



M GROUP
Highways

Carbon reduction plan

Supplier name: M Group Highways Ltd

02.06.2025



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Commitment to achieving Net Zero

M Group Highways Ltd are committed to
achieving Net Zero emissions by 2040.

Baseline emissions footprint

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



Baseline year: FY21-22 (financial year)

Additional details relating to the baseline emissions calculations.

In order to obtain accurate carbon emission data we use standard industry emissions factors, such as those provided by DEFRA and have adopted the approach set out in the Greenhouse Gas Protocol (GHGP). Since Financial Year 2023-2024 M Group Highways has been fully audited against ISO 14064. We capture our own Scope 1 and Scope 2 carbon emissions from our offices, our fleet and other direct activities. In addition we use works activities, materials purchases, supplier specific data and procurement spend data to calculate and estimate Scope 3 emissions. All data is associated with a project or activity, allowing us a level of detail that informs project level activities as well as our strategic approach to carbon reduction.

Scope 3 emissions calculations have been completed using a mixed methodology, and are based on our Procurement spend data. M Group Highways has categorised its supply chain into different activity breakdowns which all receive their appropriate emission factor based on activity. Our supply chain engagement programme has resulted in the creation of several supplier specific emissions factors which are applied to the relevant activity category. We wish to engage our supply chain further in this way to help our carbon accounting methodology become as accurate as possible over time. As a last resort, where we cannot get data from our supply chain for a particular activity category, we utilise the DEFRA SIC code emission factors.

From July 2024 all Scope 1 and 2 data, as well as all applicable Scope 3 categories have been externally audited and verified to ISO:14064 Specification for quantification and reporting of greenhouse gas emissions. All emission factors are regularly reviewed and updated to the most recent iterations as they become available.



Baseline year emissions: 2021-22 (financial year)

Emissions	Total (tCO ₂ e)
Scope 1	5,997
Scope 2	620
Scope 3 (Included sources)	0*
Total emissions	6,617

*No Scope 3 'included sources' were calculated during baseline reporting period. Due to methodology improvements, waste and travel emissions are now calculated.



Current emissions reporting

Reporting year: 2024/2025 (financial year)

Emissions	Total (tCO ₂ e)
Scope 1	4,875
Scope 2	358
Scope 3 (Included sources)	452
Total emissions	5,685

The figures reported in the above tables for Scope 3 emissions reflect the 'included sources' required under PPN 006 only. However, M Group Highways include a wider range of Scope 3 emissions within our organisational reporting to monitor and communicate progress against our net-zero targets. Therefore, these figures may vary from those within our company reports.

Emissions reduction targets

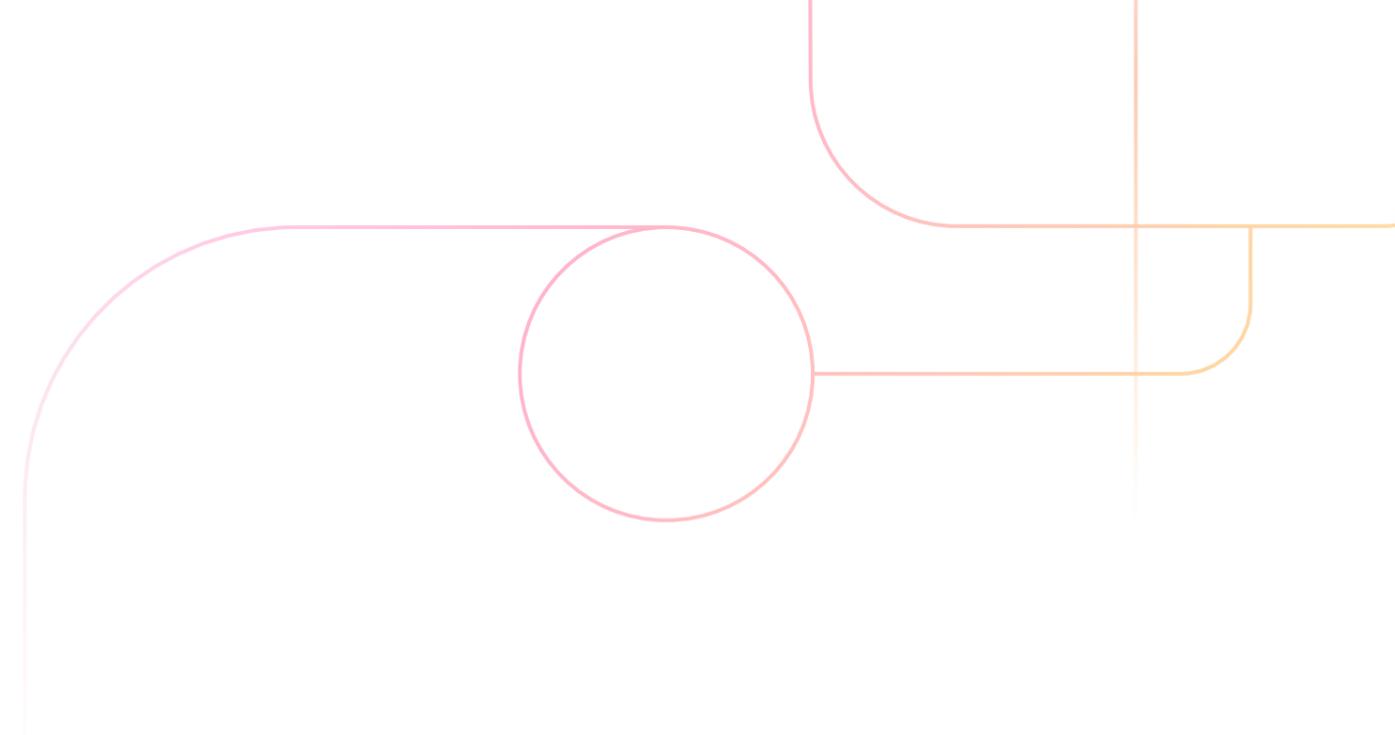
At M Group Highways we have set ourselves a target of being net zero carbon by 2040. In addition we have set interim 2030 targets to reduce Scope 1 and 2 absolute emissions by 42% and Scope 3 emissions intensity by 52% (economic intensity, measured against EBITDA + staff costs) against our 2021-22 baseline.

Our emissions targets are set based on our Scope 1 & 2, as well as 'Scope 3 Category 1: Purchased Goods and Services' emission profiles.

Historic data as used in M Group Highway's reduction targets:

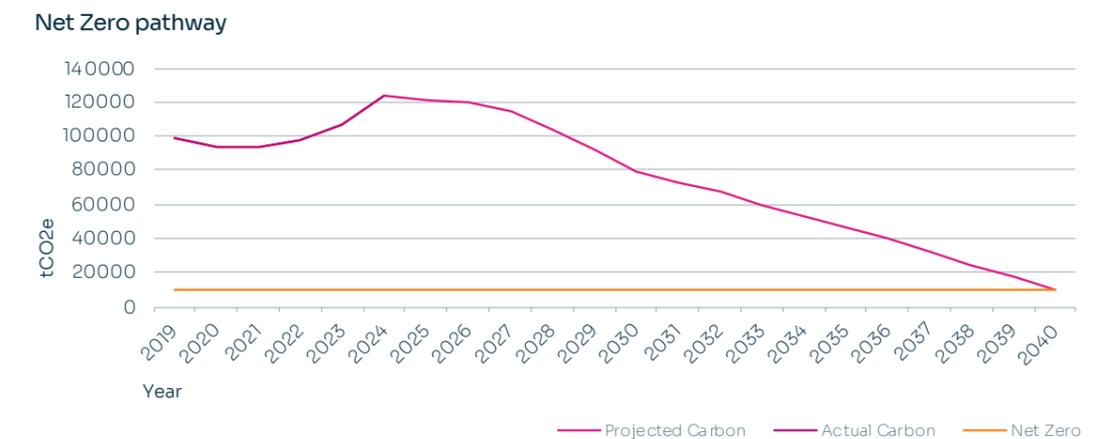
Absolute emissions (tCO ₂ e)	Scope 1	Scope 2	Scope 3	Total
CY 2019	9,445	731	89,160	99,336
CY 2020	9,572	324	83,270	93,166
CY 2021	5,990	684	86,750	93,424
FY 21-22	5,997	620	91,263	97,880
FY 22-23	4,576	436	102,410	107,422
FY 23-24	4,436	337	118,299	123,072
FY 24-25	4,875	358	129,943	135,400

In 2019 our full carbon baseline was 99,336 tCO₂e. In 2024 we changed our carbon baseline from CY 2019 to FY 21-22, resulting in a new carbon baseline of 97,880. We decided to re-baseline as our carbon accounting methodology changed to a now audited methodology. That methodology change, alongside the very strong growth the company has experienced, have meant our emissions have risen in recent years to 134,919 tCO₂e in FY24-25.



We now forecast a peak in emissions FY26-27, with a decline being expected from 2027-2028 onwards. This will be led by sector decarbonisations across our supply chain, more low carbon products becoming available, and our carbon methodology being able to better show reductions. Due to the fluctuations in absolute emissions this decade we are in tandem also using carbon intensity as a performance indicator, giving more insights into productivity per tCO₂e emitted.

Progress against total absolute emissions target can be seen in the graph below:



Please note this graph uses data – as per our climate targets – based on our Scope 1, Scope 2, and Scope 3 Category 1 emissions.

Carbon reduction projects

M Group Highways have set ourselves a target of being net zero carbon by 2040, with interim targets of reducing Scope 1 and 2 absolute emissions by 42% and Scope 3 emissions intensity by 52% (economic intensity, measured against EBITDA + staff costs) against our 2021-22 baseline.

To support the delivery of these targets we have implemented a detailed net zero carbon strategy alongside our 3-year Environment Strategy 2025-27. Our carbon emissions increased from 97,880 tCO_{2e} in 2021-22 to 134,919.02 tCO_{2e} in 2024-2025 with carbon intensity declining from 282 to 252 tCO_{2e}/£m revenue.

In order to deliver carbon reduction projects and initiatives across our business we have implemented an overarching M Group Highways Environment Strategy which sets out our targets and ambitions over the 3-year period 2025 to 2027. The strategy will be made available on the M Group Highways website shortly.

M Group Highways is certified to ISO14001 and our environmental management system (EMS) includes policies, standards, guidance and processes to identify and reduce environmental impacts. Carbon emission reductions form a key part of our business level Objectives and Targets and continuous improvement approach. In addition, our carbon emissions are externally audited and certified to the ISO:14064 Specification for quantification and reporting of greenhouse gas emissions, under the Carbon Reduce platform (formerly CEMARS).



Carbon reduction initiatives

We have implemented a company car policy that introduces electric vehicles (EVs) at all levels and limits vehicle emissions to 130gCO_{2e}/km.

Our current company car fleet carbon intensity has fallen tremendously and currently sits at 47gCO_{2e}/km, anticipated to fall further with an increasing push towards fleet decarbonisation. In addition we are installing EV chargepoints across our offices and depots to encourage all drivers to switch to electric.

We are in the process of switching our operational fleet to electric and hydrogen vehicles, in line with market availability and suitability of vehicles for operations. Our sister company M Group Plant and Fleet Solutions (MGPFs) provides the M Group Highways fleet and operates one of the largest fleets in the UK with over 10,000 vehicles. MGPFs are members of the Climate Group's EV100 pledge and are at the forefront of transitioning the entire fleet of vehicles away from fossil fuels by 2035. We are working closely with manufacturers and our suppliers to find the best solutions for carbon reduction. In the future we will explore the opportunities to implement hydrogen as a fuel source, particularly for larger plant and vehicles where an electric alternative does not exist. We are continuously trialling hydrogen powered vehicles and plant and implement these options into our plant & fleet decarbonisation plan once commercially viable.

As an interim solution our plant & fleet vehicles are using Hydrotreated Vegetable Oil (HVO) diesel as much as possible which reduces carbon emissions by 90% as well as improving air quality. Our Scope 1 emissions associated with fuel and transport fell from 9,445 in 2019 to 4,875 tCO_{2e} in 2024-2025 as a result of substituting fossil fuels with HVO in plant & fleet as well as the switch to electric vehicles.

Fleet and fuel

Working with our customers, design teams and key supply chain we are increasing the volume of low carbon materials we use such as warm asphalt, low carbon concrete and recycled plastic products, making these the default material of choice.

Warm mix asphalt (WMA) is now the default material across our highways contracts, which reduces carbon emissions associated with the use of traditional hot asphalt by 10-15%. Evidence from successful M Group Highways trials have shown that using a cold asphalt binder can save up to 40% carbon, which we produce locally on our highways contracts under an environmental permit.

Several of our highways contracts have also adopted low carbon concrete into their standard specifications. The Wantage Layby innovation trial in Oxfordshire has been a great opportunity to test various low carbon alternative products like high density polyurethane structural foam, concrete canvas verge grips, plastic kerbing, bio-polymer bollards and more.

We continue to innovate around low carbon asphalt products, including graphene asphalt which delivers whole life carbon reductions over a 40-year lifespan. On our Hampshire contract we have successfully trialled reheated asphalt, which uses mixes of up to 100% recycled asphalt plantings and biogenic bitumen, resulting in carbon savings from materials, transport and reduced bitumen. We are also currently laying trials of a carbon negative asphalt, utilising an aggregate by-product of waste incineration, resulting in a 120+% carbon reduction.

In addition, we have generated 11,500t of recycled materials locally on our contracts via our permitted waste treatment sites in 2024. By recycling and reusing our own materials locally we will reduce carbon emissions from the production and transport of virgin aggregates and construction materials.

Our award-winning materials recycling facility at Micheldever in Hampshire has processed more than 50,000t of waste into recycled materials since opening in 2021 until the end of 2023. The facility reduces carbon by reducing the use of virgin aggregates, replacing some traditional hot mix asphalts with cold lay materials and reducing the total miles travelled for waste disposal and material supply. The Hampshire Highways contract and Micheldever facility won a 2021 Green Apple Award, won the Environmental Sustainability and Judges Merit awards at the Highways Awards 2022 and was shortlisted for the Construction News Awards 2022 as Low Carbon Project of the Year.

Where we have design responsibility we are undertaking design in line with PAS2080 (Carbon Management in Infrastructure standard) approach, using carbon as a key decision making tool.

We are formally accredited to the PAS2080 standard across our business as of October 2023. This supports the delivery of low carbon design, build and maintenance activities as well as providing a framework within which we collaborate with our customers on ensuring their net zero carbon targets are reached.

Carbon reduction opportunities are considered as early as possible in the design process for schemes and projects, as this is when there is most potential to achieve the greatest degree of whole life carbon reduction.

For example, on the North Oxford Corridor (NOC) project (1A & D), M Group Highways have been commissioned by Oxfordshire County Council (OCC) to design and construct the infrastructure improvements. Early involvement has optimised the capability to maximise carbon and cost savings. The project's total carbon footprint was reduced by 2571 tCO₂e (40%) from the design carbon baseline to the as-built footprint, which is equivalent to the annual emissions from 31 London Buses or 516 return flights from London to Sydney. This has been achieved through collaboratively implementing effective carbon management process throughout the design stage in accordance with PAS2080 principles.

The SME programme developed by M Group Highways in collaboration with external advisors has been a great success and has led to several supply chain partners adopting strong carbon management processes. The Oxfordshire programme has involved the SMEs in setting their first carbon emission baseline as well as the creation of their first carbon reduction plan.

This programme is soon being adopted in other highways contracts as well.

We are also committed to delivering biodiversity net gain where possible on our construction projects and we are linking the delivery of better-quality habitats to increased carbon sequestration. This will support the further reduction of some of the residual carbon associated with the work we deliver for our customers, having first followed the carbon mitigation hierarchy.



Declaration and sign off

This Carbon Reduction Plan has been completed in accordance with PPN 006 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard¹ and uses the appropriate Government emission conversion factors for greenhouse gas company reporting².

Scope 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard³.

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:

Date: 2 June 2025

¹ | <https://ghgprotocol.org/corporate-standard>

² | <https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

³ | <https://ghgprotocol.org/standards/scope-3-standard>



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