | Data verified | Verification standard | Please explain |
|---|---|---|---|
| C4. Targets and performance | Progress against emissions reduction target | Toitu Envirocare's carbonreduce certification standard. | As part of our Achilles verification process (Toitū carbonreduce programme), we also get our progress against targets evaluated annually. This includes a progress against our emission targets, where as part of our management report, this progress is audited and evaluated. Please refer to: Verification Report 2022-23 Severfield r1: page 4 - mandatory reduction performance (Cat 1 & 2 emissions only)<br>Verification_Report_2022-23_Severfield r1.pdf |
| C7. Emissions breakdown | Year on year emissions intensity figure | Toitu Envirocare's carbonreduce certification standard. | As part of our Achilles verification process (Toitū carbonreduce programme), an emission intensity figure gets verified annually. Please refer to: Verification Report 2022-23 Severfield r1: page 4 - mandatory reduction performance (emission intensity)<br>Verification_Report_2022-23_Severfield r1.pdf |
| C8. Energy | Renewable energy products | Toitu Envirocare's carbonreduce certification standard. | As part of our Achilles verification process(Toitū carbonreduce programme), the amount of renewable energy gets verified annually.<br>Verification_Report_2022-23_Severfield r1.pdf |

# C11. Carbon pricing

## C11.1

**(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?**
No, but we anticipate being regulated in the next three years

## C11.1d

**(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?**

As part of our governance and oversight, the Board is regularly updated on forthcoming regulations and legislation, including carbon and energy-related taxation and pricing systems, that will be relevant to our operations. The forthcoming Carbon Border Adjustment Mechanism (CBAM) will impose new regulations on the steel production sector. Although as a steel fabricator, rather than primary producer, the regulation will not apply directly to Severfield, it will apply to many of our suppliers. Our Procurement team works closely with these suppliers and reports to our Board on material changes in the way our supply chain will be affected by the Mechanism.

CBAM comes into effect in October 1st 2023 with the first reporting period in January 2024.

## C11.2

**(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?**
No

## C11.3

**(C11.3) Does your organization use an internal price on carbon?**
No, but we anticipate doing so in the next two years

# C12. Engagement

## C12.1

**(C12.1) Do you engage with your value chain on climate-related issues?**
Yes, our suppliers
Yes, our customers/clients

## C12.1a

**(C12.1a) Provide details of your climate-related supplier engagement strategy.**

**Type of engagement**
Information collection (understanding supplier behavior)

**Details of engagement**
Collect targets information at least annually from suppliers
Collect climate transition plan information at least annually from suppliers
Collect other climate related information at least annually from suppliers

**% of suppliers by number**
100

**% total procurement spend (direct and indirect)**
100

**% of supplier-related Scope 3 emissions as reported in C6.5**
97

**Rationale for the coverage of your engagement**
Circa 97% of our overall Scope 1,2, and 3 emissions come from our steel supply chain. It was felt that targeting this area would be most beneficial to reducing our overall footprint and establishing our stance on carbon reduction within our supply chain.

**Impact of engagement, including measures of success**
In 2023, we set up a formalised engagement plan with its top steel suppliers by spend, including sections, plates and paint. The aim was to engage with at least 4 out of our 7 mill steel suppliers as a measure of success. With a set agenda and recorded minutes, Group Head of ESG and Group Head of Procurement are part of this engagement. The topics include:
1. Your carbon of product, certificates and EPD updates
2 What's your Net Zero roadmap, current progress, methodology used
3 Any technologies (current/proposed) such as EAF, DRI, H2
4 Marketing of green offering and low carbon products
5 Timelines and increase in costs for Green steel

As a signatory to SteelZero and UK Steel, we use this to enhance our engagement with suppliers as well as monitoring and managing our risks and opportunities. Following the previously set target as part of our Net Zero roadmap, we want to procure at least 50% net zero carbon steel by 2030, and procure 100% net zero steel by 2050.

We currently track this progress as part of monthly dashboard reporting to the board however we do not yet disclose on this target publicly.

We are setting our scope 3 engagement target with SBTi in line with this engagement. Target to be confirmed (Oth1).

**Comment**
Severfield consider that the threshold for success would be our top 7 mill suppliers having a carbon reduction strategy in place, and being able to provide environmental

product declarations for their products. The direct outcome from Severfield's engagement was an increased level of commitment from our suppliers to provide Environmental Product Declarations (EPD), of which 6 of our 7 mill steel suppliers (86%) have now provided.

Within our 7 mill steel suppliers, 6 suppliers have decarbonisation strategies inclusive of changes to steel manufacturing from blast furnace to electric arc furnace and increasing scrap content with the purpose of driving lower embodied carbon in steel. With our commitment to SteelZero and the interim target or procuring 50% Net Zero steel by 2030 we monitor which of our suppliers adhere to the three pathways to procuring and specifying Net Zero steel. Aligning to pathway A with an approved science-based target, 4 out of 7 mill steel suppliers have made a public commitment to SBTi showing progress towards decarbonisation.

One of our largest UK steel providers produced a roadmap that is directly connected to the SteelZero commitment with an SBTi target expected to be approved in 2024 and a decarbonisation strategy in place including carbon capture use and storage by 2027 and EAF by 20230. All of these provisions will allow us to inform our procurement strategy moving forwards.

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**Type of engagement**
Innovation & collaboration (changing markets)

**Details of engagement**
Run a campaign to encourage innovation to reduce climate impacts on products and services

**% of suppliers by number**
1

**% total procurement spend (direct and indirect)**
5.69

**% of supplier-related Scope 3 emissions as reported in C6.5**
3.66

**Rationale for the coverage of your engagement**
We were faced with large amounts of steel to transport to a building site – approximately 6,600 floor beams and associated decking sections. In response, Severfield set out to reduce carbon emissions, costs, and general congestion on UK roads by reducing the number of truckloads by a target of approximately 50%.

The task proved to be one of great complexity, as highway regulations and truck-bed weight capability stipulate exact quantity and load-bearing capacity. Appreciating these logistical demands, colleagues innovatively introduced the use of an extended trailer and a single, reusable steel beam to each transport unit. Doing so meant that length discrepancies were mitigated by the full-length steel beam, the weight could be doubled, and all highway regulations were satisfied.

**Impact of engagement, including measures of success**
Our target was to engage with our transport provider, to implement a solution that would successfully reduce CO2e emissions for a particular project. Our success criteria was to reduce by minimum 30% of total CO2e on this project.

In collaboration with and our suggested innovation, as a result each truckload held circa 25 tonnes of steel as opposed to circa 12 tonnes, which resulted in just 230 deliveries as opposed to the original planned 460. The achieved an approximate 36 tonne reduction in overall CO2e associated with the deliveries. We have calculated this would be the equivalent saving of over 214,000 km driven in an average diesel car.

Further benefits included:
The 50% reduction in deliveries – a number which would equate to a 2.3 mile convoy of deliveries – was beneficial to colleagues, partners, and society:
• Site managers had to coordinate less deliveries, thereby reducing risks associated with offloading.
• Fewer deliveries helped increase site efficiencies and avoid delays on project delivery
• Reduction in delays caused by injuries on site – according to HSE figures, around 70 deaths and around 2000 injuries occur during delivery operations per year in the UK, and as such, halving deliveries greatly reduces that risk at Severfield
• Significant reduction of highway incidents by having fewer trucks on a road, thus reducing the potential of road collisions and accidents as well as decreasing the motorway traffic.
• Cities around the world are suffering from more congestion and pollution than ever before, as a growing number of delivery vehicles populate the roads. We therefore see the biggest success not just in achieving the reduction of approximately 36 tCO2e, but by reducing 50% deliveries to site. Severfield has kept our communities safer in addition to contributing to cleaner air.
• 50% fewer deliveries translated into less air pollution, and although difficult to quantify financially, this would have improved lives in the local communities.

**Comment**
This has recently been shortlisted as a finalist for the London Construction awards 2023.

We have since embedded this practice across 100% of our projects – where applicable by length – thereby leaving a lasting impact of emission reduction on each of the projects we operate on. For example, we have maximised this solution on 8 other client projects with loads of purlins, where we saved 69 deliveries (from what would have been 138 deliveries in total), resulting in further 17tonnes reduction of tCO2e – the equivalent of additional 102,000 km saved in driving an average diesel car.

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## C12.1b

**(C12.1b) Give details of your climate-related engagement strategy with your customers.**

**Type of engagement & Details of engagement**

| | |
|---|---|
| Education/information sharing | Run an engagement campaign to education customers about your climate change performance and strategy |

**% of customers by number**
44

**% of customer - related Scope 3 emissions as reported in C6.5**
92

**Please explain the rationale for selecting this group of customers and scope of engagement**
Severfield and our customers have a collective responsibility to reduce our carbon impact and working together provides a solid platform for change with a transparent and consistent approach. Severfield continues to collaborate and partner with our customers to facilitate positive dialogue, mutual understanding, reduction programmes and effective change for both stakeholders to enable their net zero goals and road maps.

**Impact of engagement, including measures of success**
We have set a target to engage with 30% our customers during December - March. We have achieved this target, and our engagement has directly led to Severfield meeting with our customers wider sustainability teams and establish working relationships with team members (for example on social value). Severfield have successfully been awarded a number of contracts in the last year due to our carbon reduction strategy and collaboration with our customer.

Additionally, we consider a measure of success for Severfield maintaining a GOLD membership with the supply chain sustainability school, which requires a number of training lessons to be completed. We do this for a number of our customers, aligning with their climate change strategies and drives. We have completed 100% of requested training by our customers in the reporting year.

## C12.2

**(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?**
Yes, climate-related requirements are included in our supplier contracts

## C12.2a

**(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.**

**Climate-related requirement**
Setting a science-based emissions reduction target

**Description of this climate related requirement**
Severfield engage with suppliers to understand their commitments to SBTi and tracks this progress via SBTi Scope 3 supplier engagement target (Oth1).

**% suppliers by procurement spend that have to comply with this climate-related requirement**
74

**% suppliers by procurement spend in compliance with this climate-related requirement**
48

**Mechanisms for monitoring compliance with this climate-related requirement**
Supplier self-assessment

**Response to supplier non-compliance with this climate-related requirement**
Retain and engage

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**Climate-related requirement**
Climate-related disclosure through a non-public platform

**Description of this climate related requirement**
Two supply chain partners - WST transport and CMF, directly disclose carbon emission performance to Severfield. By disclosing emissions, this helps to support Severfield scope 3 reporting.

**% suppliers by procurement spend that have to comply with this climate-related requirement**
20

**% suppliers by procurement spend in compliance with this climate-related requirement**
20

**Mechanisms for monitoring compliance with this climate-related requirement**
Other, please specify (We monitor this requirement directly and on monthly basis. )

**Response to supplier non-compliance with this climate-related requirement**
Retain and engage

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**Climate-related requirement**
Complying with regulatory requirements

**Description of this climate related requirement**
All timber supplied must be Forest Stewardship Council certified, meaning forests are responsibly managed adhering to strict guidelines including limiting the number of trees cut and restricting pesticides.

**% suppliers by procurement spend that have to comply with this climate-related requirement**
1

**% suppliers by procurement spend in compliance with this climate-related requirement**
1

**Mechanisms for monitoring compliance with this climate-related requirement**
Certification

**Response to supplier non-compliance with this climate-related requirement**
Exclude

---

**Climate-related requirement**
Complying with regulatory requirements

**Description of this climate related requirement**
We require an evidence of Environmental or Sustainability policy, evidence of any ISO standards being implement, evidence of any environmental breaches, Scope 1 & Scope 2 emissions reporting or CDP where applicable.

**% suppliers by procurement spend that have to comply with this climate-related requirement**
100

**% suppliers by procurement spend in compliance with this climate-related requirement**
100

**Mechanisms for monitoring compliance with this climate-related requirement**
Certification
Supplier self-assessment
Other, please specify (Policies or statement)

**Response to supplier non-compliance with this climate-related requirement**
Other, please specify (This is dependent on the risk associated with supplier.)

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## C12.3

**(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?**

**Row 1**

**External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**
Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

**Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?**
Yes

**Attach commitment or position statement(s)**
Severfield are committed to the Science Based Targets initiative. Severfield commits to a) set a long-term science-based target to reach net-zero value chain GHGs emissions by no later than 2050 and to b) set interim science-based targets across all relevant scopes and in line with the criteria and recommendations of the Science Based Targets initiative which are aligned to the Paris Agreement.
Severfield also have a public carbon reduction plan (PPN 06/21) that is aligned to the Paris agreement. Severfield are also signatories to the SteelZero commitment. SteelZero is a global initiative that brings together leading organisations to speed up the transition to a net zero steel industry. Severfield have made a public commitment to procure 100% net zero steel by 2050.
Business Ambition for 1.5 Commitment Letter.pdf

**Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan**
All activities relating to climate change, climate risks and climate transition plans are managed and discussed at the Sustainability Committee. Any issues or concerns raised are discussed and a plan made on how to move forward. Each issue raised is recorded via minutes at the committee and discussed at each meeting until suitable close out is reached. Each issue is assigned a lead person to manage the issue depending on their expertise. Close out is agreed by all members and the item is only removed from the minutes once mutual agreement is made.

Anyone speaking publicly should do so in line with our communications policy, ensuring that all information given reflects our values, strategies and targets. Presentations and statements should be signed off by senior managers, and board level directors where appropriate.

**Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**
<Not Applicable>

**Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate**
<Not Applicable>

## C12.3b

**(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.**

**Trade association**
Other, please specify (British Constructional Steel Association (BCSA))

**Is your organization's position on climate change policy consistent with theirs?**
Consistent

**Has your organization attempted to influence their position in the reporting year?**
Yes, we publicly promoted their current position

**Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position**
To aid the BCSA in research and development, government lobbying, policy statements and specifications.

The BCSA are very engaged with government policy makers and hold a key position in ensuring any legislation changes are appropriate and achievable. Severfield influence the position by attending events and commenting on policy documents. Severfield are the largest member of the BCSA and hence are influential with this body who, in turn, are very engaged with government policy makers.

Severfield were recently involved in via BCSA to the contribution to RICS Whole life carbon assessment draft for consultation, to help review the attributes of steel as an industry.

**Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)**
67195

**Describe the aim of your organization's funding**
This is funding towards BCSA working group.

**Have you evaluated whether your organization's engagement with this trade association is aligned with the goals of the Paris Agreement?**
Yes, we have evaluated, and it is aligned

## C12.4

**(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

**Publication**
In mainstream reports, incorporating the TCFD recommendations

**Status**
Complete

**Attach the document**
ARA confidential 74-81 GHG AR.pdf
ARA confidential 61-73 TCFD.pdf

**Page/Section reference**
Pages 61 - 73 include TCFD section. Pages 74 - 81 disclose all our GHG performance for reporting year.
Please be aware this document attached as part of CDP submission is confidential until official publishing date end of Augusts/early September.

**Content elements**
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

**Comment**
An annual report, incorporating a full TCFD disclosure, on our emission targets is published and available to the company website. Within the report Severfield's carbon reduction targets are highlighted as well as current benchmark performances. A noticeable example being that surpassing a 33.4% reduction in scope 1 and 2 emissions by 2025 from 2018 baseline, we have now reached using market-based approach. The report is also compliant with the Streamlined Energy and Carbon Reporting ('SECR') requirements.

Other metrics include targets associated with our 'Planet' targets around energy usage and key achievements around industry targets.

## C12.5

**(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.**

| | Environmental collaborative framework, initiative and/or commitment | Describe your organization's role within each framework, initiative and/or commitment |
|---|---|---|
| Row 1 | Business Ambition for 1.5C<br>Race to Zero Campaign<br>Task Force on Climate-related Financial Disclosures (TCFD)<br>Other, please specify (SteelZero) | SteelZero, Race to Zero, Business ambition - we are a signatory with publicly disclosed commitment.<br><br>TCFD - compliant. |

# C15. Biodiversity

## C15.1

**(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?**

| | Board-level oversight and/or executive management-level responsibility for biodiversity-related issues | Description of oversight and objectives relating to biodiversity | Scope of board-level oversight |
|---|---|---|---|
| Row 1 | Yes, executive management-level responsibility | Risks and opportunities to our own operations.<br><br>The impact of our own operations on biodiversity<br><br>The impact of our investing activities on biodiversity<br><br>The impact of our insurance underwriting activities on biodiversity - considering investing into ESG related funds | <Not Applicable> |

## C15.2

**(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?**

| | Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity | Biodiversity-related public commitments | Initiatives endorsed |
|---|---|---|---|
| Row 1 | Yes, we have made public commitments only | Other, please specify (We have made a public commitment to refine our approach in 2024 to biodiversity and set Group and Divisional targets, as part of our KPI disclosure) | <Not Applicable> |

## C15.3

**(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?**

**Impacts on biodiversity**

**Indicate whether your organization undertakes this type of assessment**
No, but we plan to within the next two years

**Value chain stage(s) covered**
<Not Applicable>

**Portfolio activity**
<Not Applicable>

**Tools and methods to assess impacts and/or dependencies on biodiversity**
<Not Applicable>

**Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)**
<Not Applicable>

**Dependencies on biodiversity**

**Indicate whether your organization undertakes this type of assessment**
No, but we plan to within the next two years

**Value chain stage(s) covered**
<Not Applicable>

**Portfolio activity**
<Not Applicable>

**Tools and methods to assess impacts and/or dependencies on biodiversity**
<Not Applicable>

**Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)**
<Not Applicable>

## C15.4

**(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?**
Not assessed

## C15.5

**(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?**

| | Have you taken any actions in the reporting period to progress your biodiversity-related commitments? | Type of action taken to progress biodiversity- related commitments |
|---|---|---|
| Row 1 | Yes, we are taking actions to progress our biodiversity-related commitments | Education & awareness<br>Other, please specify (Gather data and complete a baseline assessment to estimate our impact and the influence of our wider value chain. Carry out value chain scoping to understand our risks better. In line with those findings, set appropriate targets.) |

## C15.6

**(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?**

| | Does your organization use indicators to monitor biodiversity performance? | Indicators used to monitor biodiversity performance |
|---|---|---|
| Row 1 | No, we do not use indicators, but plan to within the next two years | Please select |

## C15.7

**(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).**

| Report type | Content elements | Attach the document and indicate where in the document the relevant biodiversity information is located |
|---|---|---|
| Other, please specify (Biodiversity policy) | Other, please specify (Biodiversity policy) | Page 1 out of 1<br>Biodiversity Policy FINAL May 2023.pdf |

## C16. Signoff

## C-FI

**(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.**

In the CDP report, we refer to annual accounts pages in section 2.2 and 1.3 (1.3a). These pages can be found in the attached as part of this comment section and will publicly be available from end of August/early September after annual accounts are officially published.
ARA confidential 94-95.pdf
ARA confidential 142-143.pdf

## C16.1

**(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.**

| | Job title | Corresponding job category |
|---|---|---|
| Row 1 | Chief Executive Officer | Chief Executive Officer (CEO) |

## Submit your response

**In which language are you submitting your response?**
English

**Please confirm how your response should be handled by CDP**

| | I understand that my response will be shared with all requesting stakeholders | Response permission |
|---|---|---|
| Please select your submission options | Yes | Public |

**Please confirm below**
I have read and accept the applicable Terms