Net Zero Strategy

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Aberdeen Laundry Services Ltd.

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1. Introduction

As a responsible textile service provider, we are committed to achieving Net-Zero carbon emissions by 2040, a key component of our sustainability strategy. We are aware that our operations have a heavy reliance on natural gas for heating, drying, and washing processes, which contributes significantly to our carbon footprint. However, we also recognize that transitioning to Net-Zero is essential for the future of our business and the environment. This strategic plan outlines our pathway to transitioning away from fossil fuels, with the objective of significantly reducing carbon emissions and achieving our Net-Zero target by 2040. Through this plan, we aim to become a carbon-neutral organization by implementing sustainable energy solutions, enhancing operational efficiency, and engaging with stakeholders across our value chain to drive meaningful climate action. The plan includes energy efficiency improvements, renewable energy adoption, fleet decarbonization, waste management, sustainable procurement, and carbon offsetting, with a strong focus on reducing reliance on fossil fuels.

2. Vision and Mission

- **Vision**: To be the leader in sustainable industrial laundry services, reducing our environmental impact while continuing to provide exceptional service to our customers.
- **Mission**: To achieve Net-Zero carbon emissions and become carbon-neutral by 2040 by eliminating our reliance on fossil fuel, transitioning to renewable energy, optimizing operations for energy efficiency, and driving sustainability across our supply chain.

3. Strategic Objectives

- Achieve Net-Zero carbon emissions by 2040.
- Reduce natural gas consumption and its use in all laundry processes.
- Transition to renewable energy sources, such as solar, wind, and other green energy i.e. Hydrogen, bio-Methane.
- Electrify our fleet of delivery and collection vehicles to reduce emissions from transportation.
- Minimize waste and increase recycling within our operations.
- Drive sustainable procurement practices in line with Net-Zero goals.
- Transparently monitor and report progress to stakeholders.
- Establish strategic partnerships and collaborate with reputable carbon removal and offset organizations to support our emissions reduction efforts and contribute to achieving our Net-Zero objectives.

4. Progress of the Net-Zero Journey So Far

- We stand with Amazon, Global Optimism, and the other signatories of ‘The Climate Pledge’, in a commitment to being Net Zero Carbon by 2040 at the latest across Scopes 1,2 and 3 – ten years ahead of The Paris Agreement.
- As a signatory of The Climate Pledge, we have already initiated the implementation of decarbonization strategies through real business change and innovations.
- In line with the commitment of The Climate Pledge, our Scope 1, 2, and 3 GHG (greenhouse gas) emissions have been calculated for the period of 2020 through 2025 as follows.
- Electricity will be sourced exclusively from a REGO-certified (Renewable Energy Guarantees of Origin) provider starting from October 1, 2024.

	tCO2e, Location Based					
	2020	**2021**	**2022**	**2023**	**2024**	**2025**
Scope 1 Total	1,054.22	1,094.49	1,175.82	1,174.75	1,096.95	1023.50
Scope 2 Total	53.59	67.61	73.91	72.01	66.87	51.71
Scope 3 Total	313.49	624.47	1,263.01	1,658.44	1,185.87	1179.10
Total GHG Emission	**1,421.30**	**1,786.57**	**2,512.73**	**2,905.19**	**2,349.69**	**2254.31**

	tCO2e, Market Based					
	2020	**2021**	**2022**	**2023**	**2024**	**2025**
Scope 1 Total	1,054.22	1,094.49	1,175.82	1,174.75	1,096.95	1023.50
Scope 2 Total	53.59	67.61	73.91	72.01	51.69	0.00
Scope 3 Total	313.49	624.47	1,263.01	1,658.44	1,184.98	1179.10
Total GHG Emission	**1,421.30**	**1,786.57**	**2,512.73**	**2,905.19**	**2,333.62**	**2,202.60**

5. Key Areas of Focus for Achieving Net-Zero

5.1 Energy Efficiency Improvements

Objective: Improve energy efficiency across all facilities to reduce overall energy consumption.

Key Actions:

- **Energy Audit**: Conduct a comprehensive audit to determine the proportion of energy consumption and assess the operational inefficiencies and hot spots of various processes.
- **Energy-efficient Equipment**: Replace outdated equipment with energy-efficient machines. This includes upgrading washing machines, dryers, and other machinery to the latest high-efficiency models.
- **Building Insulation and Smart Controls**: Improve the insulation of our buildings to reduce energy losses and invest in smart energy controls (e.g., heating, lighting, and cooling systems) that minimize energy use during non-peak hours.
- **Process Optimization**: Implement process improvements to reduce the amount of energy required in laundry operations. This could include optimizing washing cycles, reducing water, electricity and gas usage, and improving the efficiency of heating and drying operations.

Timeline:

- **2026**: Complete energy audit, and identify key natural gas reduction opportunities.
- **2026**: Begin implementing energy-saving measures across all sites.
- **2026**: Evaluate the performance of all existing laundry equipment.
- **2029**: Replace the existing laundry equipment with high-efficiency models.
- **2030**: Process digitisation, monitor and optimize.
- **2040**: Reduce absolute Scope 1 GHG emissions across all operations by 42.6% relative to the 2020 baseline year.

5.2 Reducing Natural Gas Dependency and Transitioning to Renewable Energy

Objective: Minimize reliance on natural gas and transition to cleaner, renewable energy sources.

Key Actions:

- **Alternative Heating Systems**: Investigate the feasibility of replacing natural gas boilers with renewable alternatives, such as electric or biomass boilers, heat pumps, or hydrogen-based heating systems. This transition will significantly reduce emissions from heating and drying processes.
- **Decarbonizing Drying Processes**: Explore the use of electric dryers, dehumidification drying, or other technologies to replace gas-powered dryers. If appropriate, consider hybrid systems that combine renewable heat sources with energy-efficient technologies.
- **Renewable Energy Sources**: Transition to renewable energy for electricity use across our facilities. This could include purchasing renewable electricity from suppliers or investing in on-site solar panels or wind turbines where feasible.
- **Energy Storage Solutions**: Implement energy storage systems (e.g., batteries) to capture excess renewable energy generated on-site and use it when needed, reducing reliance on the grid.

Timeline:

- **2030**: Begin replacing gas-based heating with renewable alternatives as advanced, high-potential technologies become available and commercially viable.
- **2040**: Achieve a complete transition to renewable energy for heating, drying, and electricity across all facilities, subject to the maturity of relevant technologies and the readiness of the market to support these solutions.

5.3 Fleet Decarbonization

Objective: Optimize and electrify the company's fleet of delivery and collection vehicles to reduce emissions from transportation.

Key Actions:

- **Fleet Assessment**: Review the current fleet, evaluating the number and types of vehicles, fuel consumption, and associated emissions.
- **Electric Vehicle (EV) Integration**: Gradually replace the fleet with electric vehicles (EVs) by 2035. Explore funding and incentives available to support the electrification of our vehicles, including charging infrastructure.
- **Route Optimization**: Use data analytics to optimize delivery routes, reducing the total distance travelled, fuel consumption, and associated emissions. Implement telematics to monitor and optimize fuel usage and driver behaviour.
- **Alternative Fuels**: For vehicles that cannot be electrified immediately, explore the use of low-carbon fuels, such as biofuels or hydrogen, to reduce emissions.

Timeline:

- **2026**: Complete fleet assessment and identify vehicles for replacement.
- **2027**: Begin transitioning to electric vehicles, PHEVs, starting with the most heavily used vehicles.
- **2027**: Improved fleet utilization and route optimization
- **2035**: Complete electrification of the fleet will be achieved.
- **2040**: Achieve a 100% highly optimized green fleet.

5.4 Waste Management and Circular Economy

Objective: Minimize waste and implement a circular economy approach to laundry operations.

Key Actions:

- **Waste Reduction**: Identify opportunities to reduce waste generated by laundry operations, including chemical waste, water consumption, and excess textiles. Implement best practices for reducing textile waste and optimizing detergent use.
- **Textile Recycling and Reuse**: Collaborate with organizations to recycle or repurpose used linens, uniforms, and other textiles in alignment with the 'Infinite Textile Certification' standards. Implement a take-back program for used textiles and linens that are no longer suitable for laundering.
- **Packaging and Recycling**: Move towards using recyclable, biodegradable, or reusable packaging in all operations. Maximize the reuse of packaging materials in transport and storage.
- **Chemical Management**: Switch to biodegradable, non-toxic, and eco-friendly detergents and chemicals. Ensure that any waste from chemicals is properly managed and minimized.

Timeline:

- **2026**: Work in partnership with waste management companies to ensure 100% diversion of waste from landfills.
- **2029**: Implement waste reduction programs, focusing on textiles and chemicals.
- **2029**: Increase recycling efforts and redirect up to 80% of waste away from energy-from-waste facilities in order to reduce air pollution and associated environmental impacts.
- **2030**: Conduct a water audit to assess the usage and losses.
- **2030**: Implement textile recycling rate and transition to eco-friendly chemicals.
- **2035**: Ensure all packaging is sustainable and 95% of waste is recycled or reused.

5.5 Sustainable Procurement and Supply Chain Management

Objective: Embed sustainability into procurement and supply chain management.

Key Actions:

- **Sustainable Sourcing**: Partner with suppliers who share our sustainability goals, prioritizing products that are energy-efficient, durable, and sourced responsibly. Shift towards suppliers who provide sustainable textiles, biodegradable detergents, and energy-efficient machinery.
- **Supply Chain Emissions**: Work with suppliers to help them reduce their carbon emissions. Ensure that carbon performance is a key criterion in our supplier selection process and provide incentives for suppliers to improve their sustainability practices.
- **Circular Supply Chain**: Work to create a circular supply chain by reducing material waste and increasing the reuse and recycling of products and materials used in our operations.

Timeline:

- **2026**: Implement sustainable procurement policies across all sourcing.
- **2030**: Ensure 25% of suppliers meet sustainability criteria.
- **2040**: 100% of suppliers meet sustainability standards.

5.6 Carbon Removal and Offset

Objective: Offset residual emissions and explore emerging carbon removal processes.

Key Actions:

- **Carbon Removal**: Explore innovative technologies and initiatives in Carbon Removal (carbon capture, utilization and storage (CCUS)). Investigate partnerships with companies working on carbon removal and sequestration projects or invest in carbon capture technologies that could be deployed within our operations.
- **Carbon Offset**: Invest in high-quality carbon offset projects such as reforestation, renewable energy initiatives, and carbon capture projects to neutralize any remaining emissions after reducing them.

Timeline:

- **2026**: Develop a comprehensive carbon management plan to systematically measure, manage, and reduce greenhouse gas emissions across operations.
- **2040**: Actively explore carbon offset solutions and ensure all residual emissions are offset to achieve carbon neutrality.

5.7 Monitoring, Reporting, and Accountability

Objective: Measure, track, and report our progress transparently.

Key Actions:

- **Carbon Footprint Monitoring**: Develop a robust system for measuring and tracking carbon emissions across Scope 1, Scope 2, and Scope 3 emissions. Set specific, measurable targets for emissions reduction and track progress annually.
- **Annual Sustainability Report**: Publish an annual sustainability report to communicate progress toward Net-Zero. The report will be audited and include data on emissions reductions, energy consumption, fleet decarbonization, waste management, and supplier engagement.
- **Employee Engagement**: Provide training and resources to employees at all levels to ensure they understand and can contribute to our Net-Zero goals.

Timeline:

- **2026**: Continuously review and update the implemented carbon tracking system to ensure accuracy, effectiveness, and alignment with evolving standards.
- **2035-2040**: Continue reporting and ensure transparent progress.

6. Governance and Leadership

The strategic plan will be overseen by a Sustainability Steering Committee, which will be chaired by the CEO and include key senior leaders from operations, procurement, and energy management. The committee will ensure accountability and guide the implementation of this plan.

7. Strategic Plan for Net-Zero by 2040

- Aberdeen Laundry Services commits to reaching Net-Zero GHG emissions across our entire value chain by 2040, from a 2020 base year.

Near-Term Target (2026 -2030):

- Aberdeen Laundry Services commits to reduce 23.1% of absolute GHG emission of Scope 1 by 2030, from a 2020 base year.
- From 2025 onward, Aberdeen Laundry Services will exclusively use REGO-certified electricity to address and reduce its Scope 2 emissions.
- Aberdeen Laundry Services pledges to remain carbon neutral by investing in carbon removal solutions and offset technologies.

Long-Term Target (2030-2040):

- Aberdeen Laundry Services commits to reduce 42.6% of absolute GHG emission of Scope 1 by 2040, from a 2020 base year.
- Aberdeen Laundry Services is committed to reducing Scope 3 emissions by sourcing all relevant products exclusively from verified carbon-neutral suppliers, once a dependable supply network is in place, to address emissions currently outside our operational control.

8. GHG Emissions Management Strategy

8.1 GHG Reduction Plan

- The reduction initiatives were initiated in 2020.
- **Scope 1 - Natural Gas**: Total of 42.6% emission reduction will be expected by 2040 w.r.t. 2020
- **Scope 1 – Diesel/ Unleaded**: Total of 8% reduction was achieved by introducing Route Optimization (5%) and Diverting to Scope 3 Downstream (3%). 100% reduction can be achieved by 2035 w.r.t 2020, by fleet electrification.
- **Scope 2 – Electricity**: Emissions are projected to increase by 5% annually, rather than decrease. Electricity will be sourced exclusively from a REGO-certified provider starting from October 1, 2024. As a result, Scope 2 emissions have been eliminated from 2025 onwards.
- **Scope 3**: Emission reduction targets have been established with reference to the year 2024. With access to accurate product-level emission factors, Scope 3 emissions relative to the 2024 baseline are projected to decrease by approximately 50% by 2030. Between 2030 and 2040, a further 15% reduction in emissions is targeted through increased engagement with suppliers that are more aligned with net-zero practices.

8.2 GHG Offset Plan

- **Scope 1:** We initiated the offsetting of Scope 1 GHG emissions by fully offsetting 100% of 2024 emissions, with a planned, gradual reduction in reliance on offsets to a maximum of 10% by 2040, in accordance with the Science Based Targets initiative (SBTi) Net-Zero Standard guidance.
- **Scope 2:** In 2024, 100% of Scope 2 GHG emissions will be offset. From 2025 onward, no further offsetting will be required due to the procurement of electricity backed by REGO.
- **Scope 3:** We began offsetting of Scope 3 GHG emissions by fully offsetting 100% of 2024 emissions, with a planned gradual reduction in reliance on offsets to a maximum of 10% by 2040.

8.3 GHG Removal Plan

- **Scope 1**: We will begin removing Scope 1 GHG emissions from 2025 with high-quality carbon sequestration method. Our strategy includes a phased increase in the use of carbon removal solutions, aiming to achieve a minimum of 90% removal by 2040.
- **Scope 2**: Scope 2 GHG emissions are effectively eliminated, as all electricity is sourced from REGO-certified renewable energy suppliers.
- **Scope 3**: We will begin removing Scope 3 GHG emissions from 2025. Our strategy includes a phased increase in the use of carbon removal solutions, aiming to achieve a minimum of 90% removal by 2040.

Note:
The above strategies will be reviewed on an annual basis to ensure their continued relevance and effectiveness. Revisions will be made as necessary to reflect technological advancements, innovations, or improvements within the supply chain that support the further reduction of greenhouse gas emissions. This adaptive approach ensures that our emissions reduction framework remains aligned with industry best practices, evolving regulatory requirements, and emerging opportunities for decarbonisation.

Net-Zero Strategy

Near-Term Target Period (2025-2030)			
	Description	**Commencing year**	**Target year**
5.1	**Energy Efficiency Improvements: Improve energy efficiency across all facilities to reduce overall energy consumption.**		
5.1.1	Complete energy audit, identify key electricity and natural gas reduction opportunities.	2025	2028
5.1.2	Begin implementing energy-saving measures across all sites.	2025	2030
5.1.3	Evaluate the performance of all existing laundry equipment.	2025	2027
5.1.4	Replace the existing laundry equipment with high-efficiency models.	2025	2029
5.1.5	Process Digitisation, Monitor and Optimize	2026	2030
5.2	**Reducing Natural Gas Dependency and Transitioning to Renewable Energy: Minimize reliance on natural gas and transition to cleaner, renewable energy sources.**		
5.2.1	Begin replacing gas-based heating with renewable alternatives.	2030	Continue
5.3	**Fleet Decarbonization: Optimize and Electrify the company's fleet of delivery and collection vehicles to reduce emissions from transportation.**		
5.3.1	Complete fleet assessment and identify vehicles for replacement.	2025	2026
5.3.2	Improved fleet utilization and route optimization	2025	2027
5.3.3	Begin transitioning to electric vehicles, PHEVs, starting with the most heavily used vehicles.	2025	2027
5.4	**Waste Management and Circular Economy: Minimize waste and implement a circular economy approach to laundry operations.**		
5.4.1	Implement waste reduction programs, focusing on textiles and chemicals.	2025	2029
5.4.2	Increase recycling efforts and ensure no landfilling waste	2025	2029
5.4.3	Implement textile recycling rate and transition to eco-friendly chemicals.	2025	2030
5.4.4	Conduct a water audit to assess the usage and losses.	2025	2030
5.5	**Sustainable Procurement and Supply Chain Management: Embed sustainability into procurement and supply chain management.**		
5.5.1	Implement sustainable procurement policies across all sourcing.	2025	2027
5.5.2	Ensure 25% of suppliers meet sustainability criteria.	2025	2030
5.6	**Carbon Offsetting and Carbon Capture: Offset residual emissions and explore emerging carbon capture technologies.**		
5.6.1	Begin investing in carbon offset programs.	2025	Cont.
5.7	**Monitoring, Reporting, and Accountability: Measure, track, and report our progress transparently.**		
5.7.1	Implement a carbon tracking system.	2025	Cont.

Long-Term Target Period (2030-2040)			
5.2	**Reducing Natural Gas Dependency and Transitioning to Renewable Energy: Minimize reliance on natural gas and transition to cleaner, renewable energy sources.**		
5.2.1	Achieve full transition to renewable energy for heating, drying, and electricity use across all facilities.	2030	2040
5.3	**Fleet Decarbonization: Optimize and Electrify the company's fleet of delivery and collection vehicles to reduce emissions from transportation.**		
5.3.1	Achieve a 100% highly optimized green fleet.	2030	2040
5.4	**Waste Management and Circular Economy: Minimize waste and implement a circular economy approach to laundry operations.**		
5.4.1	Ensure all packaging is sustainable and 95% waste is recycled or reused.	2030	2040
5.5	**Sustainable Procurement and Supply Chain Management: Embed sustainability into procurement and supply chain management.**		
5.5.1	100% of suppliers meet sustainability standards.	2030	2040
5.6	**Carbon Offsetting and Carbon Capture: Offset residual emissions and explore emerging carbon capture technologies.**		
5.6.1	Ensure that all remaining emissions are offset and explore options for carbon capture integration.	2030	2040
5.7	**Monitoring, Reporting, and Accountability: Measure, track, and report our progress transparently.**		
5.7.1	Continue reporting and ensure transparent progress.	2030	2040

Conclusion

Achieving Net-Zero emissions by 2040 is a critical goal for Aberdeen Laundry Services. Through focused efforts on reducing natural gas consumption, transitioning to renewable energy, fleet decarbonization, waste management, and sustainable procurement, we can significantly reduce our carbon footprint and make a positive contribution to a sustainable future. We will set our GHG reduction targets following the absolute contraction targets defined by SBTi guidelines. This plan provides a clear, actionable roadmap to Net-Zero, with concrete milestones and timelines that will guide our progress in the coming years.

Signed by,
Surendra Khandelwal,

Director,
Aberdeen Laundry Services Ltd.
Date: 06/05/2025