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**Net-Zero Strategy Report FY2025**

Produced for Footasylum Limited

By Inspired

August 2025

**FOOTASYLUM.**

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## Introduction

This is Footasylum Limited’s (Footasylum) fourth net-zero strategy report, which provides an update on the progress and actions taken by Footasylum to address and mitigate its emissions en route to achieving net-zero total emissions by 2040.

Footasylum has set net-zero and near-term targets that align with and exceed the requirements set by the Science-Based Targets initiative (SBTi) and has established the business as one of the more ambitious within the retail sector. The board-established Sustainability Committee leads Footasylum’s approach to sustainability and net-zero, overseeing the company’s climate change response and integrating priorities into the company’s business strategy.

In the latest reporting year, Footasylum completed several decarbonisation actions, including expanding its measurement and monitoring programmes, increasing its EV and Hybrid Fleet and engaging employees with sustainability training materials.

Within this report Footasylum’s latest GHG inventory is provided and reported against the emission reduction pathway set out for Footasylum to achieve its near-term and net-zero targets. Footasylum’s updated decarbonisation roadmaps have been provided setting out remaining short, medium and long-term decarbonisation actions.



## Overview

### Metrics and Targets

Footasylum is using FY2022 as its baseline year for its Scope 1, 2 and 3 targets. Since FY2022, Footasylum has seen an increase in its Scope 1 and 2 (location-based) emissions by 6.9% and its Scope 3 emissions by 8.8%.

In 2023, Footasylum set the following near-term and net-zero targets:

- 70% reduction in Scope 1 and 2 (location-based) emissions by 2028 from a FY2022 baseline.
- Net-zero (at least 90% absolute reduction) Scope 1 and 2 (location-based) emissions by 2030 from a FY2022 baseline.
- 75% of suppliers (by emissions) covering Category 1: Purchased Goods and Services, 70% of suppliers (by emissions) covering Category 2: Capital Goods and 50% of suppliers (by emissions) to have Science-based targets by 2028.
- 38% reduction in Category 7: Employee Commuting emissions by 2030 from a FY2022 baseline.
- Net-zero (at least 90% absolute reduction) Scope 3 emissions by 2040 from a FY2022 baseline.

Footasylum has made the following progress since its baseline year:

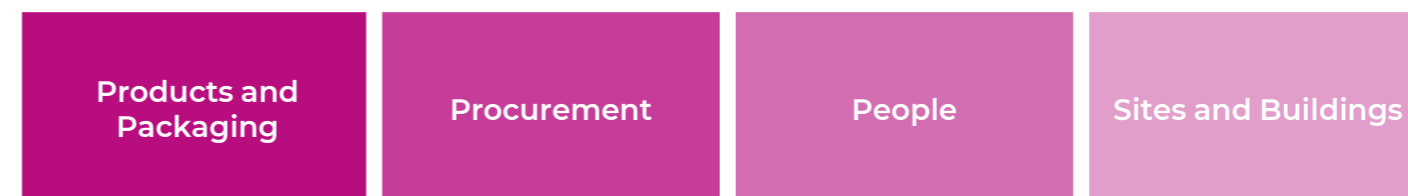
Table 1: Baseline and Latest Year GHG Emissions – Summary

	Baseline emissions FY2022*	Latest emissions FY2025	Progress
Scope 1	739 tCO <sub>2</sub> e	792 tCO <sub>2</sub> e	7.2% Increase
Scope 2 (location-based)	1,277 tCO <sub>2</sub> e	1,362 tCO <sub>2</sub> e	6.7% Increase
Scope 2 (market-based)	0 tCO <sub>2</sub> e	4 tCO <sub>2</sub> e	100.0% Increase
Scope 3	70,203 tCO <sub>2</sub> e	76,363 tCO <sub>2</sub> e	8.8% Increase

\*FY2022 Scope 3 emissions have been restated due to updated DEFRA spend-based emission factors.

### Decarbonisation Roadmap

In FY2022, Footasylum established a decarbonisation action plan that split its emissions down into four key focus areas:



#### In FY2025, Footasylum Limited completed the following decarbonisation actions:

- Footasylum has now installed LED lighting in 40% of its retail locations. As a result, Footasylum has forecast a 30% reduction in energy costs after the rollout of LED lighting across the business.
- Footasylum had a long-term target of transitioning to 100% renewable electricity procurement at all sites by FY2030. This target was brought forward to FY2025, showing Footasylum’s commitment to climate action. In FY2025, 100% of electricity was purchased from REGO-backed renewable sources. When considering Footasylum’s total energy consumption, in FY2025, 64.0% of all energy consumed by the business was from renewable sources.
- Footasylum continued transitioning its vehicle fleet to more sustainable alternatives. The goal for FY2025 was to increase the proportion of electric or hybrid vehicles from 60% to 80%. This target was surpassed in March 2025; 97% of Footasylum’s vehicle fleet is electric or hybrid.
- Footasylum’s plastic packaging is made from 70% recycled material, significantly reducing its emissions and environmental footprint. This substantially exceeds the 30% recycled content mandated by the Extended Producer Responsibility (EPR) regulation. The Group is actively exploring new and innovative sustainable packaging solutions.

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**Governance**



## Overview of Net-zero Governance

Footasylum remains committed to effective governance and the proactive management of climate-related challenges and opportunities. The Board of Directors (“the Board”) retains overall responsibility for overseeing the Group’s climate strategy, supported by the sustainability committee and senior leadership. Climate change is a standing agenda item at board meetings and was addressed monthly in FY2025. Key discussion points in these meetings include the outcome of the Group’s climate scenario modelling, the ESG Assessment that is currently being undertaken with third-party ESG consultants, and the Group’s emission reduction targets.

The Board is well-informed on climate change, having had multiple capacity-building sessions over the past three years. In January 2025, members of the Board and Sustainability Committee engaged with a third-party ESG consultancy, Inspired ESG, attending a climate-risk workshop, to enhance understanding of climate change and its associated risks. This workshop served as a mechanism to identify, assess, and evaluate climate-related risks. All identified risks were presented to the Board after the workshop for approval. The Board signed off on the climate-risk register in April 2025 (this was outside the FY2025 period and will be brought forward for FY2026). The Board is committed to developing a culture of climate awareness at all levels of the organisation, believing that this is essential for driving meaningful change and advancing its environmental objectives.

The Board actively evaluates, measures, and controls climate-related risks to mitigate potential adverse impacts on the Group. It also regularly reviews Key Performance Indicators (KPIs) related to climate action, including the Group’s fleet electrification target (60-80% electric or hybrid vehicles by FY2025), and progress on LED upgrades and other energy efficiency initiatives. Additionally, the Board is responsible for approving capital expenditures related to climate change, for example, investment in flood mitigation infrastructure. The Board considers the Group’s climate strategy within financial planning, particularly the costs of transitioning emission-intensive technology to updated energy-efficient alternatives. There are no immediate plans to tie climate change objectives to Board remuneration, but this will be reviewed annually.

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**Metrics**



## Greenhouse Gas Emissions Inventory

Footasylum is using the financial year FY2022 as its Scope 1, 2 and 3 baseline, as this is the earliest year data has been calculated. The Scope 1 and 2 emissions include energy, fuel and transportation consumption at Footasylum Limited's UK sites. Scope 2 emissions are baselined using the location-based approach, and targets will be tracked using this approach.

The Scope 3 inventory is divided into fifteen categories established by the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Footasylum Limited's emissions are reported using an operational control approach defined by the GHG Protocol. All emissions have been calculated following the GHG Protocol's Corporate Accounting and Reporting Standard.

Table 2: Baseline, Previous and Latest Year GHG Emissions – Full Inventory

	Baseline Emissions FY2022 tCO <sub>2</sub> e*	Previous Year FY2024 tCO <sub>2</sub> e*	Latest emissions FY2025 tCO <sub>2</sub> e
<b>Scope 1</b>	<b>739</b>	<b>707</b>	<b>792</b>
<b>Scope 2 – Location-based</b>	<b>1,277</b>	<b>1,384</b>	<b>1,362</b>
<b>Scope 2 – Market-based</b>	<b>0</b>	<b>7</b>	<b>4</b>
<b>Scope 3</b>	<b>70,203</b>	<b>67,376</b>	<b>76,363</b>
1. Purchased Goods and Services	57,627	57,473	63,477
2. Capital Goods	3,924	3,869	6,760
3. Fuel- and Energy-related Activities	639	606	611
4. Upstream Transportation and Distribution	5,253	2,192	2,181
5. Waste Generated in Operations	15	52	42
6. Business Travel	119	497	608
7. Employee Commuting	1,769	1,750	1,682
8. Upstream Leased Assets	n/a	n/a	n/a
9. Downstream Transportation and Distribution	n/a	n/a	n/a
10. Processing of Sold Products	n/a	n/a	n/a
11. Use of Sold Products	n/a	n/a	n/a
12. End-of-life Treatment of Sold Products	858	938	1,003
13. Downstream Leased Assets	n/a	n/a	n/a
14. Franchises	n/a	n/a	n/a
15. Investments	n/a	n/a	n/a
<b>Total All Scopes (Location-based)</b>	<b>72,219</b>	<b>69,467</b>	<b>78,517</b>
<b>Total All Scopes (Market-based)</b>	<b>70,942</b>	<b>68,090</b>	<b>77,159</b>

\*FY2022 and FY2024 Scope 3 emissions have been restated due to updated DEFRA spend-based emission factors.

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**Targets**

## Summary of Footasylum Limited's Targets

In FY2022, Footasylum set absolute science-based near-term and net-zero targets that are aligned to the SBTi criteria. There are currently no plans for these targets to be validated by the SBTi.

### Near-term Scope 1 and 2 emissions reduction target:

70% reduction in absolute Scope 1 and 2 (location-based) emissions by 2028 from a FY2022 baseline.\*

### Near-term Scope 3 emissions reduction targets:

75% of suppliers (by emissions) covering Category 1: Purchased Goods and Services, 70% of suppliers (by emissions) covering Category 2: Capital Goods and 50% of suppliers (by emissions) to have Science-based targets by 2028.

38% reduction in Category 7: Employee Commuting emissions by 2030 from a FY2022 baseline.

### Net-Zero\*\* Targets:

Net-zero (at least 90% absolute reduction) Scope 1 and 2 (location-based) emissions by 2030 from a FY2022 baseline.

Net-zero (at least 90% absolute reduction) Scope 3 emissions by 2040 from a FY2022 baseline.

\*This target is aligned to Footasylum's net-zero pathway and will enable measurement of progress and emission reduction trajectory.

\*\*Net Zero definition: Scope 1, 2, and 3 emissions must be reduced by at least 90% on an absolute basis, with no more than 10% of baseline emissions being neutralised through carbon removals.

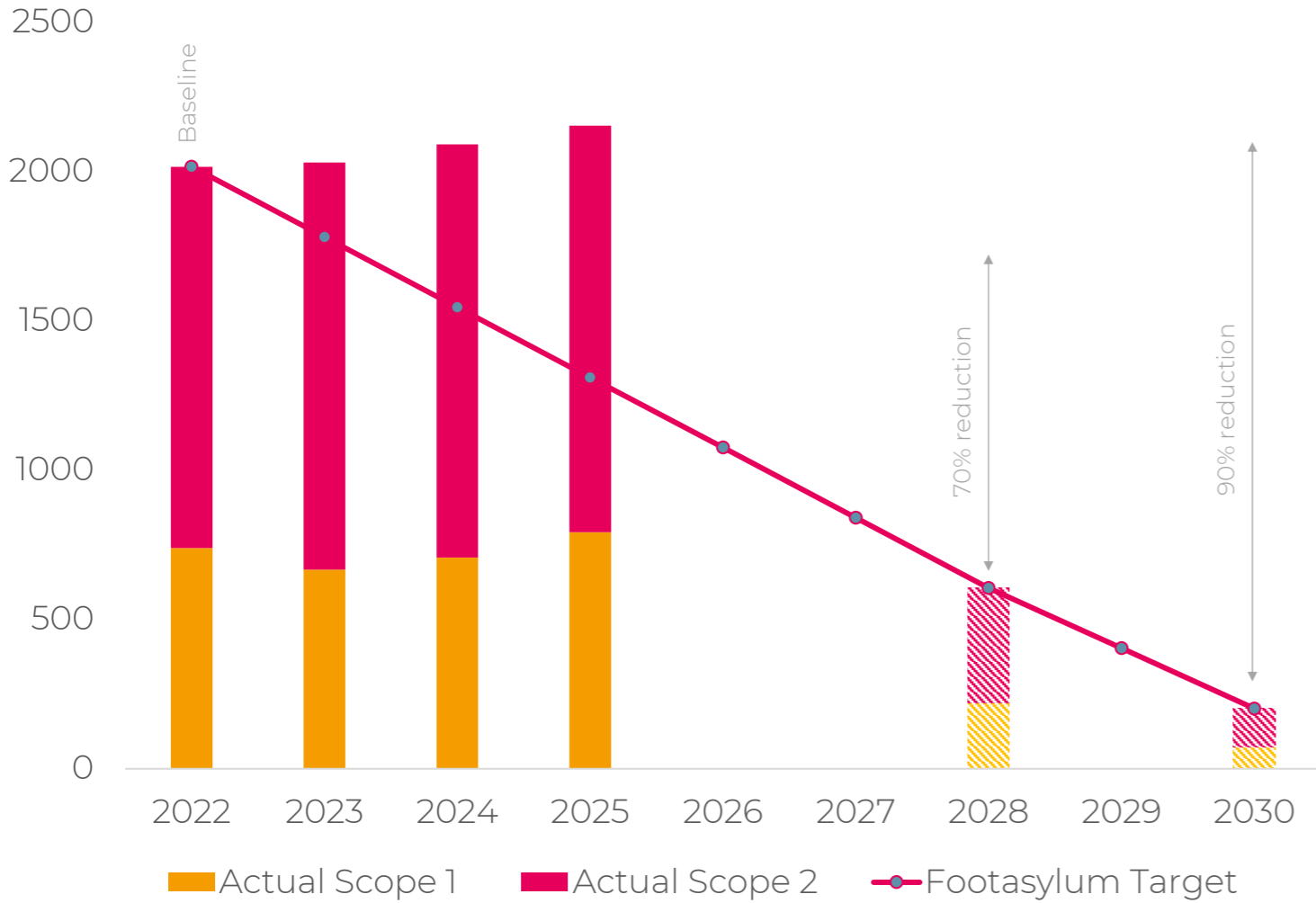
N.B. All targets are measured in CO<sub>2</sub>e.

# Progress against Targets

## Scope 1 and 2

In FY2025, Footasylum’s Scope 1 and 2 (market-based) emissions have increased by 6.9% compared to the baseline year, falling short of the target reduction of 35%. A 19.4% annual reduction is required to meet the net-zero target year of 2030.

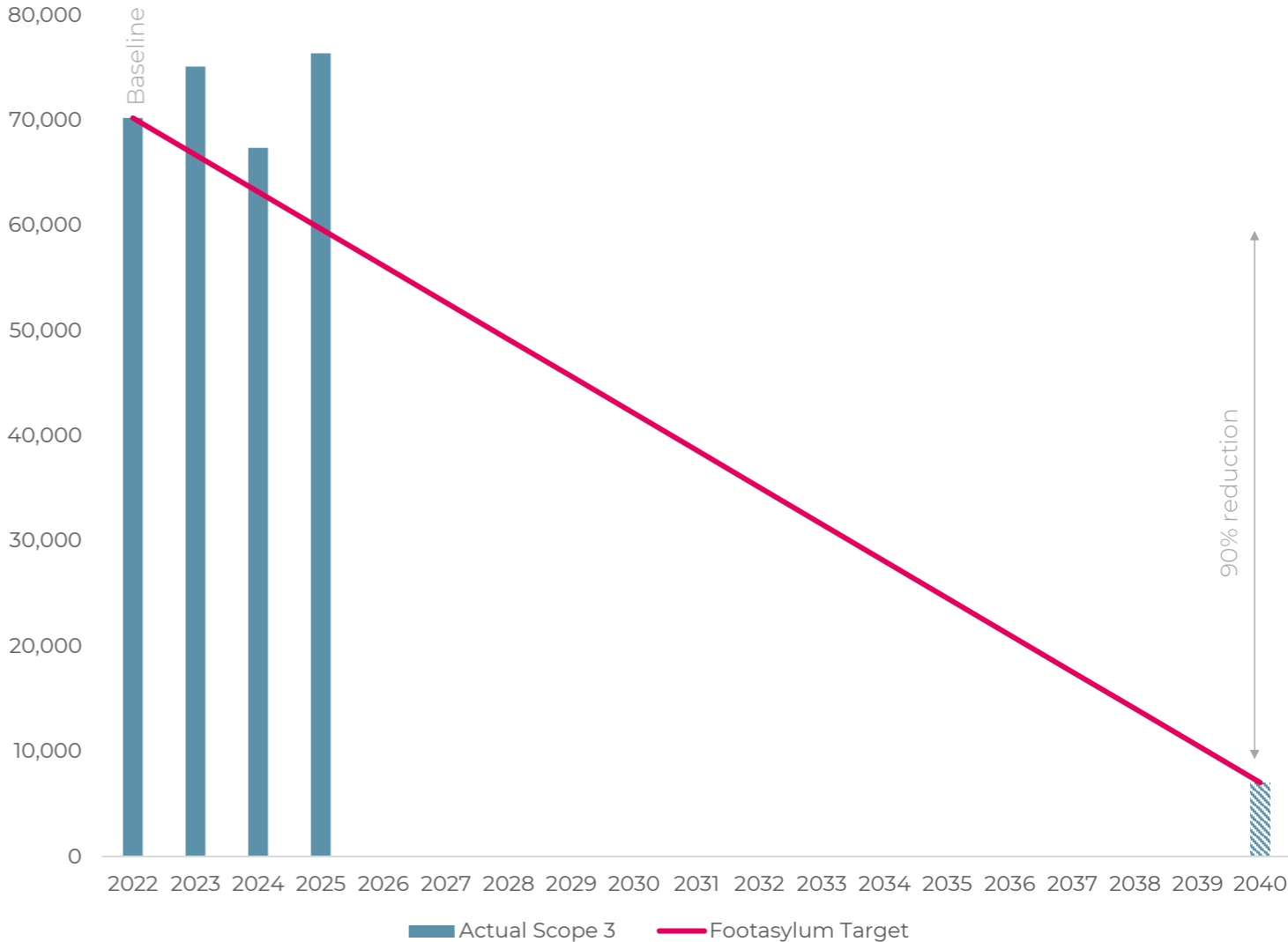
Figure 1: Progress against Scope 1 and 2 Targets



## Scope 3

In FY2025, Footasylum’s Scope 3 emissions increased by 8.8% compared to the baseline year, falling short of the target reduction of 16%. A 6.6% annual reduction is required to meet the net-zero target year of 2030. Category 7 emissions have decreased by 4.9% from the FY2022 baseline and by 3.9% from FY2024. There has been no progress against the supplier engagement target.

Figure 2: Progress against Scope 3 Targets



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# Decarbonisation Roadmap



## Summary of Decarbonisation Roadmap

In 2022, Footasylum identified four key decarbonisation focus areas. Short, medium and long-term actions for each focus area were set out.

Table 3: Summary of Decarbonisation Roadmap

	Completed actions	Short-term actions (2025-2026)	Medium-term actions (2027-2034)	Long-term actions (2035+)
<b>Product and Packaging</b>	70% of plastic packaging is made from recycled material, significantly reducing its emissions and environmental footprint.	Engage top suppliers (~90% spend) to collect Scope 1 & 2 emissions and confirm target commitments. Update procurement policies to include emissions criteria. Introduce in-store recycling for old products.	Conduct annual emissions data collection from suppliers. Benchmark supplier performance. Start product lifecycle emissions analysis. Request product-specific emissions data from suppliers	Purchase low-carbon products. Offset remaining emissions from bedroom brands that are not net zero.
<b>Procurement</b>	To date, 63 supplier sites have undergone audits to ensure compliance with the Footasylum supplier code of conduct, with re-auditing scheduled for two years after the initial audit.	Expand engagement to suppliers representing 25%–70% of spend. Continue requesting Scope 1 & 2 data and target confirmation. Begin ongoing updates to the procurement policy.	Benchmark suppliers using collected and public data. Request journey-specific emissions from suppliers. Request product-specific emissions from suppliers.	Purchase low-carbon logistics/products.
<b>People</b>	347 employees responded to an employee commuting survey to calculate Employee Commuting (Category 7) emissions more accurately.	Employee engagement. Review the travel booking system. Review the travel policy. Install EV charging points. Introduce an electric car fleet for company cars.	Green commuting schemes - EV scheme. Green commuting schemes – car sharing.	Review the latest low-carbon technologies for travel.
<b>Sites and Buildings</b>	40% of retail locations are now fitted with LED Lighting. As a result, Footasylum has forecast a 30% reduction in energy costs after the rollout of LED lighting across the business.	Implement energy saving opportunities – <i>ongoing</i> . Continue to install LED lighting across applicable sites. Low-emissions building policy for new sites and buildings – <i>ongoing</i> . Waste awareness programme.	Natural gas replaced. Feasibility studies for the replacement of natural gas. Start to install Solar PV across applicable sites. Installation of natural gas alternatives.	Solar PV installed on all suitable sites. Complete replacement of natural gas systems.

## Products and Packaging

### Overview

This pathway’s key focus is the emissions related to the products that are purchased and resold by Footasylum. The emissions that have been included relate to the product production, packaging for products and how the products are dealt with at the end of their useful life. Whilst outside of Footasylum’s direct operations, it is the most significant in terms of total emissions of all the identified pathways.

### Relevant action teams

Procurement, Finance, Marketing.

### Key challenges

Influencing behaviour change in customers and suppliers, specifically those international suppliers who are not subject to the same environmental regulations.

### External enablers

Suppliers working in line with the British Retail Consortium (BRC) to achieve net-zero Scope 1 emissions by 2030, Scope 2 by 2035 and Scope 3 by 2040. Government schemes are also incentivising recycling.

### Specific targets/KPIs

75% of Category 1: Purchased Goods and Services suppliers (by emissions) to have set science-based targets by 2028.

Net-zero Scope 3 emissions by 2040.

Figure 3: Share of Total Emissions in FY2025 from Products and Packaging

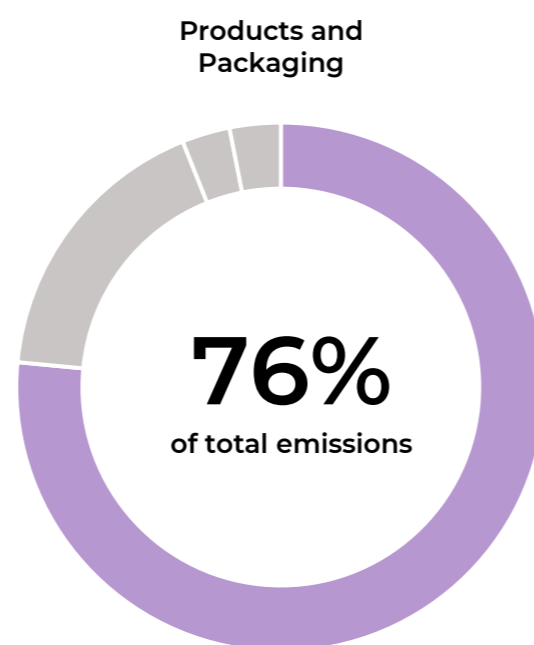


Table 4: Products and Packaging Baseline and Latest Year emissions

	FY2022 Baseline Emissions (tCO <sub>2</sub> e)	FY2025 Emissions (tCO <sub>2</sub> e)
Scope 3 - Category 1: Purchased Goods and Services – Resold Products	52,629 tCO <sub>2</sub> e	58,783 tCO <sub>2</sub> e
Scope 3 – Category 12: End-of-life Treatment of Sold Products	858 tCO <sub>2</sub> e	1,003 tCO <sub>2</sub> e

Table 5: Products and Packaging Decarbonisation Roadmap

	Action year	Action
Completed actions	2024	Supplier analysis – <i>ongoing</i> . Gather product-related materials and energy data – <i>ongoing</i> .
	2024	Supplier engagement – identify top suppliers and engage with them using a supplier survey.
Short-term	2025	Supplier workshop. Engage with top 10 (~60% spend) and strategic suppliers – ask suppliers to provide Scope 1 and 2 emissions and confirmation of target status.
	2026	Engage with top 11+ suppliers (~30% spend) – ask to provide Scope 1 and 2 emissions and confirmation of target status. Update procurement policy – <i>ongoing</i> (see <i>Procurement focus area</i> ) In-store old product recycling.
Medium-term	2027	Annual request of supplier data. Benchmark suppliers.
	2028	Engage with Bedroom Brands (~10% spend) on Scope 1 and 2 emissions.
	2029	Product lifecycle emissions analysis. Supplier engagement - request product specific emissions.
Long-term	2035+	Purchase low-carbon products. Offset remaining emissions from bedroom brands that are not net-zero.

# Procurement

## Overview

Similar to Products and Packaging, this focus area looks at the products and services purchased by Footasylum; however, Procurement looks at purchases which are not then resold as products and are used by Footasylum day-to-day, including the transportation and distribution of the products sold by Footasylum.

## Relevant action teams

Procurement, Finance

## Key challenges

Finding suppliers with lower-emission products encourages suppliers to develop low-emission products and promotes the uptake of lower-emission transportation modes.

## External enablers

Suppliers working in line with the British Retail Consortium (BRC) to achieve net-zero Scope 1 emissions by 2030, Scope 2 emissions by 2035 and Scope 3 emissions by 2040. Additionally, the adoption of UK-wide hydrogen HGVs will decrease emissions.

## Specific targets/KPIs

75% of Category 1: Purchased Goods and Services, 70% of Category 2: Capital Goods and 50% of Category 4: Upstream Transportation and Distribution suppliers (by emissions) to have set science-based targets by 2028.

Net-zero Scope 3 emissions by 2040.

Figure 4: Share of Total Emissions in FY2025 from Procurement

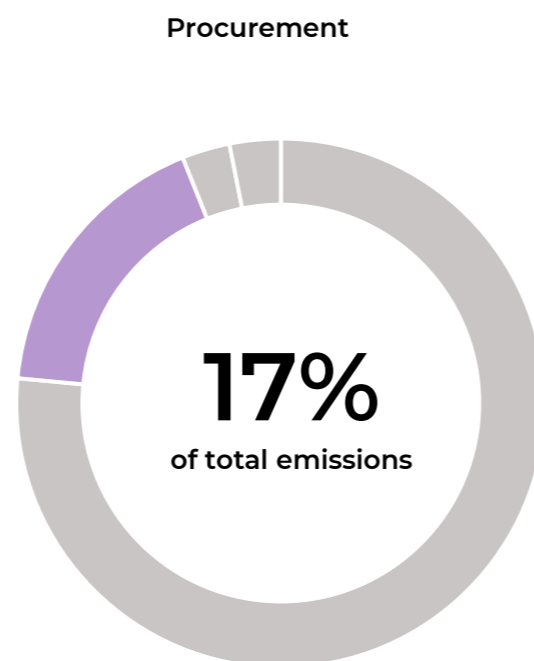


Table 6: Procurement Baseline and Latest Year emissions

	FY2022 Baseline Emissions (tCO <sub>2</sub> e)	FY2025 Emissions (tCO <sub>2</sub> e)
Scope 3 - Category 1: Purchased Goods and Services – Goods and Services	4,999 tCO <sub>2</sub> e	4,695 tCO <sub>2</sub> e
Scope 3 – Category 2: Capital Goods	3,924 tCO <sub>2</sub> e	6,760 tCO <sub>2</sub> e
Scope 3 – Category 4: Upstream Transportation and Distribution	5,253 tCO <sub>2</sub> e	2,181 tCO <sub>2</sub> e

Table 7: Procurement Decarbonisation Roadmap

	Action year	Action
Completed actions	2024	Supplier analysis – <i>ongoing</i> . Gather product-related materials and energy data – <i>ongoing</i> (see Products and Packaging focus area).
	2024	Supplier engagement – identify top suppliers and engage with them using a supplier survey.
Short-term	2025	Host a supplier workshop. Engage with top 25% suppliers to provide Scope 1 and 2 emissions and confirmation of target status.
	2026	Engage with the top 25% to 70% of suppliers to provide Scope 1 and 2 emissions and confirmation of target status. Update the procurement policy – <i>ongoing</i> .
Medium-term	2027	Benchmark suppliers using data provided via supplier survey and publicly available information.
	2028	Supplier engagement - request journey-specific emissions.
	2029	Supplier engagement - request product-specific emissions.
Long-term	2035+	Purchase low-carbon logistics/products.

# People

## Overview

This focus area aims to reduce emissions associated with Footasylum employees' movement. This includes day-to-day commuting, business travel through multiple transport modes (road, rail, and air), hotel accommodation use, and travel in company cars.

### Relevant action teams

HR, Procurement and Facilities Managers.

### Key challenges

Encouraging employees to change their commuting habits, i.e., around using petrol and diesel cars.

### External enablers

The ban on new conventional petrol and diesel cars being sold in the UK from 2035 will help enable the transition to EVs. The 'Jet Zero' 2040 net-zero target for all UK domestic aviation will help achieve lower carbon business travel and will help encourage reductions in emissions related to international aviation.

### Specific targets/KPIs

A 38% reduction in Scope 3 – Category 7: Employee Commuting emissions by 2030.

Net-zero Scope 1 emissions by 2030.

Net-zero Scope 3 emissions by 2040.

Figure 6: Share of Total Emissions in FY2025 from People

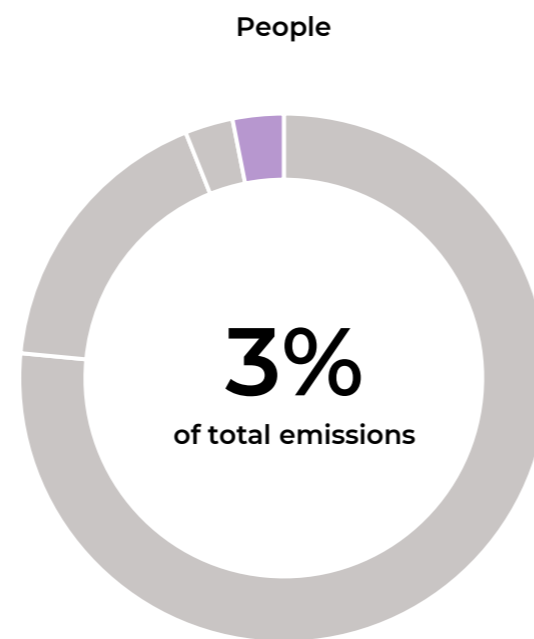


Table 10: People Baseline and Latest Year emissions

	FY2022 Baseline Emissions (tCO <sub>2</sub> e)	FY2025 Emissions (tCO <sub>2</sub> e)
Scope 1 – Transport (Company Cars)	193 tCO <sub>2</sub> e	147 tCO <sub>2</sub> e
Scope 3 - Category 6: Business Travel	119 tCO <sub>2</sub> e	608 tCO <sub>2</sub> e
Scope 3 – Category 7: Employee Commuting	1,769 tCO <sub>2</sub> e	1,682 tCO <sub>2</sub> e

Table 11: People Decarbonisation Roadmap

	Action year	Action
<b>Completed actions</b>	2024	Footasylum has installed an additional six electric vehicle chargers at its head office and four chargers at the DC warehouse to ensure that employees using electric vehicles can charge them and promote the use of EVs to reduce commuting emissions.
	2024	An employee commuting survey was shared with employees ahead of the original target of FY2025.
	2024	Transition of company car to EV is underway. Company car options limited to EV or Hybrid options, and this currently accounts for over 60% of fleet, 80% target for FY2025.
	2024	Deployment of two new environmental training courses to further improve environmental education within the business.
<b>Short-term</b>	2025	Conduct an employee commuting survey – <i>ongoing</i> .
	2025	Employee engagement – <i>ongoing</i> . Review the travel booking system.
	2025	Review the travel policy Install EV charging points – <i>ongoing</i> Introduce an electric car fleet for company cars – <i>ongoing</i> .
<b>Medium-term</b>	2027	Green commuting schemes - EV scheme to encourage and provide tax friendly options of leasing and buying EVs.
	2029	Green commuting schemes – car sharing to connect people travelling in the same direction so they can travel together and share costs whilst reducing emissions.
<b>Long-term</b>	2035+	Review the latest low carbon technologies for travel.

## Sites and Buildings

### Overview

Whilst not the most significant contributor to Footasylum’s footprint, energy and fuel emissions are directly within Footasylum’s control. Site surveys have been conducted on energy saving, energy efficiency, and renewables implementation at Footasylum’s sites. This focus area also includes actions to reduce the small amount of on-site waste emissions.

### Relevant action teams

Sustainability Manager and Facilities teams.

### Key challenges

Allocating financial investment towards implementing the site survey recommendations and adjusting operations to incorporate the suggested actions.

### External enablers

The target is to decarbonise the UK electricity grid by 2035. The Net Zero Building Council and other industry bodies are looking to reduce the impact of emissions on buildings. Green building certification schemes, such as BREEAM, are widely used.

### Specific targets/KPIs

Net-zero Scope 1 and 2 emissions by 2030.

Net-zero Scope 3 emissions by 2040.

Figure 5: Share of Total Emissions in FY2025 from Sites and Buildings

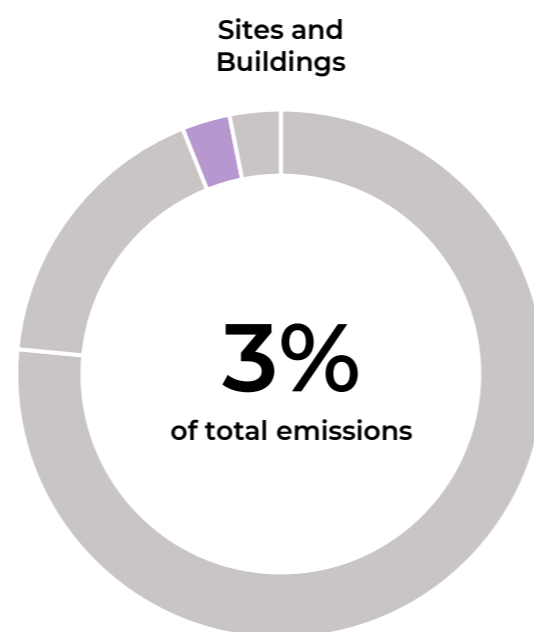


Table 8: Sites and Buildings Baseline and Latest Year emissions

	FY2022 Baseline Emissions (tCO <sub>2</sub> e)	FY2025 Emissions (tCO <sub>2</sub> e)
Scope 1 – Gas	251 tCO <sub>2</sub> e	276 tCO <sub>2</sub> e
Scope 2 – Purchased Electricity (location based)	1,277 tCO <sub>2</sub> e	1,362 tCO <sub>2</sub> e
Scope 3 – Category 3 - Fuel- and Energy-related Activities	639 tCO <sub>2</sub> e	611 tCO <sub>2</sub> e
Scope 3 – Category 5: Waste Generated in Operations	15 tCO <sub>2</sub> e	42 tCO <sub>2</sub> e

Table 9: Sites and Buildings Decarbonisation Roadmap

	Action year	Action
<b>Completed actions</b>	2024	Continued monitoring activity at M3 warehouse and as result, increased closures to January – July (previously January – March).
	2024	Monitoring of retail estate to identify energy efficiencies which resulted in a series of measure being identified to ensure stores are being ran with higher energy efficiency.
<b>Short-term</b>	2025	AC control optimisation – <i>Implemented</i> . Hot water supply improvements. Continue to install LED lighting across applicable sites.
	2025	Heating and AC control improvements – <i>Implemented with AC optimisation</i> . Low-emissions building policy for new sites and buildings - <i>ongoing</i> Waste awareness programme – <i>ongoing</i> .
	2025	Continue LED lighting installation across applicable sites Implement energy saving opportunities – <i>ongoing</i> .
<b>Medium-term</b>	2026	Undertake site feasibility studies for the replacement of natural gas systems with low carbon alternatives.
	2027	Start to install Solar PV across applicable sites.
<b>Long-term</b>	2028	Start to install low carbon alternatives to natural gas systems across applicable sites.
	2035	Natural gas replaced. Solar PV installed on all suitable sites.



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**Appendix**

### Existing Site Checklist

<input type="checkbox"/>	LEDs installed
<input type="checkbox"/>	BEMS installed
<input type="checkbox"/>	Staff training and awareness completed
<input type="checkbox"/>	Timers/automatic controls installed on lighting
<input type="checkbox"/>	Timers/automatic controls installed on hot water
<input type="checkbox"/>	Timers/automatic controls installed on heating / air conditioning
<input type="checkbox"/>	Solar PV feasibility reviewed
<input type="checkbox"/>	Natural gas alternative feasibility reviewed

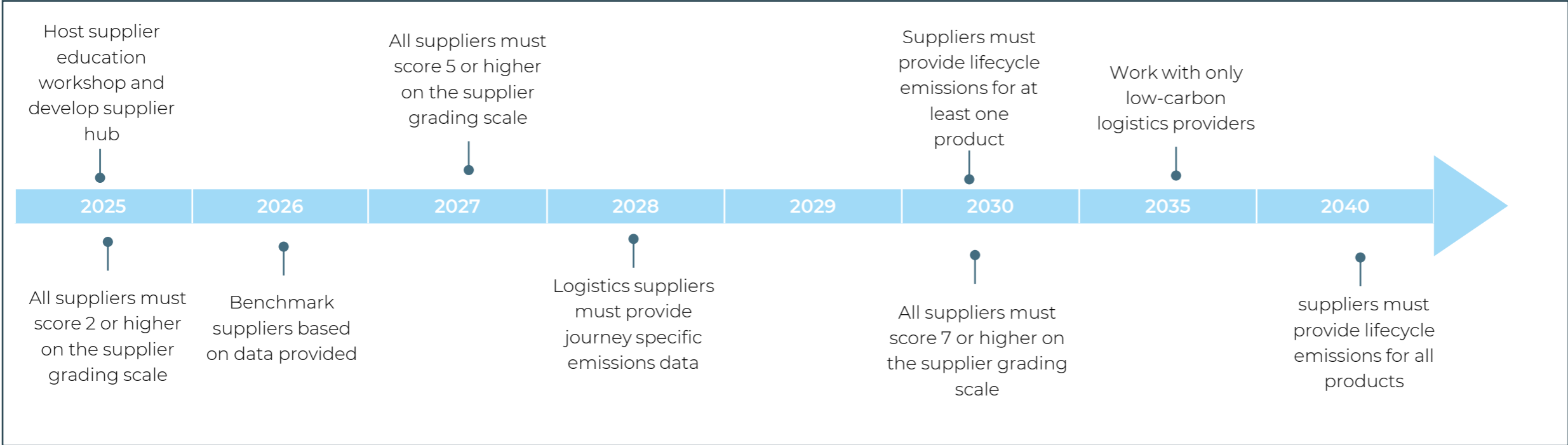
### New Site Checklist

		<i>Recommended criteria</i>
<input type="checkbox"/>	<b>EPC rating (A – G)</b>	<i>C or above</i>
<input type="checkbox"/>	<b>LEDs installed (Yes/No)</b>	<i>Yes</i>
<input type="checkbox"/>	<b>Any on-site energy generation?</b> (solar/wind/anaerobic digestion/gas fired/diesel generator etc.)	<i>Ideally solar</i>
<input type="checkbox"/>	<b>Building suitable for solar PV?</b> (Yes/No)	<i>Yes</i>
<input type="checkbox"/>	<b>Current heating source</b> (gas/electric/heat source/biomass)	<i>Ideally electric/heat pump/biomass</i>
<input type="checkbox"/>	<b>Type of glazing in place</b> (single/double/triple)	<i>Double/triple</i>
<input type="checkbox"/>	<b>Age of HVAC/refrigeration systems</b>	<i>&lt;10 years</i>
<input type="checkbox"/>	<b>Estimate of annual energy consumption</b>	
<input type="checkbox"/>	<b>Sub-metering in place?</b>	<i>Yes</i>

# Supplier Engagement

Engaging with your Supply Chain (including logistics providers and product/service suppliers) will be a long-term process. Below is a recommended timeline for the key milestones in the engagement process.

## Supplier engagement timeline



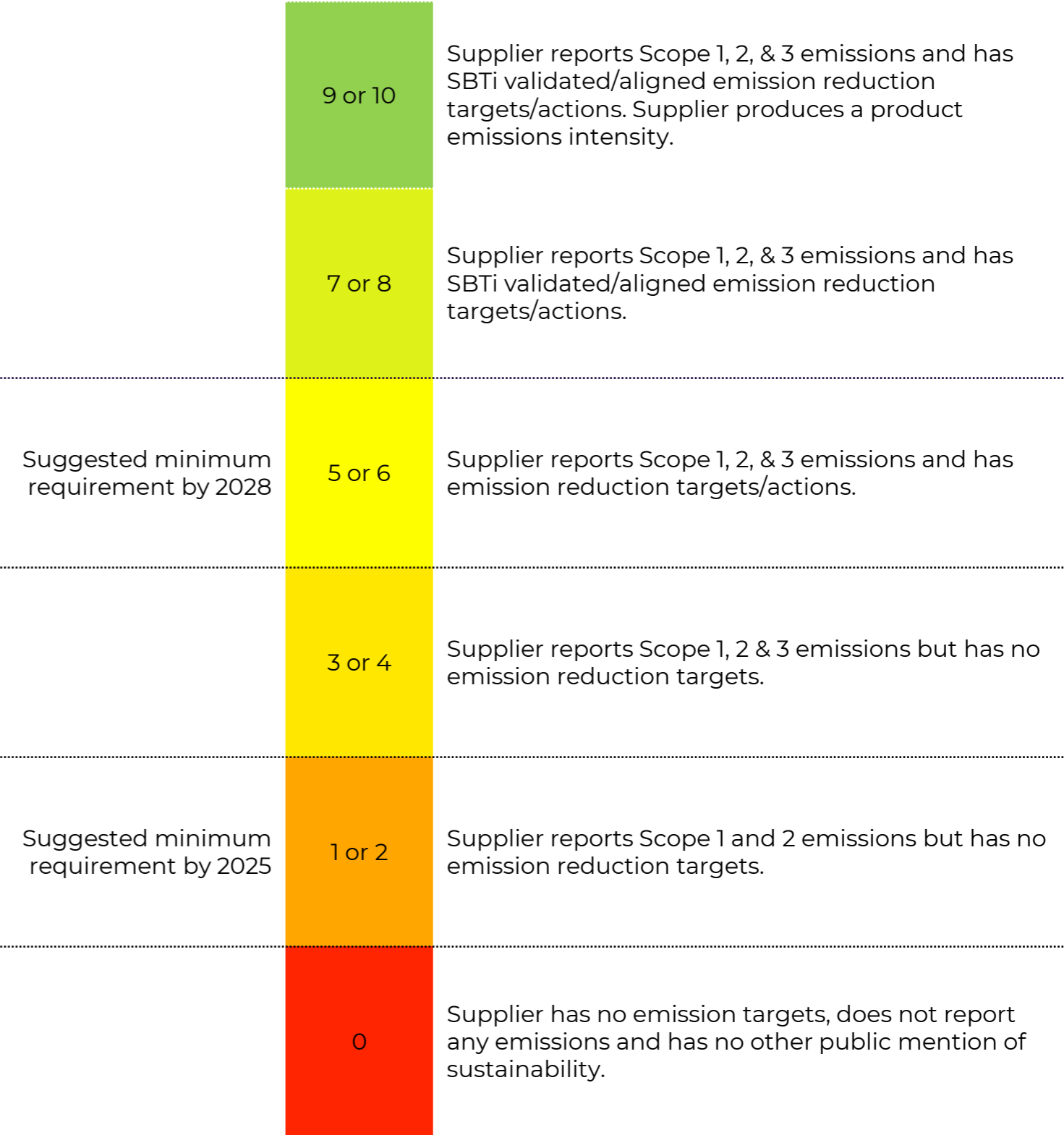
## Ideas on how to engage/influence change in the supply chain

- Supplier meeting to explain why Footasylum Limited is setting Net-Zero Targets and what it means for the supply chain.
- Engage by requesting energy usage numbers.
- Engage through requesting energy source information for the suppliers' local area.
- Offering support to install renewable energy, with payback over time from the supplier.
- Offer Climate Change training with Suppliers in their local language and with an adaptive focus on how valuable the environment is to the Supplier.
- Create a 'supplier awards program' and publish results through official Press Releases.
- Offering incentives for hitting reduction targets.
- Support Suppliers who are taking action with more business spend.
- Discuss with other companies that purchase from the Suppliers to work together to influence and pressure change.
- Identify environmental audits for the factory and analyse results, or request Suppliers to go through a chosen environmental audit or obtain certifications such as:
  - ISO14001:2015 Certification
  - BSI Sustainability Audit
  - Initiative for Compliance and Sustainability Audits
- Offer a percentage of payment towards setting Science Base Targets through SBTi.

# Supplier Grading

The following criteria can be used to score suppliers and provide a consistent ranking of suppliers' performance in the sustainability space. The weighting of this grading in relation to costs and other factors within supplier contracts should be agreed upon.

Criteria	Yes Score	No Score
Do they measure and report Scope 1 and 2 emissions?	1	0
Do they measure and report Scope 3 emissions?	1	0
Do they provide a breakdown of Scope 3 emissions?	1	0
Do they have a net-zero target?	1	0
Do they have near-term target/s?	1	0
Are their targets SBTi aligned or are they SBTi committed or validated?	2	0
Do they have actions for reducing emissions?	1	0
Do they measure and report a product emissions intensity?	2	0



# Low-carbon Logistics Options

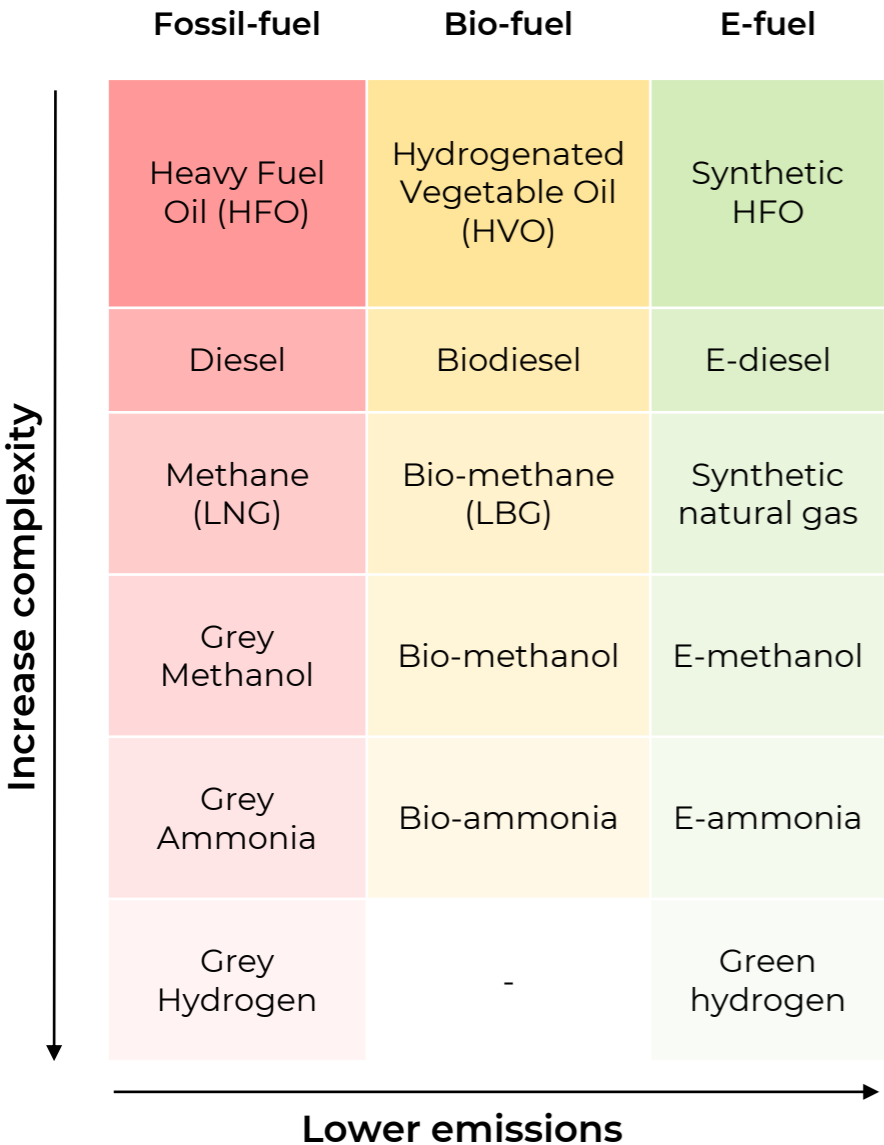
## Alternative Fuels

There is a range of alternative lower-emission fuels, such as bio-fuels and e-fuels. The alternative fuel that should be used will depend on the current fossil fuel used in the vehicle. Figure 11 demonstrates alternative bio- and e-fuels for a variety of fossil fuels.

Switching to bio-fuels over fossil-fuel alternatives can result in up to 90% emission savings.

Alternative fuels offer a viable short-term emission reduction solution but are subject to price fluctuations.

Figure 7: Alternative Fuel Options



## Fuel Efficiency Initiatives

In the short to medium term, Footasylum Limited will need to focus on available fuel efficiency technology and alternative fuels to decarbonise its third-party logistics.

Driving efficiencies and reduced fuel usage can be achieved through:

- Route planning to reduce fuel consumption
- Network/route sharing for optimised efficiency
- Consolidating deliveries
- Driver training to encourage more fuel-efficient driving
- Aerodynamic features added to vehicles and elongated cabs can result in fuel savings of 7-15%

These efficiencies will reduce fuel and save costs.

Increasing the capacity of vehicles so that more products are transported will also reduce fuel consumption and fuel costs. Increased capacities can be achieved in several ways:

- Improve the efficiency of packing products.
- High-Capacity Vehicles (HCVs) provide an increase in the vehicle's size with heavier loads, which leads to a smaller proportionate increase in fuel consumption. This means less fuel is used compared to smaller vehicles per freight unit hauled. Additionally, increasing the freight transported per journey decreases the number of vehicle journeys required annually.
- Double-Deck Trailers are a similar solution to HCVs; however, the vehicle size does not change.

## Vehicle Decarbonisation

Low-carbon vehicle technologies are under development but have yet to be commercially available. Switching Footasylum Limited's third-party logistics to low-carbon alternatives will likely play a role from 2030 onwards. The key technologies to be aware of are:

### Hydrogen Fuel Cell vehicles (FCEVs)

The earliest 'wide deployment' of FCEVs has an estimated release date of 2040. Production and fuelling infrastructure will need to be established at a predicted build rate of 300 per year by 2040.

### Battery Electric Vehicles (BEVs)

Battery electric vehicles store electricity in renewable batteries that power an electric motor that turns the wheels. Infrastructure is required, and an estimated 860 rapid chargers are needed by 2050. Peak installation is estimated at 69 per year by 2040.

### Vehicles Compatible with Electric Road Systems (ERS)

There are several different ERS technologies; the most developed is Overhead Catenary Systems (OCS). OCS involves the installation of catenaries alongside a carriageway which connects to a pantograph mounted on top of a vehicle. Compatible vehicles would also have a backup battery to enable travel on roads without an OCS and for obstacles such as bridges and tunnels. The first UK trial is planned for a 40km stretch of road in South Yorkshire.

## Emission savings associated with alternative travel

### 1. Virtual Meetings **Potential savings over a year per employee: 6 tCO<sub>2</sub>e**

Can be encouraged through employee engagement workshops and green business travel policies that require stricter criteria for face-to-face travel.

(assumes one train journey from Edinburgh to London per month).

### 2. Cycle to Work **Potential savings over a year per employee: 1.4 tCO<sub>2</sub>e**

Can be encouraged through cycle-to-work schemes and subsidized bicycle purchases.

(assumes commuter was travelling 20 miles per day (round trip) by car and is now cycling every day)

### 3. Car Share **Potential savings over a year per employee: 1.1 tCO<sub>2</sub>e**

Can be encouraged through a rewards-based scheme / green travel competition in which employees gain points every time they make a green choice.

(assumes change from one passenger in a car to four passengers in a car over a 20-mile round trip)

### 4. Public Transport **Potential savings over a year per employee: 0.6 tCO<sub>2</sub>e**

Can be encouraged through subsidised public transport travel to work schemes.

(assumes change from single passenger car to bus travel over a 20-mile round trip)

### Case study: PWC's 4% reduction in employee travel emissions

Within a 10-year timeframe, PWC almost doubled the size of their business, yet decreased its CO<sub>2</sub> emissions by 4% and aimed to reduce travel emissions per employee by 33%. Their progress is due to the following factors:

- Reducing the number of journeys made.
- Making better use of technology-based alternatives that support collaborative working.
- Providing training on these technologies.
- Through the government's Cycle to Work Scheme, employees are lent bikes and safety equipment to promote cycling. Infrastructure such as extra shower lockers, double-tier bike locks and lockers has also been installed.
- Low-carbon driving options were promoted amongst staff, including hybrid, electric and low-carbon vehicles available through a company car scheme.
- After careful consideration of whether travel is needed, PWC's travel policy encourages employees to book via their internal system so they can manage the travel information, risk management and costs.
- Due to this, between 2007 and 2017, non-client-related air travel was reduced by 90% due to internal controls.
- PWC's offices are generally located near public transport as part of real estate strategy and strategic business planning.
- PWC continually aims to improve the reliability of its data.



## Offsetting

A carbon offset is a reduction or removal of GHG emissions, paid for by organisations that want to compensate for their emissions. When one tonne of CO<sub>2</sub> is offset, either one tonne of CO<sub>2</sub> is removed from the atmosphere, or one tonne of CO<sub>2</sub> is prevented from being emitted. Therefore, carbon offsetting is a way to take responsibility for unavoidable carbon emissions.

To offset emissions, organisations must purchase carbon credits (independently verified emissions reductions) equal to their emissions; this can apply to Scope 1, 2 or 3. The money used to buy carbon credits funds emission reduction projects, which would not have occurred otherwise. These projects contribute towards a continued reduction in global carbon emissions.

If a company purchases enough carbon credits to cover all of its emissions, then it can claim carbon neutrality. It is important to note that this is different from being net-zero.

### Types of offsets

#### 1. Voluntary Emissions Reduction (VER)

One VER represents the reduction or removal of one tonne of carbon dioxide equivalent achieved through a project. VERs can be purchased voluntarily to help offset one tonne of CO<sub>2</sub>e of unavoidable emissions from carbon emitters.

#### 2. Carbon Sequestration

Carbon sequestration projects capture carbon dioxide and securely remove it from the atmosphere, then store it to prevent it from entering the atmosphere once again. There are many approaches, including: Biological via grasslands, forests, soils and oceans and Geological via geological formations or injection into rocks.

#### 3. Renewable Natural Gas (RNG)

RNG offsets address GHG emissions and manage organic waste efficiency by creating biogas through Anaerobic Digestion from organic material and utilises the greenhouse gases methane and carbon dioxide. These offsets help replace fossil fuels with renewable natural gas and are commonly used for renewable heat by businesses, the public sector and non-profit organisations.

#### 4. Renewable Energy

Renewable energy carbon offsets finance renewable energy projects such as wind, solar or hydro. These projects reduce carbon emissions as an investment is spent to boost the amount of renewable energy on the grid and decrease reliance on fossil fuels.

## Insetting

### What is it?

Insetting is a form of offsetting that involves organisations investing in carbon reduction projects within their value chain (Scope 3). In contrast to typical carbon offset projects, which are unrelated to the investor, insetting projects reduce, sequester or remove emissions directly linked to a company's supply chain whilst also generating multiple positive, sustainable impacts.

According to the Science Based Target Initiative (SBTi), insetting projects are often called 'supply chain interventions' because they are investments and actions organisations take to change and positively impact their supply chain. This reduces a company's Scope 3 emissions whilst supporting others to employ more sustainable business practices.

### Why does it matter?

To help reach your net-zero target, the whole value chain must be decarbonised through nature-based solutions and operations. By focusing on insetting, you are focusing on doing more good rather than doing less harm.

There are currently no standards for insetting projects; however, the International Carbon Reduction and Offset Alliance (ICROA) offers the following best practices for organisations interested in insetting:

How	Why
Invest financially in the development and maintenance of a carbon offset project within their upstream or downstream supply chain/supply chain community.	Including the stakeholders with a direct link to the supply chain means you are connected to those with either the production of the product/service or those who are positively or negatively impacted by the supply chain operations.
Insetting should generate GHG emission reductions that respect the principles of international standards (i.e. Additionality, permanence, uniqueness, measurability, verifiability, etc.).	Right now, insetting does not require verification of certification against agreed global standards. However, working in line with these principles provides more credibility to the implemented insetting project.
A number of companies are already investing in insetting projects. One example is Nespresso, who is planting native trees on its suppliers' coffee farms and surrounding landscapes to introduce regenerative agriculture.	This increases water provision, improves soil health, conserves biodiversity and provides the desired shade for coffee plants, all of which enhances the quality of the coffee beans, for which farmers receive a premium. The trees also offer natural carbon sinks that enable Nespresso to compensate for their own residual emissions that cannot be reduced.

## Glossary

**Adjusted Spend:** Adjusting the provided spend values for the baseline year 2022 to the year of the spend-based DEFRA databases (2018/2011). This adjusted value is used to calculate the associated carbon emissions.

**Carbon Dioxide (CO<sub>2</sub>):** A greenhouse gas that enters the atmosphere through burning fossil fuels (coal, natural gas, and oil), solid waste, trees and other biological materials, and also as a result of certain chemical reactions (e.g., cement production).

**Carbon Neutral:** Carbon neutral means an organisation has purchased an equivalent number of compensatory measures, such as carbon offsets and green energy certificates, to neutralise their GHG emissions.

**Carbon Offsets:** Investing in voluntary carbon offset funds supports low-carbon projects that replace high-emitting alternatives. Carbon offsets can be used to compensate for a company's emissions.

**Embodied Emissions:** Embodied emissions are emissions associated with the cradle-to-gate manufacture of products, for example, emissions produced through the extraction of raw materials, transportation of materials, and manufacturing processes.

**Fluorinated Gases:** Hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride, and nitrogen trifluoride are synthetic, powerful greenhouse gases that are emitted from a variety of household, commercial, and industrial applications and processes.

**Greenhouse Gas (GHG):** Gases that trap heat in the atmosphere.

**GHG Protocol:** The Greenhouse Gas Protocol is the most widely used standard for calculating greenhouse gas (GHG) emissions.

**Global Warming Potential (GWP):** GWP is a measure of how much energy the emissions of one ton of a gas will absorb over a given period of time, relative to the emissions of one ton of carbon dioxide (CO<sub>2</sub>). The larger the GWP, the more that a given gas warms the Earth compared to CO<sub>2</sub> over that time period.

**Kyoto Protocol:** The Kyoto Protocol operationalises the UN Framework Convention on Climate Change by committing industrialised countries and economies in transition to limit and reduce GHG emissions in accordance with agreed individual targets. Seven GHGs are required to be reported under the Kyoto Protocol: Carbon dioxide (CO<sub>2</sub>), Methane (CH<sub>4</sub>), Nitrous oxide (N<sub>2</sub>O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur hexafluoride (SF<sub>6</sub>) and Nitrogen trifluoride (NF<sub>3</sub>).

**Location-based Emissions:** Methodology to calculate Scope 2 emissions using the average grid emissions factor of a region.

**Market-based Emissions:** Methodology to calculate Scope 2 emissions using emissions factors specific to the contractual instruments in place.

**Methane (CH<sub>4</sub>):** A greenhouse gas emitted during the production and transport of coal, natural gas, and oil. Methane emissions also result from livestock and other agricultural practices, land use, and the decay of organic waste in municipal solid waste landfills.

**Net-zero:** Net-zero requires a concerted effort over time to eliminate GHG emissions, with compensatory measures as a final step for any emissions that can't be reduced. The SBTi net-zero standard requires a 90% absolute reduction in emissions prior to any residual offsets, up to 10% of the baseline, being offset using carbon removal offsets.

**Nitrous Oxide (N<sub>2</sub>O):** A greenhouse gas emitted during agricultural, land use, and industrial activities, combustion of fossil fuels and solid waste, as well as during the treatment of wastewater.

**SBTi:** The Science Based Targets initiative (SBTi) is the internationally recognised body for validating emissions reduction targets that are in line with the latest climate science.

**Scope 1:** Emissions from gas usage and transportation fuels (under the company's control).

**Scope 2:** Emissions associated with the consumption of purchased electricity. They are presented on both a location-based (using country average electricity emission factors) and a market-based (taking into account any purchased renewable-generated electricity) approach.

**Scope 3:** Company's value chain emissions, divided into 15 categories, as established by the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting & Reporting Standard.

**Sulphur Hexafluoride (SF<sub>6</sub>):** A greenhouse gas that is primarily used in electrical transmission and distribution equipment.

**tCO<sub>2</sub>:** Tonnes of carbon dioxide gas released into the atmosphere. This metric is often used when reporting electricity emissions factors.

**tCO<sub>2</sub>e:** Greenhouse gases have different global warming potentials and are converted to a carbon dioxide equivalent for ease of comparison and reporting.

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