



# BUSINESS LEADER QUESTIONS

## WHY IS MAKING PROGRESS ON NET ZERO IMPORTANT TO YOUR BUSINESS?

Our transition to net zero is important because it's the right thing to do for future generations, for nature and biodiversity, and it's the right thing to do to secure the survival of our business. As a generation, we have a final opportunity to take action to limit global warming to what is considered an "acceptable" level. In moving to net zero, we become part of the solution instead of the problem.

Climate change is both a risk to our business and an opportunity.

Expectations of us as an employer are changing. Each successive generation that joins us holds us to a higher standard. If we don't respond to that, we won't be able to recruit and keep the talented people that make Knights Brown what it is.

Likewise, our customers' expectations will change. To an extent that may be driven by a personal moral compass but public sector reform will play a large part. We've already seen this with publication of The Construction Playbook, which sets out government expectations for the assessment, procurement and delivery of public works projects. This includes contracting authorities achieving net zero by 2050. This will filter through the entire system and we won't be able to win contracts with these public bodies in the future if we don't start to adapt now.

A failure to adapt would also result in difficulties securing bank facilities and insurance cover in the future, as any business not pursuing a route to net zero will be considered a bad risk by service providers. We need to realise the entire global economy will undergo systemic change that ultimately means organisations not addressing the climate emergency will lose their licence to operate and ultimately, fail.

Carbon is seen as a proxy for cost and resource efficiency. Given the efficiency and productivity challenges construction faces, it's in our interest to correlate the relationship between the two and find new ways to drive both down.

## WHICH OF THE 9 PRIORITIES ARE MORE RELEVANT TO YOUR BUSINESS AND CLIENTS AND WHY?

Those relating to construction activity and transport reflect best our principal priorities.

It makes sense to get our own house in order first, that's to say measuring and mitigating Scope 1 and 2 emissions that we control. Then we'll prioritise those Scope 3 emissions where we can have the biggest impact.

So the vehicles our people are using, not least the vans our directly employed workforce travel to site in, and the plant we're using in our operations, very much fall into the category of issues under our own control that we can manage directly. We own a lot of plant so are looking carefully at developments in electric options and alternative fuels.



Modern methods of construction will achieve safer, better, faster and greener project delivery. We need to be a part of this revolution to remain relevant, survive and succeed.

Clearly our big impact areas are going to be in materials procurement, notably cement and steel, so doing what we can to support the development of low carbon alternatives and finding ways to design out carbon, have to be right up there.

Ultimately, to report credibly, everything has to be measured.

## **WHAT ARE YOU DOING TO MAKE PROGRESS AGAINST THE RELEVANT PRIORITIES (OF THE 9) IN THE SHORT AND LONG-TERM? (COULD INCLUDE TARGETS OR MILESTONES)**

We're very much at the start of this long term transition. Over recent months we've been developing a strategy for climate action, which we launch in our business later this month under the banner Goal 13.

We've added a new accountability for our leadership team (written into each role profile), to demonstrate our commitment and that this isn't one person's job, it's everybody's. It states our commitment to bringing all our employees with us in the transition to net zero.

We've also made a declaration that acknowledges the urgent threat and the scale of the challenge and recognises the risks posed and opportunities presented.

We've set a clear objective but have not as yet, set a timeline for achieving net zero. What we're proposing is a phased approach although the phases will overlap as we make progress. The first phase is to account and disclose emissions for all activities and operations, up and down our value chain.

Phase two is defining a pathway to reduce emissions. We will work with the Science Based Targets Initiative to identify an approach that makes progressive reductions year on year and which will give us a visible and credible timeline to reaching net zero.

For the emissions that are more difficult and will take longer to mitigate, we'll quantify an internal 'cost' per tonne of residual carbon. And then the plan is to turn that cost into a fund to compensate for the residual emissions. We'll do this by investing in projects and actions that are climate and nature positive and which also wherever possible, achieve broader benefits in biodiversity and society. The essential element is that the projects invested in are high quality and achieve the desired mitigation outcomes.

We've established a maturity model to progress our primary focus areas. Starting from the point of establishing the sustainable thinking and personal responsibility in all our people, through progressing the changes and adapting what we do, leading up to embedding carbon reduction in the processes that define how we do business.

It feels like a very big plan, almost too big to contemplate but so did even getting to where we are now a year ago.

It's easy to get caught up in a desire to do everything at once and also wonder, what possible difference can we make in the big scheme of things, all of which feels daunting. But our survival as a business is at stake if we do nothing. We can only make progress by making a start and not being afraid of not knowing all the answers.

Electric vehicles is one area where we're in discussion with our fleet provider right now. While EVs are a no brainer long term, there's a lot to think about and balance. Starting with range, recharging infrastructure and an employee's parking arrangements, to the high initial purchase cost that impacts the choice of vehicles. We'll aim to start with one EV in each band and build from there as costs come down and more choice becomes affordable. Salary-sacrifice is another option that looks feasible.

## **HOW HAVE YOU HELPED YOUR SUPPLY CHAIN UNDERSTAND WHAT IS REQUIRED AGAINST THE 9 PRIORITIES?**

Engaging with our supply chain will of course, be an essential early step in getting to grips with our Scope 3 emissions.

Once all our people are onboard and understand what our plan is, we'll begin to share our net zero aspirations and discuss alternatives for low or zero carbon materials, transport and plant as part of our procurement processes. There's a lot of learning that needs to take place.

Suppliers, particularly of those materials identified as having the highest carbon impacts, will be asked to share carbon data and similarly, plant and transport suppliers will be asked to provide details on carbon performance. This will then be used to inform carbon measurement and target setting.

We also hope to look to industry for groups and suppliers to work with and learn from, to identify low carbon alternatives.

We undertook an engagement exercise with suppliers in a bid to reduce plastics. Interest was patchy at best. We have a temporary site signage supplier that welcomed the approach and through that we were able to shift to using a material for all our temporary signage that's fully recyclable. We look forward to seeing how people's mindset has shifted with the focus on a green recovery. Opening up discussions around The Construction Playbook may be a way to gain some traction.

## **AS A BUSINESS LEADER, WHAT DO YOU THINK THE BIGGEST CHALLENGE IS AND HOW ARE YOU WORKING TO OVERCOME IT?**

It boils down to the chicken and egg question and performing something of a balancing act.

On the one hand we can identify and champion low and zero carbon alternatives. On the other, customers and their professional teams have to specify for them.

We very much need everyone pushing in the same direction. In the public sector The Construction Playbook will hopefully, do its job and things will ease smoothly along.

Looking the other way, down the supply chain, there will be challenges for small businesses and how we motivate them to move towards lower carbon alternatives.

As with most things the issues will be solved through communication and the bonds formed from working together in enduring relationships.

## **IN YOUR VIEW, WHAT IS THE ONE INNOVATION OR CHANGE THAT IS GOING TO HAVE THE BIGGEST IMPACT ON CARBON OR PROGRESS IN OUR INDUSTRY?**

As an industry we need to understand much better how to make the long-term transition to becoming net zero, how construction will contribute to a net zero economy, and how we can mitigate residual emissions in ways that maximise impacts on the climate.

Reducing carbon emissions is one, very important, part of corporate accountability but just taking responsibility for last year's emissions isn't enough. It's a bit like reporting financial performance just on profitability. More holistic, forward-looking strategies to tackle climate change are needed that consider a similar variety of performance metrics.

In addressing residual emissions, we need to be pursuing new ways of investing in climate and nature that reflect the scale of transformation required to solve the challenges we face.

**Kevin Valentine | Managing Director**