



MGroupServices
Plant & Fleet Solutions

Fleet Decarbonisation Strategy

2024

The Company Car fleet is restricted to ensure the CO₂/Km levels are considered prior to being included on the company car list.



The maximum CO₂/Km output on the current available company car list is under 130g CO₂/Km, with some grades now restricted to either fully electric (EV) or Plug in Hybrid (PHEV). The maximum CO₂/Km will be reduced further over the coming years.

As of June 2024, the Group has released a new salary sacrifice scheme, which offers all employees with company car entitlement to

choose a vehicle suitable to their needs. This scheme is restricted to fully electric vehicles (EV) or Plug in Hybrid (PHEV) options, ensuring we offer the most efficient vehicles across the group and offer a choice of EV/PHEV at all grades.

As of August 2024, there are 684 fully electric company cars (30.84% of the company car fleet) and 832 hybrid cars (37.51% of the

company car fleet). Due to the new company car and salary sacrifice schemes being introduced, orders are expected to increase in the coming months further increasing the percentage of electric and hybrid vehicles.

Private Cars

Where employees have the option of providing their own vehicle in lieu of a company supplied vehicle, the business policy ensures these are below an agreed CO₂/Km threshold of 130g CO₂/Km (this figure will be reviewed in line with significant reduction in average CO₂/Km of the company fleet). It is a requirement that all private vehicles used for business are under five years of age and maintained correctly, ensuring the vehicle is running at optimal efficiency.

Over 19% of the private cars in use are Hybrid and a further 10% are electric.

When prices of EV's reduce and become more affordable, M Group Services Plant & Fleet Solutions will require employees to use an EV. M Group Services' HR team will review the performance of the salary sacrifice scheme to assess whether widening access to all employees across the group should occur.

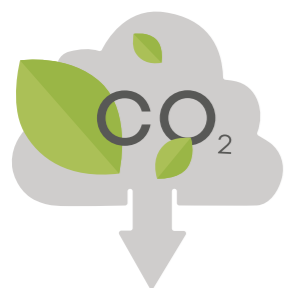
Operational Cars

The majority of the operational cars used across the M Group Services fleet are found in one business. This business is currently running a full petrol fleet, although, is interested in reducing emissions. In 2024, this area of the group trialled two different self-charging hybrid petrol vehicles for a month each. They found that the miles per gallon (MPG) improved significantly and, if all their current vehicles moved to the best performing hybrid, an estimated annual reduction of 680 tonnes CO₂ could be produced. Due to the vehicles operating non short urban routes then alternative vehicles such as hybrids are being explored alongside vehicles with extended ranges.

The full electric MG4 Long Range was trialled with the same business over a six month period, driving a total of 7,500 miles.

One of the successful case studies is another business in the group which uses a small number of operational cars airside at airports in the UK has had electric Nissan Leaf vehicles since 2018, these have started to be replaced by electric MG4 Long Range cars.





The decisions on the decarbonisation plan are made by each business within M Group Services, supported by M Group Services Plant and Fleet Solutions but collectively must ensure that M Group Services’ Science Based Target of a minimum 42% reduction in scope 1 emissions is achieved by 2030 (from a 2021-22 base year), a figure which is reported on annually.

M Group Services Plant & Fleet Solutions promote the uptake of zero tailpipe emission vehicles however each business within M Group Services has different client expectations and operational circumstances which should be factored into decisions by that business. M Group Services Plant & Fleet Solutions is more than happy to order electric vehicles and regularly provide quotes to each business on the cost of hiring these.

The UK Government has set Zero Emission Vehicles (ZEV) Sales Targets for all vehicle manufacturers. Should manufacturers not meet the targets, they can trade credits from those who did. The amount of credit they can borrow will be 75% in 2024, decreasing to 25% by 2026. Manufacturers who fail to hit the ZEV mandate targets, or who can't credit trade their way out, will face penalties for every non-compliant vehicle sold. These are £15,000 per vehicle for any non-ZEV cars sold outside manufacturer allowances, while for vans the fines will be £9,000 in 2024, rising to £18,000 thereafter.

Due to these targets (shown on page 4), M Group Services Plant & Fleet Solutions is required by manufacturers to take the required percentage of electric vehicles for every order of internal combustion engine (ICE) vehicles we order. Although some people may argue that due to the size of the M Group Services fleet, we should be able to avoid this, this is not the case. We are required to place orders containing the required percentage and have seen examples of other fleets having their full order declined because they did not include the required number of electric vehicles.

In July 2024, the Department for Transport has confirmed that they will restore the 2030 phase out date for the sale of new petrol and diesel cars back. It is currently unclear whether they will also restore the date for vans.

Annual targets for ZEV sales shares from 2024 to 2035 for cars:

2024	2025	2026	2027	2028	2029
22%	28%	33%	38%	52%	66%
2030	2031	2032	2033	2034	2035
80%	84% (*)	88% (*)	92% (*)	96% (*)	100% (*)

(*) Target will be set out in future legislation later in the decade.

Annual targets for ZEV sales shares from 2024 to 2035 for vans:

2024	2025	2026	2027	2028	2029
10%	16%	24%	34%	46%	58%
2030	2031	2032	2033	2034	2035
70%	76% (*)	82% (*)	88% (*)	94% (*)	100% (*)

(*) Target will be set out in future legislation later in the decade.



Light Commercial Vehicles LCV (e.g. Vans)

Light Commercial Vehicles make up a large portion of the M Group Services fleet and therefore require moving to low emission vehicles, however, this is more challenging than cars due to the operations the vehicles conduct. The fleet has a mixture of vehicle manufacturers in use with the majority being Ford.

Where possible, it is currently recommended that businesses use Hydrotreated Vegetable Oil (HVO) as an immediate CO₂ emission reduction. This is approved for use in the majority of internal vehicles. Guidance on whether HVO is approved is provided to each business. M Group Services Plant & Fleet Solutions acknowledge that HVO is not the long term solution however may be the most suitable fuel for some areas of the business where currently an electric vehicle may not be suitable.

Petrol Hybrid vehicles will be recommended where electric vehicles may not be suitable for the operation. When the new Ford Transit Custom plug-in hybrid is available to order, some businesses may see their current vehicles replaced with this when their leases expire.

M Group Services Plant and Fleet Solutions continue to assess the market for the most optimum product for our clients and support them on their own decarbonisation strategy. Large vans provide more of a challenge in switching to electric, this is due to the operations these vehicles conduct. There are many different operational uses these vehicles provide across the group such as, towing, tippers, providing power to tools etc. Some of these operational tasks, such as towing, have an immediate impact on the range the electric vehicle can drive which currently limits the roll out of these vehicles. M Group Services Plant & Fleet Solutions encourages businesses to take part in trials, particularly in large vans. We remain positive that as the performance of these vehicles develops there will be options which become available where an electric vehicle will suit the operation.

Electric 4x4 options are not currently available across vans and pickups. When these options become available, M Group Services Plant & Fleet Solutions will investigate and secure demo vehicles for those businesses who require 4x4's to complete their work.

HGV

Lowest whole life cost remains a prime factor in the selection of which HGV model to deploy. Manufacturers are continually monitored and trialled to ensure the most appropriate technology is procured. Due to the heavy fuel consumption of HGV's, there is particular emphasis on journey planning, efficient economical driving, vehicle tracking and keeping idling time to a minimum.

Where possible it is currently recommended that businesses use Hydrotreated Vegetable Oil (HVO) as an immediate CO₂ emission reduction, this is approved for use in the majority of internal vehicles, however, challenges are presented by vehicles where we have had to hire from external suppliers as not all of these approve HVO being used. Guidance on whether HVO is approved is provided to each business. M Group Services Plant & Fleet Solutions acknowledge that HVO is not the long term solution, however, may be the most suitable fuel for some areas of the business where currently an electric vehicle may not be suitable.

Trials of electric HGV's have occurred on vehicles such as sweepers and gritters. M Group Services Plant & Fleet Solutions has met with all HGV manufacturers and continue to assess the best technology for the business units.

We have already started quoting full electric HGV's on different tenders submitted to us where the customer is looking for electric options of all vehicles they require. Due to the electric HGV's being around three times more expensive than the diesel powered version we have yet to see any uptake although expect to see this change in 2025.

Currently HGV's would require a charging solution in place at a depot due to the majority of public charging locations not being designed for HGV's although this is changing now Gridserve are building dedicated HGV charging bays along with Shell & BP opening HGV truck stops over the coming months/years.



Everything we do across M Group Services should be done safely.

Due to the move to electric vehicles, our vehicle specifications need redesigning to suit the new vehicle. As a battery is now installed in the vehicle this changes the way our vehicles are converted and requires new ways of thinking. Our fleet team regularly meets all suppliers to engage on how we accommodate our specification in these new vehicles, in some scenarios certain conversions have excluded specific manufacturers due to the location of the battery.

Training and Telematics

Safe and responsible driving underpins M Group Services' core values by putting the health, safety, and wellbeing of people first.

We have a robust on boarding process and ongoing responsible driver framework, which both seek to recognise safe, compliant, and responsible driving by addressing any poor driver behaviour that falls below the level expected. This is achieved by risk assessing, coaching conversations, e-learning, or face to face in vehicle training.

The M Group Services Plant & Fleet Solutions suite of reports helps improve driving style to reduce vehicle incidents and deliver improved fuel consumption all while ensuring our employees get home safely.

M Group Services Plant & Fleet Solutions' have partnered with several telematics providers.

Our data team has built a dedicated dashboard which can be displayed on screens in offices to show the current vehicle location, average MPG of the fleet, CO₂ emissions, idle hours and utilisation for the whole group or broken down per business. We encourage all businesses within the group to make use of this to reduce their idle time.

There are areas of the group where no telematics are installed in vehicles due to cost implications and M Group Services Plant & Fleet Solutions is currently looking into ways where telematics could be deployed to these vehicles without providing a cost impact to the business.



Mileage

Capture for Company Cars & Private Cars

For company cars and private cars used on business trips, we work with The Miles Consultancy (TMC). Each month drivers record their business trips which is audited by TMC along with their closing odometer for the month. This allows for the group to identify the total number of business miles driven. This does rely on each driver entering their closing odometer reading each month, so TMC chase the driver before the closing date to ensure they action this.

Synthetic Fuel

Synthetic fuel is created by taking carbon dioxide and water from the air and reconstructing this into a hydrocarbon which would then act like a normal fuel. A UK based supplier working on synthetic fuels is currently only creating enough for engineering purposes with the next step to be for commercial sale although prices are four times the cost of regular fuel therefore, we currently are not pursuing synthetic fuels.

Fuel Use

(Diesel & Unleaded)

The group fuel supplier is Shell via the fuel card which can be used at Shell stations along with third party networks across the UK. M Group Services Plant & Fleet Solutions has built a PowerBi report with the Shell API to display fuel transactions which can be filtered by vehicle or business.

This report provides a summary of usage and cost alongside the cost opportunity per business of asking their drivers to move fuel spend to our discounted Shell rate compared to the pump price from other networks drivers can access. This is something M Group Services Plant & Fleet Solutions encourage drivers to be doing by providing the weekly prices on a PowerBi report embedded on the group intranet, 'Stay Connected'.

The transaction report also includes the emissions produced based on 'government conversion factors for company reporting of greenhouse gas emissions. Emissions are calculated based on litres of fuel or kilowatt-hour (kWh) of electricity to ensure accuracy.

Hydrotreated Vegetable Oil

(HVO)

Where the move to electric vehicles is not currently possible for any business across M Group Services, using HVO is currently promoted. The supply of this is managed by M Group Services' procurement team. This involves placing fuel tanks at a site (monthly cost) and storing the HVO fuel to dispense into vehicles when required. Fobs are used to dispense the HVO and should be purchased from GBF for each vehicle ensuring that the registration number is allocated correctly in order to track the usage per vehicle as occurs with Shell Diesel.

HVO can be mixed with regular Diesel however this does not provide the large emission reduction as using 100% HVO. Currently, the supply is from GBF (part of Certas Energy) and is 100% renewable. A document is available for all group businesses which explains more about our supply along with the price per litre.

Hydrogen

M Group Services Plant & Fleet Solutions currently expects hydrogen to play a part in the future of the fleet, whether this can be used in fuel cell electric vehicles or vehicles entirely powered by hydrogen. It is crucial that the type of hydrogen used is 'Green Hydrogen' to not provide any negative impact.

The hydrogen industry for fleets is still in its early stages and we expect, along with major fuel suppliers, that this will not ramp up as quickly as some people expect as hydrogen will be required to decarbonise challenging industries such as steel.

M Group Services Plant & Fleet Solutions will continue to engage with all hydrogen solutions in the market to assess whether any could be deployed across M Group Services. However, ultimately it is the vehicle manufacturers which decide what fuel types they would like to sell in the UK.



EV Charging

Home

M Group Services Plant & Fleet Solutions has secured discounts on home charge points for company car drivers. These discounts are located on the Group intranet, 'Stay Connected'.

For commercial vehicles, M Group Services Plant & Fleet Solutions currently promote the use of home charging to businesses in order to reduce overall running costs and ensure the vehicles are charged overnight to minimise downtime during the working day. M Group Services Plant & Fleet Solutions expect not all commercial vehicle drivers will be able to charge from home due to not having off street parking or permission to park their vehicle where charging could occur.

M Group Services Plant & Fleet Solutions has produced a tool which businesses within M Group Services can use to input the home electricity price, cost of a home charger including install, vehicle battery size and number of charging sessions per week. The cost for electricity on a public charging station can also be entered. This tool then graphs the charging cost over the year and at what point the cost of the home charger would have been paid off.

Public

M Group Services Plant & Fleet Solutions expects that a large proportion of charging sessions will be done on public charge points, whether this be overnight slow charging via on street charge points 3.7kW to 22kW AC charging or ultra rapid charging such as 150kW or higher where the vehicle supports this e.g. Megawatt charging.

M Group Services Plant & Fleet Solutions currently issues the Shell Recharge card to all commercial electric vehicles and additionally to company car drivers if they request this. This provides coverage to a large number of networks across the UK.

M Group Services Plant & Fleet Solutions acknowledges that not all networks are covered by the Shell Recharge card and monitors the list of alternative providers and networks they cover. As of August 2024, no provider currently offers access to all networks across the UK although a small number are very close to achieving this. M Group Services Plant & Fleet Solutions will assess whether a move to such provider is beneficial to the Group and continue to monitor the market as it develops.

Workplace & Depot

M Group Services Plant & Fleet Solutions' assessment of available property data has identified that not all sites are owned or used exclusively by the group operating business. We will continue to assess opportunities and how we can assist the business units in terms of decarbonisation and transitioning.

M Group Services will go to tender for EV charging solutions and secure best pricing on software etc.

M Group Services Plant & Fleet Solutions is supporting the Group on potential new charging hubs dedicated to ensuring M Group Services electric vehicles are fully charged and work has started to analyse where these should be.

Temporary

M Group Services Plant & Fleet Solutions acknowledges that it is not feasible to install electric vehicle charging at most operational sites the group work from due to some of the sites only being active for a small period of time e.g. six months. We can therefore currently recommend small portable charging cables that can be plugged into industrial plug sockets without any data monitoring services available. Movable low powered DC chargers which again can be plugged into industrial plug sockets are also an option we currently recommend.

For more longer term projects there are options to supply a solution which can be dropped onto the site which features battery storage and a direct current (DC) charging station all powered by an industrial socket however this should be noted is a costly solution.



Strategy Summary



Company Cars:

- Promote adoption of EV cars through company car & salary sacrifice scheme.
- Provide Hybrid options until more EV models meet the criteria.
- Reduce the maximum CO₂/Km threshold each time the scheme is reviewed.



Operational Cars:

- Recommend EV cars where suitable.
- Move from Petrol to Hybrid Petrol where EV is not appropriate at the current time.



Light Commercial Vehicles:

- Promote the switch to electric vehicles when technology has developed and the whole life costs are economic for the business.
- Continue to trial large electric vans to understand where these can be deployed without impacting the operations.
- Investigate 4x4 options when available.

HGVs:



- Recommend HVO is used to fuel HGVs to reduce overall emissions.
- Review options for EV in commercial vehicles.
- Discuss with hydrogen HGV manufacturers should a group business come with a requirement and have a suitable hydrogen refuelling solution in place.



Fuels:

- Monitor vehicle idle times to target emission and fuel spend reduction.
- Promote HVO use in internal vehicles and external vehicles (where supplier approved).



Charging:

- Deploy electric vehicle charging at offices where financially sensible and demand met.
- Investigate dedicated M Group Services charging hubs in key locations where suitable power is available and demand met.
- Provide temporary charging solutions.
- Advise businesses on the cost benefits of installing home chargers for commercial vehicles over public charging.
- Supply public charging solutions.



As of the date this document was issued listed below all information is correct. Should this document be superseded then the contents of this document should not be relied upon as views may have changed. Should you wish to clarify this is the latest version of this document, please reach out to your M Group Services Plant & Fleet Solutions Account Manager who can provide confirmation from the Fleet Team.

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MGroupServices
Plant & Fleet Solutions

M Group Services Plant & Fleet Solutions

Abel Smith House, Gunnels Wood Road
Stevenage, Hertfordshire
SG1 2ST

www.mgroupservices.com
communications@mgroupservices.com