Thrive Renewables' Net Zero Plan

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Next review:	12/12/2023	Name:	Matthew Clayton
		Position:	Managing Director

Introduction

Thrive Renewables (Thrive) fund, construct, and operate sustainable energy projects such as wind, solar and battery storage projects across the UK. As an organisation we have pledged to reach Net Zero by 2030 through our commitment with the SME Climate Hub.

This document sets out our strategy for measuring our greenhouse gas (GHG) inventory and setting targets as part of our journey to Net Zero. We base our GHG accounting approach on the guidance laid out in the GHG Protocol's 'Corporate'[1] and 'Scope 3' standards[2] as well as their technical calculation guidance[3]. However, since this guidance does not represent a 'one size fits all' approach, we have made our own interpretation and decisions on how best to apply it to our specific company structure and business goals.

Challenges and growth

It is important to note that the carbon emitted in the construction of our projects is very quickly 'paid back' by the emissions avoided through the generation of renewable electricity. However, according to the GHG Protocol's scope 3 standard, such avoided emissions should not be included in, or deducted from the company's scope 3 inventory, but instead reported separately from scope 1, scope 2, and scope 3 emissions altogether. Therefore, whilst avoided emissions continue to be an important way in which we report our contribution to decarbonising the economy, we do not count these emissions reductions as part of our own Net Zero calculations.

As an organisation, our core business contributes towards sustainable development by providing solutions to climate change. As we look to grow materially, we can maximise our impact in this area. However, it is important to note that our *absolute* emissions may unavoidably increase as we further expand our portfolio of projects. This is especially true in the short to medium term when our supply chain industries may still be in a relatively early stage of their decarbonisation journey.

As such, we aim to halve our emissions *intensity* (CO_2e / net revenue), instead of absolute emissions by 2030, whilst still striving to maximise any possible reductions in absolute emissions (see targets section). Halving intensity instead of absolute emissions is an option specified in the SME Climate Hub Commitment guidance[4], specifically for fast growing companies which are also providing solutions which help avoid emissions, such as Thrive. We will report the proportion of our targets that are achieved internally and what remains

[1] https://ghgprotocol.org/corporate-standard
[2] https://ghgprotocol.org/standards/scope-3-standard
[3] https://ghgprotocol.org/scope-3-technical-calculation-guidance
[4] https://smeclimatehub.org/wp-content/uploads/2020/09/About-the-SME-Climate-Commitment-v1.0.pdf

after any reductions will need to be offset, to meet our overarching target of being Net Zero by 2030.

Work in progress

Outstanding topics to be included in future revisions of this plan include:

- Setting further targets for the short to medium-term.
- Establishing our approach to offsetting.
- Setting a scope 3 base year.

We will first prioritise calculating the emissions relating to the day-to-day operation of the business. However, our intention is to include construction activities shortly thereafter and progress to full scope 3 reporting as soon as possible.

Emission scopes

Scopes 1 & 2

Scope 1 includes emissions from the gas heating for Thrive's office.

Scope 2 includes emissions associated with the electricity consumption in Thrive's office and at Thrive's owned project sites eg, our wind farms.

Scope 3

Scope 3 includes the remaining indirect emissions that are a consequence of our activities, but which occur from sources not controlled or owned by Thrive. This includes emissions from our supply chain as well as emissions from areas such as employee commuting and business travel. Scope 3 is expected to comprise the vast majority of our carbon footprint and presents the biggest challenge with respect to data collection and calculation. Despite presenting challenge, scope 3 also presents the greatest opportunity for delivering emission reductions.

Target setting

Baseline years

Scope	Chosen base year	Justification
Scopes 1 and 2	2019	We have been reporting emissions from scopes 1 and 2 since 2020 and we have consistent data starting from 2019. We are confident that 2019 is a robust and complete base year.
Scope 3	Not yet set	We are in the process of iteratively expanding our scope 3 emissions reporting to include all categories identified as relevant to Thrive (see *inventory boundary* section). We do not yet have a complete and robust years' worth of scope 3 data to use as a base year.

Baseline recalculation policy

The base year emissions may need to be recalculated if changes occur that have significant impact on the inventory such as:

- Changes in calculation methodology.
- Data accuracy improvements.

- Discovery of significant errors.
- Changes in the categories or activities included within the scope 3 boundary.
- Other changes deemed to have significant impact on the inventory.

Thrive's currently agreed targets are described in the table below.

Target type	Target level	Term	Target completion date
Emissions intensity	50% reduction in emissions intensity, i.e., CO_2e / net revenue.	Long term	2030

Setting our inventory boundary

The GHG Protocol's Scope 3 Standard includes 15 categories for scope 3 emissions. We identify the categories 1, 2,3,5, 6, 7 and 15 as material and relevant to Thrive. The table below summarises these 7 scope 3 categories to be included in our inventory (in bold).

Upstream or downstream	Scope 3 category	Inventory inclusion
Upstream scope 3 emissions	**1. Purchased goods and services**	**Yes**
	2. Capital goods	**Yes**
	3. Fuel and energy related activities not included in scope 1 & 2	**Yes**
	4. Upstream transportation and distribution	No
	5. Waste generated in operations	**Yes**
	6. Business travel	**Yes**
	7. Employee commuting	**Yes**
	8. Upstream leased assets	No
Downstream scope 3 emissions	9. Downstream transportation and distribution	No
	10. Processing of sold products	No
	11. Use of sold products	No
	12. End of life treatment of sold products	No
	13. Downstream leased assets	No
	14. Franchises	No
	15. Investments	**Yes**

The above categories are intended to provide a systematic framework for organising and reporting on the diversity of activities in our value chain. As part of the Scope 3 standard, companies are required to report their scope 3 emissions by each category. The categories are mutually exclusive meaning there is no double counting of emissions between categories.

Excluded categories

Our upstream emissions relating to transportation are included in either category 1 (day-to-day management and repairs) or category 2 (relating to new project construction) instead of category 4. This is because there is typically a tier (supply chain level) that sits between Thrive and a transportation provider. For example, purchase orders for parts and materials are typically made between our tier 1 suppliers (e.g., our O&M and EPC contractors) and our tier 2 suppliers, rather than by Thrive directly.

The justification for excluding the remaining categories is that they are not material or relevant to Thrive's business activities. For example, Category 8 involves assets leased from third parties. Although our office is rented, we report our office emissions as part of our scope 1 and 2. Categories 9 to 12 are relevant to businesses that manufacture and transport physical goods, products that require energy to use by the end user, and products that will need to be disposed of or recycled. Therefore categories 9 to 12 do not apply to Thrive as we do not sell physical goods. Thrive do not lease assets to others or operate franchises, meaning that categories 13 and 14 are also not deemed relevant to our inventory.

Organisational boundary

Defining an organisational boundary is a key step in GHG accounting and allows us to clearly determine which operations are included as part of our inventory, and how we consolidate emissions from each operation. We use the *equity share* consolidation approach as described in the GHG protocol's Scope 3 standard. This means that Thrive accounts for emissions from operations according to its level of ownership in the operation.

All Thrive projects represent investments for the parent company Thrive Renewables plc. However, instead of categorising all our projects under the investments category (no. 15), we separate our projects into 'Type A' and 'Type B' investments, which alongside the general activities of Thrive Renewables plc (the parent company), represent the three core areas of our business.

Thrive Renewables (parent company)	Thrive Type A investments	Thrive Type B investments
• Office electricity and heating reported in our scopes 1 and 2. • Scope 3 category 1 includes office support services e.g., accounting and auditing, website hosting and IT support. • Business travel and staff commuting reported in scope 3 categories 6 and 7.	• Thrive owned (100%) and part-owned (joint venture) projects • For fully owned projects, include 100% of emissions in scope 3 categories 1-5. • For joint ventures, include proportional share (based on ownership percentage) of emissions in our scope 3 categories 1-5. • Scope 1 and scope 2 emissions of Type A investments are considered as Thrive's own office emissions, as well as the electricity supply to each project site.	• Loans provided by Thrive • For each current year in the terms of investment: include proportional share (based on percentage of overall project costs) of investee's scope 1 and 2 emissions in our scope 3, category 15 (investments).

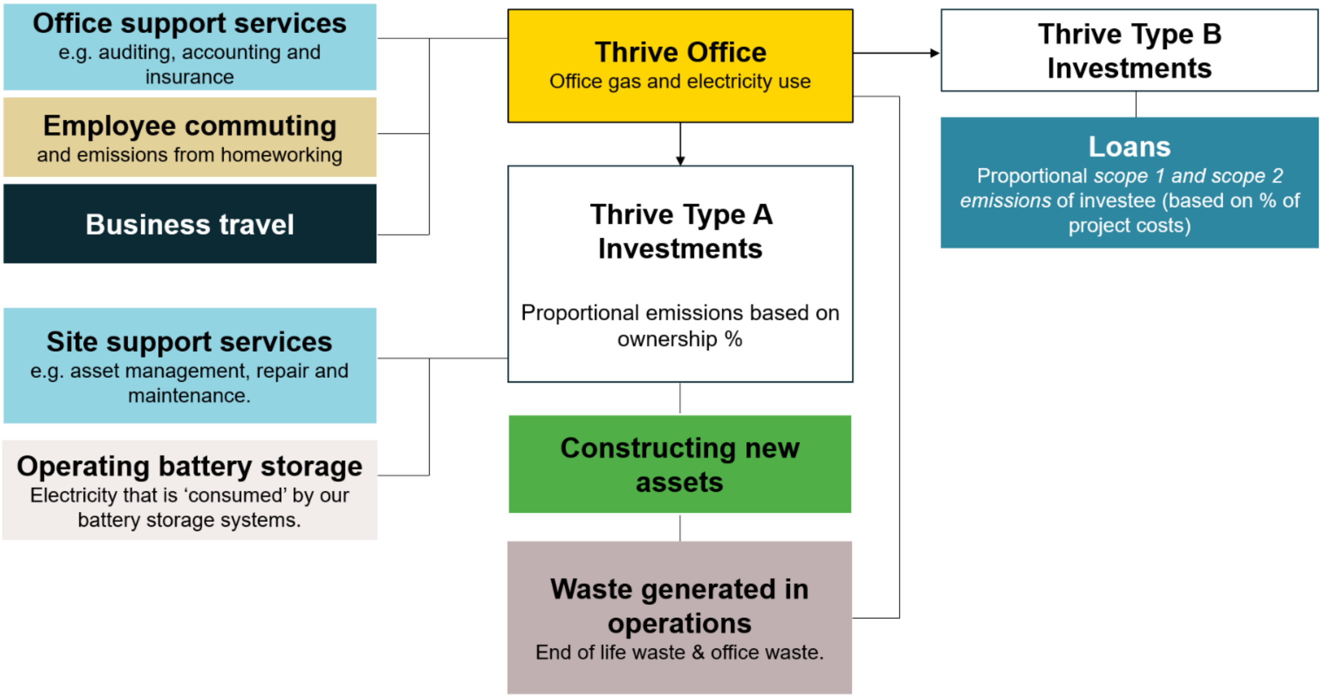
Breaking down emissions into categories 1 - 5 provides a more organised and useful breakdown of our emissions patterns for the projects we have ownership in. It also allows us to identify key areas to focus on for emission reductions. Our scope 3 emissions associated with Type B investments are recorded in category 15: Investments. The remaining two categories (business travel and employee commuting) represent general activities of the parent company Thrive Renewables.

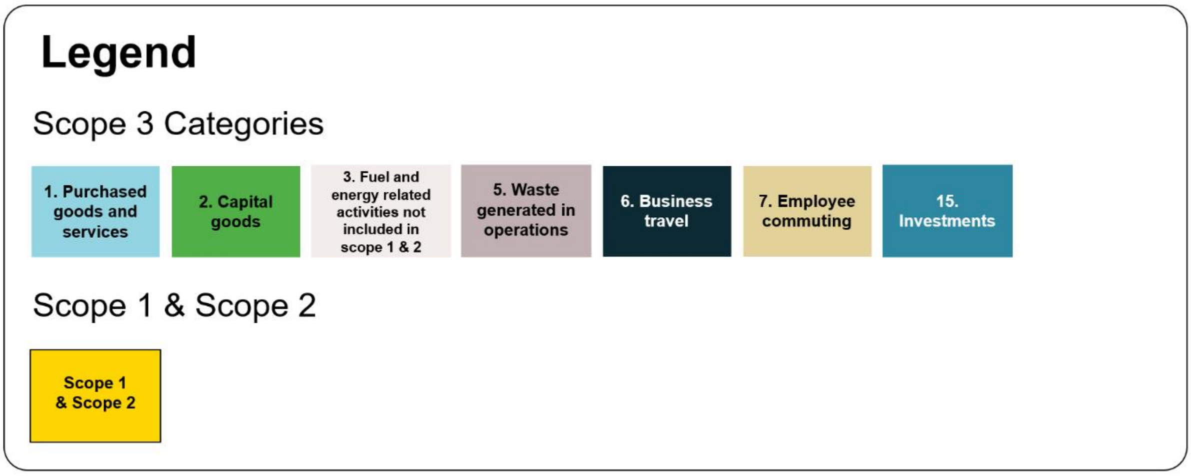
Together, Type A and Type B investments include all projects in our 'impact portfolio' which describes Thrive's share of projects owned plus the projects we are funding. Our impact portfolio is what we use to report our positive impact in terms of avoided emissions (separately from our scope 3 calculations). Full descriptions of Thrive's emission areas are presented in the table below.

Scope 1 and 2		
Emission area	Description	Calculation
Office gas heating and electricity consumption	Emissions associated with our office gas heating, and electricity supply. Also includes electricity supply to project sites (excludes battery storage; see scope 3 category 3).	Units of consumption multiplied by relevant emission factor. We use the *market-based method*, meaning that emissions reflect the nature of our contracts with providers. Certified/renewable supply is counted as zero emissions.
Scope 3		
Emission area	Description	Calculation
Category 1: Purchased goods and services	Category 1 includes emissions associated with 'day to day' goods and services such as insurance, auditing, asset management, repairs, and maintenance. Boundary: cradle to gate (all upstream emissions).	As per GHG Protocol's scope 3 calculation guidance for category 1.
Category 2: Capital goods	Category 2 includes emissions from the goods and services that relate to the construction of any new projects. This is any of Thrive's 'Type A' generation and storage assets e.g., constructing a new wind farm, or battery storage project. Emissions associated with new project builds are entirely reported in the relevant year, i.e., not amortised over the expected lifetime of the project. Therefore, it is useful for capital goods to be distinct from Category 1 (purchased goods), since there will be wide fluctuations year to year based on how many new projects are being built each year. This allows the GHG inventory to be more useful as a management tool as trends in purchased goods and services will not be masked by fluctuations in capital goods. Boundary: cradle to gate (all upstream emissions).	As per GHG Protocol's scope 3 calculation guidance for category 2.
Category 3: Fuel and energy related activities not	Category 3 includes the emissions associated from the roundtrip inefficiency associated with charging and discharging our battery storage (BESS) projects. This is the carbon content of	Based on the difference between units of electricity imported to, and

included in scope 1 & 2	the electricity 'consumed' by the battery and not exported back to the grid. The exported electricity is not included in our inventory. This is because we are an intermediary and this electricity is available to a different end user via the national grid network.	exported from the battery, multiplied by relevant emission factor.
Category 5: Waste generated in operations	Category 5 includes waste produced from our office. It also includes emissions from the waste treatment of projects if they reach end-of-life and are decommissioned in the reporting year. Waste produced from manufacturing purchased goods or services falls under either category 1 (for day-to-day repair and maintenance) or category 2 (for constructing new projects).	Waste data from the whole office building is allocated to Thrive based on our share of office space. Waste data is to be collected in the event of any project decommissioning.
Category 6: Business travel	Category 6 includes emissions from the transportation of employees for business activities in vehicles not owned or operated by Thrive such as taxis and trains.	Data relating to journey distances and vehicle types collected through our expense system and relevant emission factors used.
Category 7: Employee commuting	Category 7 includes emissions from the transportation of Thrive's employees between their homes and our office. This category also includes emissions from staff homeworking (teleworking).	Data collected through staff survey. Our commuting model uses the distance-based method. Our homeworking model is based on EcoAct's 'Homeworking emissions whitepaper'.
Category 15: Investments	Category 15 includes all emissions from our Type B investments (loans). For each year during the term of investment, we will account for our share of the projects' scope 1 and scope 2 emissions based on our proportional share of the project costs. Where scope 3 emissions are significant compared to other sources, or otherwise deemed relevant we will also account for scope 3.	As per GHG Protocol's calculation guidance for category 15.

A graphical break down of Thrive's full GHG inventory is shown below. This includes all three emission scopes, including activities relating to the parent company Thrive Renewables and our Type A and Type B investments.





Data management and assurance

Emissions data will be stored and managed in such a way that it is easy to check and review how calculations were made. For example, we will maintain a trail of sources used for emissions factors, as well as documenting evidence of data sources provided by our suppliers. We will carry out first party assurance, to internally check and verify correct calculation of the inventory before it is published.

Improving data quality over time

Improving data quality over time is an iterative process. Whilst we aim to use the highest possible quality data, in the initial phase of scope 3 data collection it is expected that we will need to use some data of relatively low quality due to limitations in availability. Over time, we will seek to replace lower quality data with higher quality data as it becomes available. We will prioritise data quality improvements for activities that are both:

- Relatively low-quality data
- Relatively high expected emissions

We intend to start integrating data sharing clauses into our contracts to increase the ease of collecting data from suppliers.

Reporting

We will publicly disclose our absolute emissions (scopes 1,2 and 3) in tonnes CO_2 equivalent, on an annual basis. We will be transparent on our assumptions and data sources, for example we will disclose what proportion of data has come direct from suppliers or value chain partners, with the ambition of improving this over time. We will also publish our emissions intensity (CO_2e / net revenue) and track our progress against our targets.

Reviewing and revising the plan

We recognise that Net Zero strategy is a rapidly growing area of knowledge. Therefore, we commit to staying up to date with developments in best practice and to review and revise our plan on an annual basis. We will include any updates to the areas that we have identified as work in progress.