

2023 Climate Commitment Report

Net Zero – Our Commitment and Strategy

Rotaheat Ltd is a privately owned engineering business based in Port Talbot, Wales. Founded in 2012, our purpose is to design and supply products that enable heating solutions with minimal greenhouse gas emissions.

Rotaheat believes that Net Zero is going to be hard to achieve. Regardless of all the pressures faced by society, we cannot ignore the impact of modern life on the environment. As stewards, it is our responsibility to ensure future generations will have access to the same environment that current and previous generations have had access to.

We pledged, via the SME Climate Hub¹, our commitment to Net Zero 2030 in 2023.

As a Micro SME, our Net Zero commitment will be an added hurdle to overcome whilst growing our business, but it is consistent with our purpose and the key benefit of our products ...

the supply of heat whilst displacing greenhouse gases.

Near-term Targets

We have established a near-term target based on carbon intensity of revenue sold rather than an absolute carbon emission target, an approach more compatible with our early-stage business status. During 2023, our base year, Rotaheat recognized limited customer revenues. Product sales and revenues are however expected to increase with a consequential increase in carbon emissions associated with the embedded carbon of our shipped products.

Our first target is to achieve a 10% reduction by 2026 in our Scope 3 carbon intensity against a 2023 baseline. We set our carbon intensity baseline as a measure of kg CO₂e per £ of revenue.

Emissions Strategy

We plan to maintain zero carbon emissions within our organizational control (Scope 1 & 2) by

- Purchasing 100% renewable electricity from reputable suppliers
- Meeting our space and hot water needs by using either Rotaheater enabled renewable heating solutions, or electrified heating systems, e.g., heat pumps.
- Adopting a fleet of electric company vehicles
- As a last resort, offsetting any emissions.

To 2026, we plan to track and improve the accuracy of our measurement of Scope 3 emissions (which we are indirectly responsible for), seeking to reduce our carbon intensity to zero as we get closer to 2030 by

- Reducing the carbon intensity of our products through considering alternative materials,
- Communicating to customers the embedded carbon of our products,
- Supporting our supply chain partners make and realise their own Net Zero commitments, and
- Seeking to offset the embedded carbon within our products through purchasing carbon offsets.

¹ See: <https://smeclimatehub.org/our-smes/?search=rotaheat>

CO2 emissions 2023

Total Measured emissions (Scope 1, 2 & 3) of 12.99 metric tons CO2e categorized as

- Scope 1 emissions: 0 metric tons CO2e
- Scope 2 emissions: 0 metric tons CO2e
- Scope 3 emissions: 12.99 metric tons CO2e

Measured Scope 3 emissions comprised of:

- commuting and business mileage,
- manufacture, assembly and test of sold products, and
- embedded carbon within acquired capital goods.

Steps are being taken to improve the quality of our Scope 3 reporting, including emissions associated with waste and product distribution.

Supply Chain engagement

We have not begun the process of engaging with our upstream/downstream supply chain. During 2023 and 2024 we plan to first gather and improve the quality of emissions data before prioritizing areas for carbon reduction work.

Calculation methodology

Scope 1 and Scope 2 emissions are derived from direct costs associated with energy procurement and usage.

- These emissions are primarily established through the purchase and consumption of energy by our facilities and operations.
- During 2023, Rotaheat's direct energy consumption was indirectly provided free of charge by a third-party landlord. We anticipate that our Scope 1 & 2 emissions may become measurable in the future after relocating to new facilities with operating costs attributed to Rotaheat.

Scope 3 emissions are derived from the indirect decisions related to how we design, manufacture, and distribute our products.

- Business travel emissions are derived from records within our financial systems, principally mileage expenses commutes and their vehicle's emission rating.
- Employee commute emissions are estimated based on typical employee commutes and their vehicle's emission rating.
- Major capital purchases are reviewed for their embedded carbon content.
- The emissions of shipped products are reviewed based on the embedded carbon of each shipped product.

In future we will enhance this methodology to include emissions associated with shipping our products and the embedded carbon of our waste materials.

Rotaheat Ltd
18 September 2024