

SMC Corporation (U.K.) Limited

2021/22 Qualifying Explanatory Statement

PAS 2060:2014



CarbonSAVER

Introduction

SMC is a global market leader in pneumatic and automation components that play an essential role in various industries including automotive, life science, pharmaceutical, semiconductor, food and packaging.

Established in Japan in 1959, SMC has pursued a strategy of sustainable global growth and currently has a sales presence in 82 countries, with 51 subsidiaries. The company opened its first UK office in 1978, and since 1998 SMC UK has occupied a purpose-built production facility on a 14-acre site in Milton Keynes, just minutes from major rail and road links, including the M1 motorway.

The UK site is co-located with one of SMC's two European Technical Centres, where around 70 design engineers offer specialist technical support to customers in Europe. UK customers also benefit from quicker delivery and bespoke product specials which are assembled and finished by hand in Milton Keynes.

In addition to the 230 staff based in Milton Keynes, SMC UK has a nationwide sales team of around 95 technically trained sales consultants. Over the past several years, SMC has continued to implement its sustainability initiatives with the objective of minimizing CO2 emissions.

SMC continues to prioritise the development of compact, lightweight products designed to reduce CO2 consumption and compressed air wastage for customers. In addition, SMC's ISO14001:2015 certified Environmental Management System reduces waste by considering the environmental impact of production, supply chain management and the product life cycle.


This document forms the Qualifying Explanatory Statement to demonstrate that SMC Corporation (UK) Ltd has achieved carbon neutrality for its UK Operations for the period commencing 1st April 2021 – 31st March 2022. It contains information pertaining to the SMC Corporation (UK) Ltd's carbon neutrality.

All information herein is believed to be correct at the time of publishing. Should any information come to light that would affect the validity of the statements herein, this document will be updated to accurately reflect the status of any carbon neutral statement made by SMC Corporation (UK) Ltd.


Section 1: General Information

PAS 2060 Requirement	Client Response
Entity making PAS 2060 declaration:	SMC Corporation (UK) Ltd
Subject of PAS 2060 declaration:	The UK Operations of SMC Corporation (UK) Ltd, located in Milton Keynes.
Description of Subject:	SMC Corporation (UK) Ltd has 350 employees with a head office in Milton Keynes.
Rationale for selection of the subject:	The subject was selected since it represents the operational control boundary of SMC Corporation (UK) Ltd , so therefore includes all emissions based on the operational control principle defined in the 2014 WRI GHG Protocol – Corporate Accounting Standard.
Type of conformity assessment:	Other party validation
Baseline date for PAS 2060 programme:	1st April 2020
Achievement period	1st April 2021 – 31st March 2022
Commitment period	1st April 2022 – 31st March 2023
Individuals responsible for evaluation and provision of data necessary for declaration:	Kevin O'Carroll - Managing Director Anna James – Environmental Officer
Version Number:	2.0

Section 2: Declaration of Achievement of Carbon Neutrality

PAS 2060 Requirement	Client Response
Declaration of achievement:	Carbon neutrality of the Subject was achieved by SMC Corporation (UK) Ltd in accordance with PAS 2060 in April 2022 for the period commencing 1st April 2021 and ending 31st March 2022, certified by Carbon Verification Ltd.
Recorded carbon footprint of the subject during the period stated above	831.1 tCO ₂ e - Last Year 912.9 tCO ₂ e (location-based method)
Carbon footprint reduction target for period	<p>Whilst the business is expanding, SMC Corporation (UK) Ltd will reduce their Carbon Footprint year on year.</p> <p>Currently their carbon intensity is: 0.59 kgCO₂e (Last Year 0.76) emitted for every product ordered (location-based method).</p> <p>By following their carbon reduction programme as set out in Section 5 of the QES document they will reduce their Carbon intensity for the year following the achievement period, after factoring in adjustments for COVID 19 lockdown etc.</p>
Location of GHG emissions report supporting this claim:	Section 4
Location of the Carbon Footprint Management Plan:	Section 5
Location of the details describing the carbon offsets:	Section 5
Location of the details describing internal reductions achieved (recertification only)	Section 4
Name of Senior Representative	Senior Representative Signature
Name: Kevin O'Carroll Role: Managing Director Date: 17 th May, 2022	

Section 3: Declaration of On-going Commitment to Carbon Neutrality (optional)

PAS 2060 Requirement	Client Response
Declaration of on-going commitment:	SMC Corporation (UK) Ltd commits to maintaining carbon neutrality for the future, in accordance to PAS 2060 for the period commencing on 1st April 2022
Location of the Carbon Footprint Management Plan:	Section 5
Name of Senior Representative	Senior Representative Signature
Name: Kevin O'Carroll Role: Managing Director Date: 17 th May, 2022	

Section 4: Carbon Footprint Breakdown

Carbon Footprint (1st April 2021 - 31st March 2022)		This Year	Last Year
Scope 1: (mandatory)	Gas:	235.5 tCO ₂ e	313.4 tCO ₂ e
	Company Cars:	184.7 tCO ₂ e	108.1 tCO ₂ e
	Refrigerants:	29.7 tCO ₂ e	68.5 tCO ₂ e
Scope 2: (mandatory)	Electricity:	381.2 tCO ₂ e	422.9 tCO ₂ e
	Steam:	0 tCO ₂ e	0 tCO ₂ e
Total:		831.1 (tCO₂e)	912.9 (tCO₂e)

Scope 3 (optional): <ul style="list-style-type: none"> • Purchased goods and services • Capital goods • Fuel and energy related activities • Transportation and distribution • Waste generated in operations • Business travel • Employee commuting • Leased assets • Processing of sold products • Use of sold products • End-of-life treatment of sold products • Franchises • Investments 	<p>SMC Pneumatics (UK) Ltd has taken the decision not to include Scope 3 due to the impact of COVID-19 on the business.</p> <p>SMC Pneumatics (UK) Ltd 's ongoing intent is to include Scope 3 activities at an appropriate time in future certifications.</p>
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Footprint Methodology

Standard and methodology used

SMC Pneumatics (UK) Ltd categorises its Greenhouse Gas (GHG) Emissions as Scope 1, 2 or 3 as referred to in the WBCSD-WRI Greenhouse Gas Protocol (revised edition, dated March 2014) emissions in carbon dioxide equivalent (CO₂e) for Scopes 1 and 2 are calculated using the conversion factors listed in the 2021 BEIS Greenhouse Gas Conversion Factors with additional factors from the DECC RAC Model_Final Report_9 December 2011.

Data Quality/Confidence

Data from GHG emissions sources contributing over 90% of the group footprint was obtained via direct metering or derived from fuel consumption, with appropriate National emissions factors applied. This allows for a high confidence in the data.

Exclusion of emission sources

There is incomplete data on the emissions from 3 Evs (Electric Vehicles) and 2 PhEVs (Plug-in Hybrid Electric Vehicles). They are mostly charged onsite where the electricity use is already counted in scope 2 emissions.

Each vehicle would need to drive 16,295 business miles per annum using off site electricity / fuels to breach a 1% de minimis. They have therefore been excluded as they do minimal business mileage and it is deemed unlikely that these emissions would attain materiality.

Section 5: Carbon Management Plan

PAS 2060 Requirement	Client Response
Statement of commitment to carbon neutrality for the defined subject	SMC Pneumatics (UK) Ltd Commits to achieve carbon neutrality for the subject in accordance with PAS 2060 for the period commencing on 1st April 2021 and ending 31st March 2022. This will be verified by Carbon Verification Ltd
Timescale for achieving carbon neutrality	Carbon neutrality was achieved in May 2022.
Targets for GHG reduction for the defined subject appropriate to the timescale for achieving carbon neutrality	SMC Pneumatics (UK) Ltd has a target to reduce carbon footprint per product ordered by 10% each year.

Planned means of achieving and maintaining GHG emissions reduction including:

- Assumptions made and any justification of the techniques and measures to be employed to reduce GHG emissions;
- [Optional] Where historical reductions are to be taken into account, the period over which those reductions are to be calculated and confirmation that the necessary data is available and that calculation is to be undertaken using precisely the same methodology as that to be employed to assess and calculate future reductions;

SMC Pneumatics (UK) Ltd aims to achieve carbon neutrality by embedding carbon reduction into its business processes.

To further reduce the carbon footprint, SMC Pneumatics (UK) Ltd will:-

- Install 2,559 solar panels generating 907 MWh per year
- Upgrade 2,205 kW of boiler capacity increasing thermal efficiency from 80% to 92%
- Increase size of EV fleet

The offset strategy to be adopted to meet the achievement of the carbon neutrality element of PAS 2060. This should include:

- An estimate of the quantity of GHG emissions to be offset;
- The nature of the offsets;
- The likely number and type of credits.

SMC Pneumatics (UK) Ltd has partnered with CarbonSAVER to offset 831 tonnes of CO₂e (footprint calculated via a location-based approach).

These have been offset through projects which tackle global climate change and improve people's lives. Projects include, creating jobs, improving health, protecting wildlife, preserving local resources and the fight against climate change.

The period in which the offsets cover is 01/04/2021 - 31/03/2022.

In total, 831 carbon credits relating to the period were offset.

100% of these carbon credits were verified to the Voluntary Carbon Standard (VCS), Gold Standard or Clean Development Mechanisms (CDM).

Statement on the fact that PAS 2060 certification has been provided by a other party verifier.

What type of conformity assessment has been undertaken?

Other Party Verification

Checklist PAS 2060:2014

Checklist for QES supporting declaration of commitment to Carbon Neutrality	
1. Identify the individual responsible for the evaluation and provision of data necessary for the substantiation of the declaration including that of preparing, substantiating, communicating and maintaining the declaration.	✓
2. Identify the entity responsible for making the declaration.	✓
3. Identify the subject of the declaration.	✓
4. Explain the rationale for the selection of the subject. (The selection of the subject should ideally be based on a broader understanding of the entire carbon footprint of the entity so that the carbon footprint of the selected subject can be seen in context; entities need to be able to demonstrate that they are not intentionally excluding their most significant GHG emissions (or alternatively can explain why they have done so)).	✓
5. Define the boundaries of the subject.	✓
6. Identify all characteristics (purposes, objectives or functionality) inherent to that subject.	✓
7. Identify and take into consideration all activities material to the fulfilment, achievement or delivery of the purposes, objectives or functionality of the subject.	✓
8. Select which of the 3 options within PAS 2060 you intend to follow.	✓
9. Identify the date by which the entity plans to achieve the status of "carbon neutrality" of the subject and specify the period for which the entity intends to maintain that status.	✓
10. Select an appropriate standard and methodology for defining the subject, the GHG emissions associated with that subject and the calculation of the carbon footprint for the defined subject.	✓
11. Provide justification for the selection of the methodology chosen. (The methodology employed shall minimize uncertainty and yield accurate, consistent and reproducible results.	✓
12. Confirm that the selected methodology was applied in accordance with its provisions and the principles set out in PAS 2060.	✓

13. Describe the actual types of GHG emissions, classification of emissions (Scope 1, 2 or 3) and size of carbon footprint of the subject exclusive of any purchases of carbon offsets.	
a) All greenhouse gases shall be included and converted into tCO ₂ e.	✓
b) 100% Scope 1 (direct) emissions relevant to the subject shall be included when determining the carbon footprint.	✓
c) 100% Scope 2 (indirect) emissions relevant to the subject shall be included when determining the carbon footprint.	✓
d) Where estimates of GHG emissions are used in the quantification of the subject carbon footprint (particularly when associated with scope 3 emissions) these shall be determined in a manner that precludes underestimation.	✓
e) Scope 1, 2 or 3 emission sources estimated to be more than 1% of the total carbon footprint shall be taken into consideration unless evidence can be provided to demonstrate that such quantification would not be technically feasible or cost effective. (Emission sources estimated to constitute less than 1% may be excluded on that basis alone.)	✓
f) The quantified carbon footprint shall cover at least 95% of the emissions from the subject.	✓
g) Where a single source contributes more than 50% of the total emissions, the 95% threshold applies to the remaining sources of emissions.	✓
h) Any exclusion and the reason for that exclusion shall be documented.	✓
14. Where the subject is an organization/company or part thereof, ensure that:	
a) Boundaries are a true and fair representation of the organization's GHG emissions (i.e. shall include all GHG emissions relating to core operations including subsidiaries owned and operated by the organization). It will be important to ensure claims are credible – so if an entity chooses a very narrow subject and excludes its carbon intensive activities or if it outsources its carbon intensive activities, then this needs to be documented.	✓

b) Either the equity share or control approach has been used to define which GHG emissions are included. Under the equity share approach, the entity accounts for GHG emissions from the subject according to its share of equity in the subject. Under the control approach, the entity shall account for 100% of the GHG emissions over which it has financial and/or operational control.	✓
15. Identify if the subject is part of an organization or a specific site or location and treat it as a discrete operation with its own purpose, objectives and functionality.	✓
16. Where the subject is a product or service, include all Scope 3 emissions (as the lifecycle of the product/service needs to be taken into consideration).	✓
17. Describe the actual methods used to quantify GHG emissions (e.g. use of primary or secondary data), the measurement unit(s) applied, the period of application and the size of the resulting carbon footprint. (The carbon footprint shall be based as far as possible on primary activity data.) Where quantification is based on calculations (e.g. GHG activity data multiplied by greenhouse gas emission factors or the use of mass balance/lifecycle models) then GHG emissions shall be calculated using emission factors from national (Government) publications. Where such factors are not available, international or industry guidelines shall be used. In all cases the sources of such data shall be identified.	✓
18. Provide details of, and explanation for, the exclusion of any Scope 3 emissions.	✓
19. Document all assumptions and calculations made in quantifying GHG emissions and in the selection or development of greenhouse gas emission factors. (Emission factors used shall be appropriate to the activity concerned and current at the time of quantification.)	✓
20. Document your assessments of uncertainty and variability associated with defining boundaries and quantifying GHG emissions including the positive tolerances adopted in association with emission estimates. (The statement could take the form of a qualitative description regarding the uncertainty of the results, or a quantitative assessment of uncertainty if available (e.g. carbon footprint based on 95% of likely greenhouse gas emissions; primary sources are subject to variation over time; footprint is best estimate based on reasonable costs of evaluation)).	✓
21. Document carbon footprint management plan:	
a) Make a statement of commitment to carbon neutrality for the defined subject.	✓

b) Set timescales for achieving carbon neutrality for the defined subject.	✓
c) Specify targets for GHG reduction for the defined subject appropriate to the timescale for achieving carbon neutrality including the baseline date, the first qualification date and the first application period.	✓
d) Document the planned means of achieving and maintaining GHG emissions reductions including assumptions made and any justification of the techniques and measures to be employed to reduce GHG emissions.	✓
e) Specify the offset strategy including an estimate of the quantity of GHG emissions to be offset, the nature of the offsets and the likely number and type of credits.	✓
22. Implement a process for undertaking periodic assessments of performance against the Plan and for implementing corrective action to ensure targets are achieved. The frequency of assessing performance against the Plan should be commensurate with the timescale for achieving carbon neutrality.	✓
23. Where the subject is a non-recurring event such as weddings or concert, identify ways of reducing GHG emissions to the maximum extent commensurate with enabling the event to meet its intended objectives before the event takes place and include post event review to determine whether or not the expected minimisation in emissions has been achieved.	N/A
24. For any reductions in the GHG emissions from the defined subject delivered in the period immediately prior to the baseline date and not otherwise taken into account in any GHG emissions quantification (historic reductions), confirm: <ul style="list-style-type: none"> a) the period from which these reductions are to be included; b) that the required data is available and that calculations have been undertaken using the same methodology throughout; c) that assessment of historic reduction has been made in accordance with this PAS, reporting the quantity of historic reductions claimed in parallel with the report of total reduction. 	N/A
25. Record the number of times that the declaration of commitment has been renewed without declaration of achievement.	Zero

26. Specify the type of conformity assessment: a. independent third party certification; b. other party validation; c. self-validation.	✓
27. Include statements of validation where declarations of commitment to carbon neutrality are validated by a third party certifier or second party organization	✓
28. Date the QES and have it signed by the senior representative of the entity concerned (e.g. CEO of a corporation; Divisional Director, where the subject is a division of a larger entity; the Chairman of a town council or the head of the household for a family group).	✓
29. Make QES publicly available and provide a reference to any freely accessible information upon which substantiation depends (e.g. via websites).	✓
30. Update the QES to reflect changes and actions that could affect the validity of the declaration of commitment to carbon neutrality.	✓

Checklist for QES supporting declaration of achievement of Carbon Neutrality

1. Define standard and methodology used to determine its GHG emissions reduction.	✓
2. Confirm that the methodology used was applied in accordance with its provisions and the principles set out in PAS 2060 were met.	✓
3. Provide justification for the selection of the methodologies chosen to quantify reductions in the carbon footprint, including all assumptions and calculations made and any assessments of uncertainty. (The methodology employed to quantify reductions shall be the same as that used to quantify the original carbon footprint. Should an alternative methodology be available that would reduce uncertainty and yield more accurate, consistent and reproducible results, then this may be used provided the original carbon footprint is re- quantified to the same methodology, for comparison purposes. Recalculated carbon footprints shall use the most recently available emission factors, ensuring that for purposes of comparison with the original calculation, any change in the factors used is taken into account).	✓
4. Describe the means by which reductions have been achieved and any applicable assumptions or justifications.	✓
5. Ensure that there has been no change to the definition of the subject. (The entity shall ensure that the definition of the subject remains unchanged through each and every stage of the methodology. In the event that material change to the subject occurs, the sequence shall be re-started on the basis of a newly defined subject.)	✓
6. Describe the actual reductions achieved in absolute and intensity terms and as a percentage of the original carbon footprint. (Quantified GHG emissions reductions shall be expressed in absolute terms and shall relate to the application period selected and/or shall be expressed in emission intensity terms (e.g. per specified unit of product or instance of service)).	✓
7. State the baseline/qualification date.	✓
8. Record the percentage economic growth rate for the given application period used as a threshold for recognising reductions in intensity terms.	N/A
9. Provide an explanation for circumstances where a GHG reduction in intensity terms is accompanied by an increase in absolute terms for the determined subject.	N/A

10. Select and document the standard and methodology used to achieve carbon offset.	✓
11. Confirm that:	
a. Offsets generated or allowance credits surrendered represent genuine, additional GHG emission reductions elsewhere.	✓
b. Projects involved in delivering offsets meet the criteria of additionality, permanence, leakage and double counting. (See the WRI Greenhouse Gas Protocol for definitions of additionality, permanence, leakage and double counting).	✓
c. Carbon offsets are verified by an independent third party verifier.	✓
d. Credits from Carbon offset projects are only issued after the emission reduction has taken place.	✓
e. Credits from Carbon offset projects are retired within 12 months from the date of the declaration of achievement.	✓
f. Provision for event related options of 36 months to be added here.	N/A
g. Credits from Carbon offset projects are supported by publicly available project documentation on a registry which shall provide information about the offset project, quantification methodology and validation and verification procedures.	✓
h. Credits from Carbon offset projects are stored and retired in an independent and credible registry.	✓
12. Document the quantity of GHG emissions credits and the type and nature of credits actually purchased including the number and type of credits used and the time period over which credits were generated including:	
a. Which GHG emissions have been offset.	✓
b. The actual amount of carbon offset.	✓
c. The type of credits and projects involved.	✓
d. The number and type of carbon credits used and the time period over which the credits have been generated.	✓
e. For events, a rationale to support any retirement of credits in excess of 12 months including details of any legacy emission savings, taken into account.	N/A

f. Information regarding the retirement/cancellation of carbon credits to prevent their use by others including a link to the registry or equivalent publicly available record, where the credit has been retired.	✓
13. Specify the type of conformity assessment: other party validation;	✓
14. Include statements of validation where declarations of achievement of carbon neutrality are validated by a third party certifier or second party organizations.	✓
15. Date the QES and have it signed by the senior representative of the entity concerned (e.g. CEO of a corporation; Divisional Director, where the subject is a division of a larger entity; the Chairman of a town council or the head of the household for a family group).	✓
16. Make QES publicly available and provide a reference to any freely accessible information upon which substantiation depends (e.g. via websites).	✓

QES Openness & Clarity - Entities should satisfy themselves that:

1. Does not suggest a reduction which does not exist, either directly or by implication.	✓
2. Is not presented in a manner which implies that the declaration is endorsed or certified by an independent third party organization when it is not.	✓
3. Is not likely to be misinterpreted or be misleading as a result of the omission of relevant facts.	✓
4. Is readily available to any interested party.	✓



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