



Crown Oil
sustainability

Qualifying explanatory statement in support of PAS 2060:2014 other-party validation

PAS 2060: 2014 specification for the
demonstration of carbon neutrality

Achievement period: 1st August 2020 – 31st July 2021

Commitment period: 1st August 2021 – 31st July 2022

Date: 1st April, 2022



Introduction



This document forms the PAS 2060 Qualifying Explanatory Statement to demonstrate that Crown Oil Ltd has achieved carbon neutrality in accordance with PAS 2060:2014 on 1st April 2022 for the baseline year period of 1st August 2020 to 31st July 2021. We are committed to maintain carbon neutrality for the period of 1st August 2021 – 31st July 2022, with other-party validation by ClearLead Consulting Ltd.

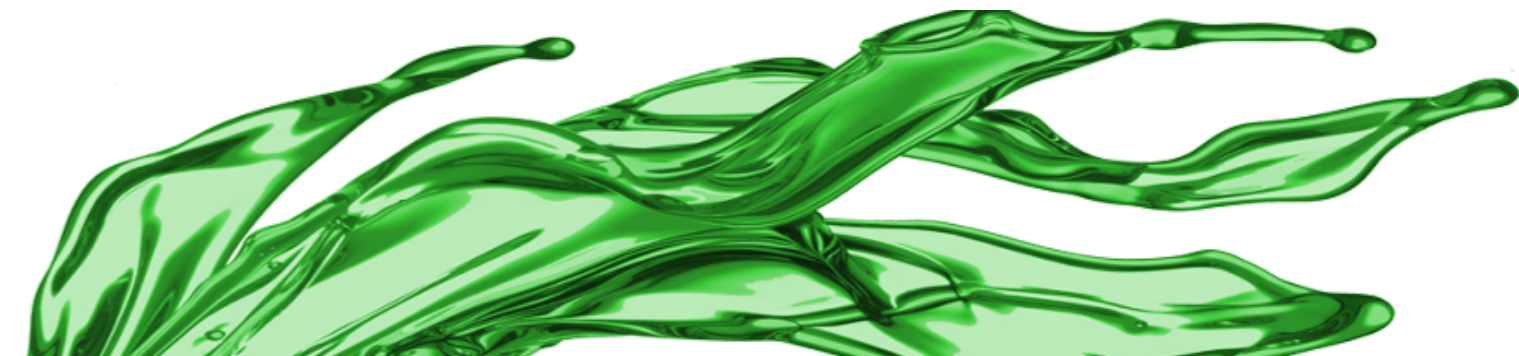
PAS 2060 Requirement	Response
Entity making declaration	Crown Oil Ltd. (Group) Including: Crown Oil Ltd. (company), Speedy Fuels Ltd., Crown Oil Environmental Ltd., Beesley Fuels Ltd., Nationwide Fuels and Lubricants Ltd
Subject of PAS 2060 declaration	All offices, commercial premises, vehicles, goods and services for which Crown Oil Ltd. (Group) has operational control
Description of subject	Crown Oil Ltd. (Group) is a group of commercial fuel and lubricant distribution companies providing service coverage across the UK
Rationale for selection of the subject	The subject was selected given it represents the operational control boundary of Crown Oil following the WRI GHG Protocol methodology. The boundary is summarised as follows: Scope 1 emissions: Combustion of gas, Combustion of fuel (stationary & mobile), Refrigerant leakage Scope 2 emissions: Purchased electricity & heat (location based) Scope 3 emissions: Purchased Goods & services, Capital goods, Well-to-tank & Transmission & distribution losses, Upstream transportation & distribution (3rd party delivery fuel use), Business travel, employee commuting, Upstream & downstream leased assets Excluded Scope 3 emissions are those associated with: Use of sold products, processing and end-of-life treatment of sold products, downstream transportation & distribution. For further information on the operational boundary and justification on scope 1 to 3 emissions categories, please refer to "Crown Oil Organisational GHG Emissions" report section
Type of conformity assessment	Other-party validation (ClearLead Consulting Ltd.)
Baseline date for PAS 2060 programme	1st August 2020 to 31st July 2021
Commitment Period	1st August 2021 to 31st July 2022

Declaration of Achievement of Carbon Neutrality



How we can demonstrate that we have achieved carbon neutral status to the PAS 2060 standard.

PAS 2060 Requirement	Response
Period during which the entity is demonstrating carbon neutrality of the subject has been achieved	1st August 2020 to 31st July 2021
Recorded carbon footprint of the subject during the period stated above	Baseline year: 8,934 tonnes CO ₂ e
Which PAS 2060 recognised methodology has been followed to achieve carbon neutrality?	WBCSD/WRI Greenhouse Gas Protocol, Corporate Accounting and Reporting standard (revised edition, March 2004)
How have the reductions in GHG emissions during the period been achieved?	Baseline year: Verified carbon offsetting See carbon footprint management plan for approach and planned reduction actions
Has there been material changes to the subject?	N/A, baseline year
Actual reduction in GHG emissions	N/A, baseline year
Carbon Offset standard and methodology	Verified Carbon Standard (VCS) and Gold Standard (see 'Carbon Offsetting' report section)
UK economic growth rate over the application period	2020: -9.4% https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG
Other-party validation statement	ClearLead Consulting Ltd. declare that the information presented in this qualifying explanatory statement in support of PAS 2060:2014 is true and accurate to the best of our knowledge, ability and experience. ClearLead Consulting Ltd. is a sustainability services company certified to ISO 9001, 14001 and 45001
Name of Senior Representative	Signature <i>M. Greensmith</i> Managing Director with overall responsibility for Group sustainability 04/2022



Continued...



PAS 2060 Requirement	Response
Period during which the entity commits to maintaining carbon neutrality of the subject	1st August 2021 to 31st July 2022
Which PAS 2060 recognised methodology will be followed to achieve carbon neutrality?	WBCSD/WRI Greenhouse Gas Protocol, Corporate Accounting and Reporting standard (revised edition, March 2004)
Prior commitment to carbon neutrality made by entity	No
Carbon footprint of the subject for the historic reductions period (immediately prior to the start of the commitment)	Baseline year: 8,934 tonnes CO ₂ e
GHG emissions report supporting this claim	Refer to "Crown Oil Organisational GHG Emissions" report section
Carbon Footprint Management Plan	Refer to "Carbon Footprint Management Plan" report section
Name of Senior Representative	<div>Signature <i>M. Greensmith</i></div> <div>Managing Director with overall responsibility for Group sustainability 04/2022</div>



Crown Oil's Carbon Reduction Journey



Crown Oil is a family owned and operated fuel & lubricant delivery business, providing oil related products direct to individuals and businesses to meet their essential needs of heat, light and power for over 75 years. Crown Oil is based in Bury, North-West England and has grown significantly in the last 10 years to incorporate and develop other businesses throughout the UK, including Speedy Fuels, Beesley Fuels, Nationwide Fuels and Crown Oil Environmental.

Countries, businesses and individuals are all part of national and global economic system that is heavily reliant on fossil fuel extraction, processing and consumption. Within the oil products industry, downstream distribution providers, such as Crown Oil, are at the end of the supply chain, playing a small but significant role in the overall journey from its source to the end-user, otherwise known as 'well to tank'.

Crown Oil recognises the environmental impacts of fossil fuel use on a local and global scale and, due to our first hand relationship with our valued customers, we understand how deeply dependent society is today on oil based products for daily life. Crown Oil are keenly aware this is not an excuse for inaction, but rather a growing opportunity to make positive changes however we can. As society makes the difficult transition to a net-zero carbon world, Crown Oil wants to change and evolve to serve our customers with the lowest possible environmental impact now and into the future.

To support this ambition, Crown Oil has embarked on a journey to fully understand our present environmental impact with a detailed and transparent carbon footprint study. This covers all aspects of our operations (Scopes 1, 2 and 3), as well as identifying and delivering carbon reduction projects, and compensating for residual emissions with the use of offsets, while being aware of the challenges and improvements needed with this approach. This effort is a work in progress, with the understanding and reduction of our environmental impact being integrated into daily business operations from our owners through to our employees.

Crown Oil is very pleased to declare our commitment and achievement as a 'Carbon Neutral' organisation according to the globally recognised specification PAS 2060, validated by ClearLead Consulting Ltd. We see this achievement and our carbon footprint management plan as the first milestone in our journey.

While we continue on this path, Crown Oil is actively investigating a range of environmental commitments and pledges relevant to our business, such as the Science Based Targets initiative (SBTi), which is currently developing a methodology specifically for the oil & gas sector.



Carbon Reduction Targets



Crown Oil wishes to move beyond achieving PAS 2060 Carbon Neutral and is actively setting additional targets for the business.

PAS 2060 ‘Carbon Neutral’ commitment and baseline year offset – 2022

- Compensate residual emissions through Offset schemes
- Publicly share methodology and approach

Establish relevant business carbon KPI e.g. kgCO₂/'000 litres of product

- Measure and track emissions as part of business management
- Set achievable targets (e.g. 10-20% year on year improvement)

30% absolute carbon reduction by 2025 against 2020/21 baseline.

- Against total baseline year carbon emissions of 8,934 tCO₂

Net-zero carbon by 2030 (Scopes 1 & 2)

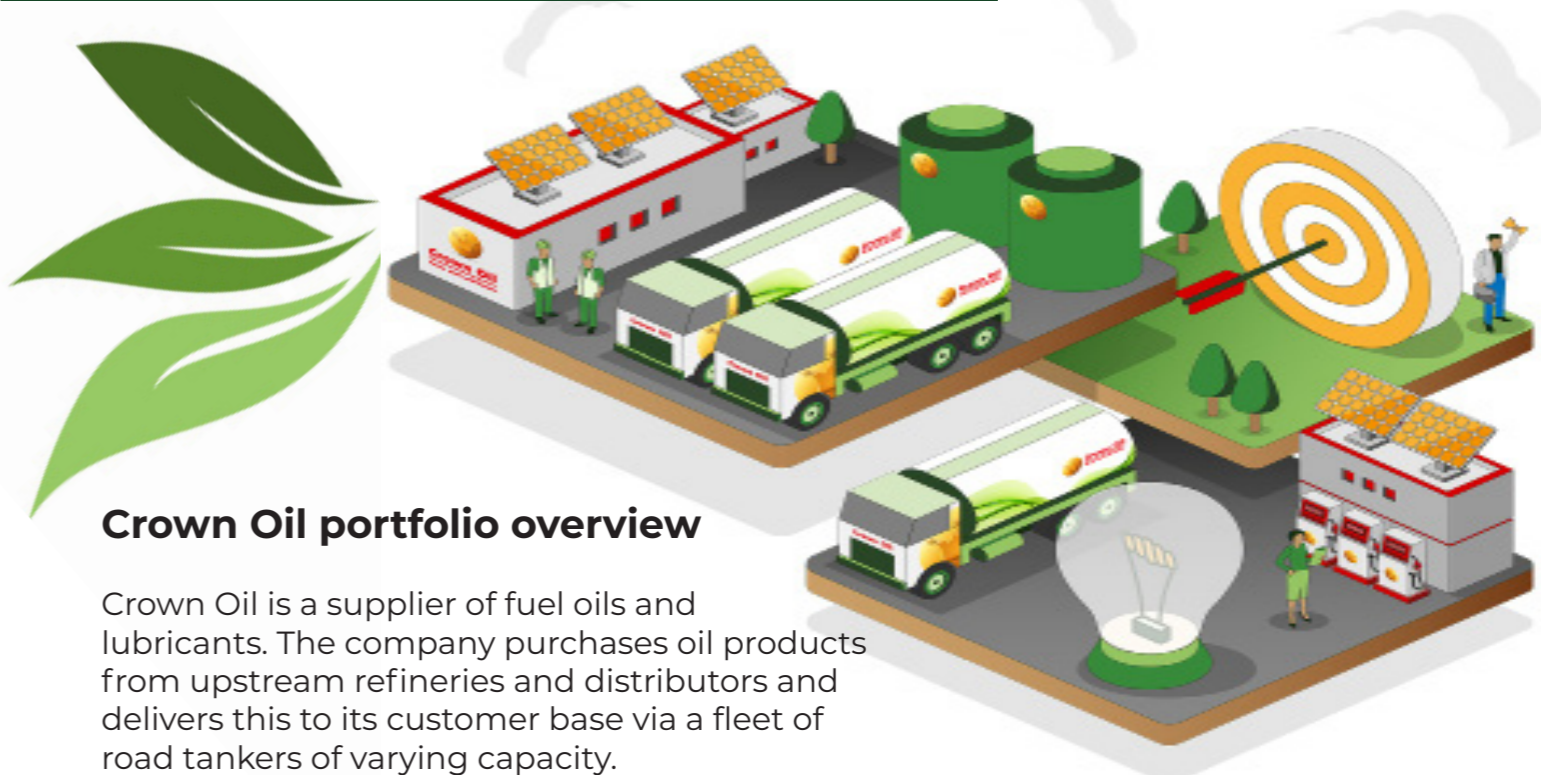
- Scopes 1 & 2 Net Zero
- Scope 3 reduction target to be developed
- Further development of carbon removal offsetting process – for residual emissions and scope 3 emissions

These targets will be reviewed each year in light of business performance and emissions reduction performance, with the aim of exceeding them wherever possible.

Crown Oil Carbon Emissions (tCO₂e) - Scopes, 1 2 & 3

Baseline Year (Scope 1, 2 & 3)	Baseline Year (Scope 1, 2 & 3), 8934 tCO ₂ e
Switch all fleet fuel from diesel to biodiesel	-2361
Switch van & car fleet to electric	-182
Heat recovery ventilation	-25
On-site Solar PV	-20
Improved heating controls	-13
Switch from oil to electric heating	-9
Switch yard equipment from oil to electric	-5
Additional insulation & draught proofing	-5
Fuel pump motor upgrades	-4
Upgrade lighting to LED	-2
Install automatic lighting controls	-2
Future Operations (Scopes 1, 2 & 3)	Future Operations (Scopes 1, 2 & 3), 6305 tCO ₂ e
Remaining Scope 1 Emissions (Fuel Based)	Scope 1 offset / removal, 251 tCO ₂ e
Remaining Scope 2 Emissions (Electricity)	Scope 2 offset / removal, 182 tCO ₂ e
2030 Net Zero target - Scope 1&2	(after offsetting / removals), 0 tCO ₂ e
Remaining Scope 3 Emissions	Scope 3 residual offset, 5889 tCO ₂ e

Crown Oil Organisational GHG Emissions



Crown Oil portfolio overview

Crown Oil is a supplier of fuel oils and lubricants. The company purchases oil products from upstream refineries and distributors and delivers this to its customer base via a fleet of road tankers of varying capacity.

It operates from its main base (the Oil Centre) in Bury, Greater Manchester and also has oil distribution depots in Doncaster, Birmingham and London (two locations). The Bury site serves as Crown Oil's headquarters and sales base, with staff based in two modern office buildings (Crown House and Crown Point) owned by Crown Oil, and a third, rented office building (Bridge House) nearby.

Crown Oil owns and trades under a number of brands including Crown Oil Fuels and Lubricants, Beesley Fuels, Speedy Fuels and Lubricants, Nationwide Fuels and Crown Oil Environmental. The following summary gives an overview of facilities and locations within the Crown Oil group of companies.

Bury Locations

The majority of Crown Oil business operations are located in Bury, Greater Manchester and spread across four facilities, Crown House, Crown Point, The Oil Centre and Bridge House.

Other locations

- Doncaster is a fuel delivery, collection yard with staffed portacabin offices and fuel tanks
- Oldbury, Birmingham is a fuel delivery and collection yard, with maintenance workshop building, small office building and fuel tanks. It is associated with Beesley Fuels
- Rainham, East of London is new build fuel collection and delivery yard with portacabin offices. It is associated with Speedy Fuels
- Iver near Heathrow, London is a fuel delivery and collection yard, with maintenance workshop building and fuel tanks. It has a separate office space in a different building on the industrial estate. It is associated with Speedy Fuels

Carbon Emissions Data & Analysis



Greenhouse gas emissions methodology

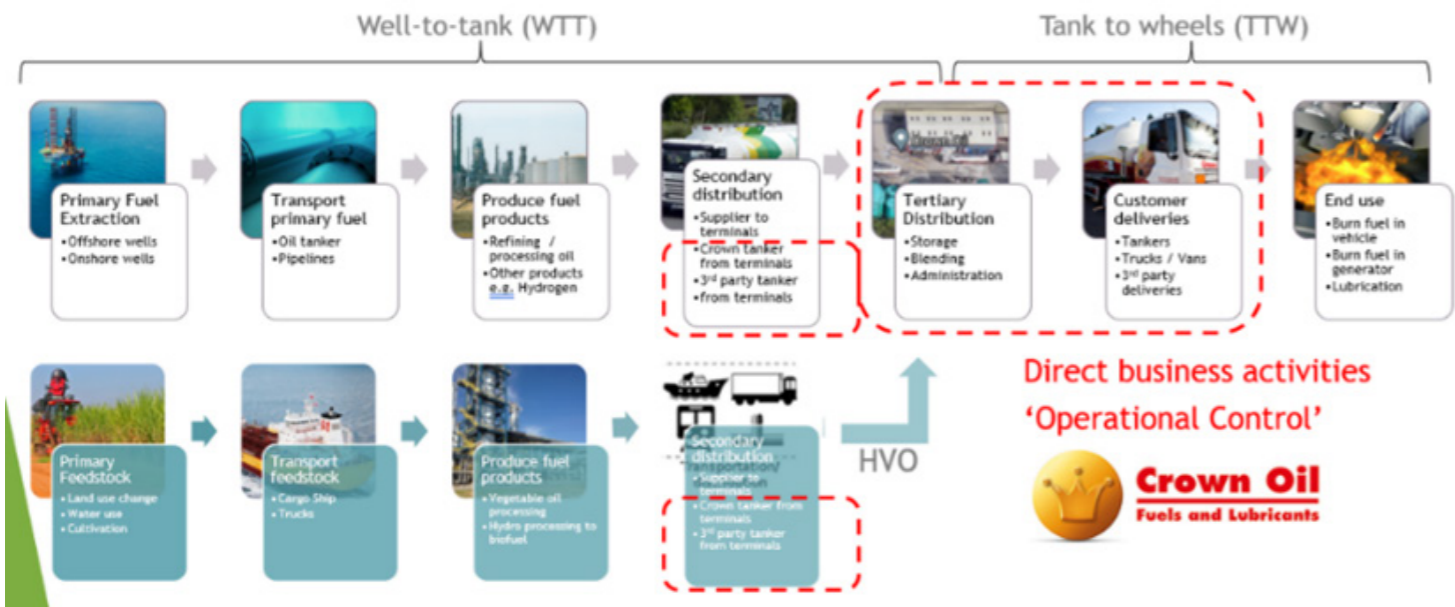
The methodology used to calculate Crown Oil’s greenhouse gas emissions follows the World Resources Institute GHG Protocol - A Corporate Accounting and Reporting Standard, Revised Edition (“the Protocol”) and is guided by the Protocol’s key principles of relevance, completeness, consistency, transparency and accuracy. Crown Oil were supported in doing this by energy and sustainability consulting company ClearLead Consulting Ltd.

An operational control approach has been taken, meaning that the inventory covers emissions from all operations that are under the group’s operational control. Emissions are reported in line with the company’s financial year, the baseline year being Crown Oil’s 2020/2021 financial year. UK Government emissions factors have been applied where available; electricity emission factors are location based.

For the avoidance of doubt, the emissions arising from the use of the oil products sold by Crown Oil to its customer base is excluded. Use of sold products (scope 3-11) is out of Crown Oil’s operational control. This approach is in-line with draft guidance from the Science Based Targets institute (SBTi) for the Oil & Gas industry, which identifies the scope of emissions for downstream distribution companies such as Crown Oil.

Crown Oil supply chain overview

The following diagram indicates an interpretation of the Crown supply chain for its distribution business. It is clear that the businesses could sit within an Oil & Gas major companies Scope 3 and therefore lead to double counting. However, it also highlights the fact that major O&G providers will start to look to their supply chain for accurate GHG reporting and commitments to reduction.



WRI GHG Protocol Corporate Standard.
Available: <https://ghgprotocol.org/corporate-standard>

Crown Oil’s Baseline Carbon Footprint



ClearLead interpretation of Crown Oil business supply chain

A summary of the Crown Oil’s GHG emissions for the 12 month period from 1st August 2020 - 31st July 2021 is shown in Table 1. Absolute emissions (total emissions) are summarised as well as two intensity ratios. Intensity ratios provide a measure of greenhouse gas emissions in proportion to a measure of activity and are useful for annual comparison.

Summary table - absolute emissions breakdown

Absolute GHG emissions (tCO₂e) per financial year

	Baseline year
Scope	FY20/21
Scope 1	2,844
Scope 2	201
Scope 3	5,889
Total (Scope 1 and 2)	3,045
Total (Scopes 1, 2, and 3)	8,934
% change	N/A

Table 1: Crown Oil GHG emissions summary (FY20/21)

As illustrated in Figure 1, 32% of Crown Oil Oil’s GHG emissions fall within Scope 1, 66% are in Scope 3. The remaining 2% of emissions are Scope 2 emissions from electricity and heat supplied to Crown Oil’s offices and facilities.

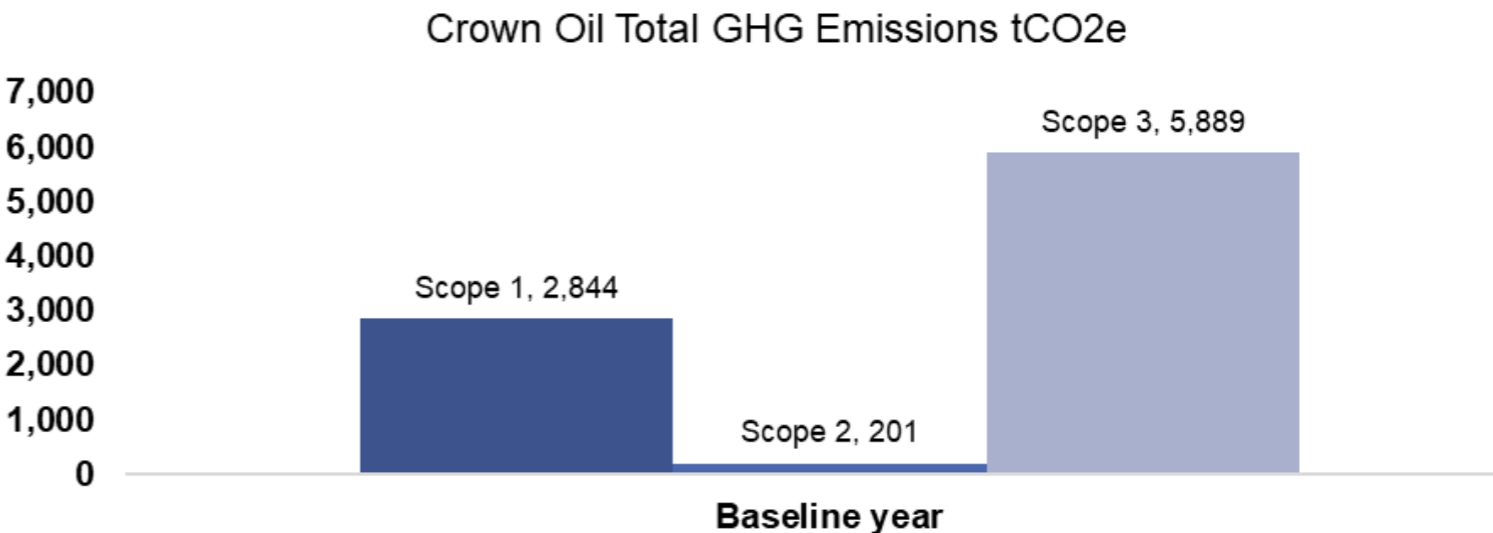


Figure 1: Crown Oil’s GHG emissions by scope (FY20/21)

Scopes explained...



Scope 1

Scope 1 emissions involve the direct GHG emissions that are released as a result of operations that are controlled or owned by an organisation. There are three major subcategories within Scope 1: stationary combustion (the combustion of fuel within machinery or equipment such as boilers), mobile combustion (the combustion of fuels due to the operation of vehicles owned or leased), and fugitive emissions (emissions from refrigeration systems). The majority of Crown Oil's scope 1 emissions is from fuel used in their own transport fleet, including cars, vans, trucks and tankers, followed by stationary combustion predominantly at the Oil centre. Crown Oil uses air conditioning /heat pumps to provide heating and cooling for the majority of its premises which has associated refrigerant leakage.

Scope 2

Scope 2 emissions are caused by the indirect release of GHG emissions that are derived from the purchase of heat, electricity, steam, and cooling. Crown Oil's scope 2 emissions make up 2% of overall GHG emissions: 179 tCO₂e are from purchased electricity and 21 tCO₂e are from purchased heat, through Crown Oil business facility operations including leased offices.

Scope 3

Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in Crown Oil's value chain, including both upstream and downstream emissions . Crown Oil's operations are transport and office based. Office based generally means a large reliance on purchased goods and services, while a significant proportion of their duel delivery services to customers are through 3rd party transport providers and therefore the Scope 3 emissions are large.

A breakdown of Crown Oil's Scope 3 emissions, as per the GHG Protocol's fifteen Scope 3 categories is shown in Figure 2. All applicable categories were assessed in the carbon inventory for completeness and to assess the materiality of emission sources for baseline GHG emission calculations.

Within Scope 3, the purchase of goods and services (S3-1) accounts for 2,976 tCO₂e of Crown Oil's overall footprint and is therefore the largest emission source in all of Scopes, closely followed by Scope 1-2, mobile combustion.

WRI GHG Protocol. FAQ.

Available: https://ghgprotocol.org/sites/default/files/standards_supporting/FAQ.pdf



Crown Oil's emissions



Inventory summary			
Emissions per scope category			Absolute emissions (CO ₂ e) per financial year
			Baseline year
Scope	Category	FY20/21	
S1-1	Stationary combustion	24.1	0.3%
S1-2	Mobile combustion	2811.9	31.5%
S1-3	Refrigerants	8.2	0.1%
S2-1	Purchased heat	21.2	0.2%
S2-2	Purchased electricity	179.4	2.0%
S3-1	Purchased goods and services	2976.3	33.3%
S3-2	Capital goods	944.3	10.6%
S3-3	Fuel and energy related activities not included in S1 or S2	945.6	10.6%
S3-4	Upstream transportation and distribution	921.4	10.3%
S3-5	Waste generated in operations	34.5	0.4%
S3-6	Business travel	15.5	0.2%
S3-7	Employee commuting (& remote working)	49.1	0.5%
S3-8	Upstream leased assets	1.5	0.0%
S3-9	Downstream transportation and distribution	excluded	
S3-10	Processing of sold products	excluded	
S3-11	Use of sold products	excluded	
S3-12	End of life treatment of sold products	excluded	
S3-13	Downstream leased assets	0.5	0.0%
S3-14	Franchies	excluded	
S3-15	Investments	excluded	
Total		8934	

Figure 2: Crown Oil's GHG Scope 1-3 emissions including breakdown

Exclusions, Limitations & Recommendations



Exclusions

As Scope 1 (direct) and Scope 2 (indirect) emissions are mandatory, all sub-categories have been reported on and a disclosure can be found if they are not ‘in Scope’. Scope 3, however, is voluntary, therefore any category that has been deemed immaterial via a screening process, or those that are irrelevant to Crown Oil’s operation, have been determined ‘out of Scope’ and a justification has been given, these exclusions have been noted within an extended methodology report by ClearLead Consulting Ltd.

The table below summarises the exclusions to inventory.

Inventory Exclusions		
GHG Protocol Category	Is this category in scope?	Justification summary
S3-9 downstream transportation and distribution	Out	Very minimal downstream distribution, no control or tracking available
S3-10 processing of sold products	Out	Little to no downstream processing of sold products, no control
S3-11 use of sold products	Out	Minimal stake compared to product value (<5%), very limited control
S3-12 end of life treatment of sold products	Out	As per 3-11. Also end of life processing limited to lubricants. <1% of volume
S3-14 franchises	Out	There are no franchises in the business
S3-15 investments	Out	No significantly active revenue generating investments

For the avoidance of doubt, the emissions arising from the use of the oil products sold by Crown Oil to its customer base is excluded. Use of sold products (scope 3-11) is out of Crown Oil’s operational control. This approach is in-line with draft guidance from the Science Based Targets institute (SBTi) for the Oil & Gas industry, which identifies the scope of emissions for downstream distribution companies such as Crown Oil.

From a financial viewpoint, Crown Oil’s value stake represents much less than 5% of the sold product and therefore responsibility lies with primary extraction and processing companies. For general information, if use of sold products were to be included it would account for >99% of all company emissions.

This scope 3 boundary issue is an ongoing area of focus, understanding, collaboration with many Oil & gas majors, particularly in Europe now defining their Scope 3 emissions, potentially to include end-use of product.

Continued...



Limitations & recommendations

As with all GHG emissions inventories, there are limitations to the methodology applied and certain assumptions have needed to be made, in the absence of suitable quantified data. A summary of key limitations and recommendations for improvement in subsequent years is shown below.

Spend based emission calculations

- **Limitation:** Emissions were based on the best data available at the time of calculation. Primary data was provided for emission categories where available. In some instances, primary data was based on spend in place of weight/volumes, which reduces the accuracy of emission calculations
- **Recommendation:** It is recommended that emissions from purchased goods and services are based on quantity of goods/services in place of spend; however, this approach taken in this baseline year is considered appropriate to assess the scale

Assumptions/benchmarks used in place of some primary data sources

- **Limitation:** Neither primary or spend data was available for some ‘in-scope’ categories. In these instances, calculations are based on benchmarked data or assumptions. These assumptions have been noted within an extended methodology report by ClearLead Consulting Ltd
- **Recommendation:** Obtain primary data for scope categories where assumptions or benchmarks have been used

Emissions are based on the best available emission factors

- **Limitation:** There is a lack of specific up to date emission factors for some Scope 3 categories, particularly Scope 3-1 Purchased goods and services
- **Recommendation:** Continue to work with suppliers to obtain supplier specific emission factors to improve the accuracy of emission calculations within this category

It is acknowledged that the calculation methodology and data sources will evolve in the future as improved data becomes available. If data quality improves significantly there may be a need to re-baseline.

The above limitations will not have a material impact on the overall inventory. Where assumptions have been made, a ‘worst case scenario’ has been chosen, to ensure emissions are not underestimated.



Carbon Footprint Management Plan



Targets

Crown Oil wishes to move beyond achieving PAS 2060 “Carbon Neutral” and is actively setting additional targets for the business.

PAS 2060 ‘Carbon Neutral’ commitment and baseline year offset – 2022

- Compensate residual emissions through Offset schemes
- Publicly share methodology and approach

Establish relevant business carbon KPI e.g. kgCO2/’000 litres of product

- Measure and track emissions as part of business management
- Set achievable targets (e.g. 10-20% year on year improvement)

30% absolute carbon reduction by 2025 against 2020/21 baseline

- Against total baseline year carbon emissions of 8,934 tCO2

Net-zero carbon by 2030 (Scopes 1 & 2)

- Scopes 1 & 2 Net Zero
- Scope 3 reduction target to be developed
- Further Development of carbon removal offsetting process – for residual emissions and scope 3 emissions

These targets will be reviewed each year in light of business performance and emissions reduction performance, with the aim of exceeding them wherever possible.

Planned reduction initiatives for the action period 2021-2022

Switch all fleet fuel from diesel to biodiesel

Crown Oil is already in the process of switching to fuel all its own vehicles to run on 100% HVO biodiesel.

Heat recovery ventilation

Crown Oil is upgrading the head office with controlled ventilation and heat recovery to provide better indoor air quality and lower energy use. The action will increase fresh air ventilation in office areas for better comfort, productivity and health with the use of mechanical ventilation. A heat recovery unit is to be used to avoid significant increase in heating energy.

Improved heating controls

Heating controls are often not well set-up or optimised for what heat is actually needed. Crown Oil will install of basic, user friendly timers or controls to reduce wasted heat.

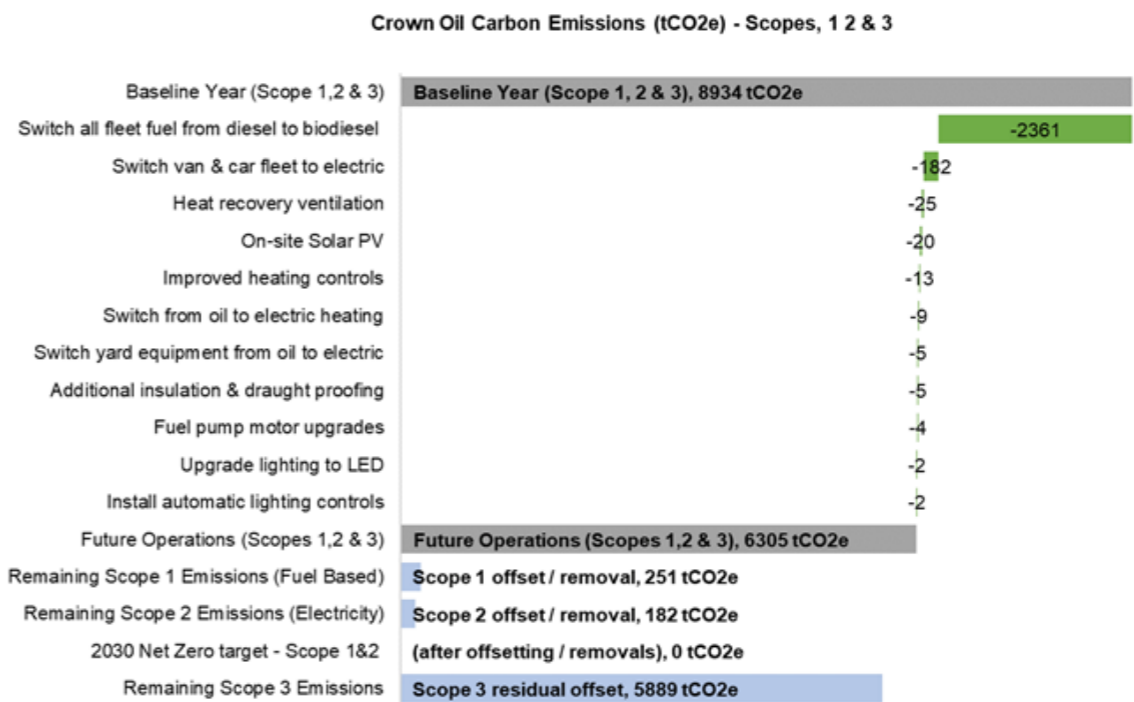
Install automatic lighting controls

Most of the lighting in the facilities is on manual switches, there is potential to add sensors to ensure lights are dimmed or off when there is no occupancy.

Carbon Reduction Action Plan



The proposed carbon reduction waterfall chart is as follows to achieve Crown Oil’s carbon reduction targets. The largest reduction due to switching to HVO fuel is expected to be achieved in the 2021/2022 financial year.



Achieving and recording improvements

Crown Oil is continually improving monitoring and recording processes to help with achieving our emissions reduction goals. Some of our initiatives will include:

- Procuring electricity from a single provider across all sites where possible and ensuring half-hourly ‘smart’ meter data is available
- Continued external support from our energy and sustainability partner, ClearLead Consulting Ltd. to assist with identifying reduction opportunities, interim reporting and tracking
- Integrating environmental reporting criteria into business activities to improve accounting and purchasing strategies
- Develop relationships with customers and suppliers to identify environmental improvement opportunities in all areas, particularly in regards to purchased goods and services (scope 3) emissions



‘Verified’ Carbon credits

Verified carbon offsets have to consider four principles to ensure they have impact:

1. **Additionality** – Ensuring that buying this offset leads to a reduction in GHG that would not have happened otherwise. Requires rigorous accountability and transparency.
2. **Permanence** – Offset projects should almost permanently keep CO2 emissions out of the air. This can be an issue with deforestation or forest fires impacting offset projects.
3. **Double counting** – Ensure that the purchased offset has exclusive claim to the emissions reduction project, which can be difficult between consumer, corporate and national levels
4. **Leakage** – Issues such as protected forest areas resulting in increased deforestation in unprotected areas or projects making other issues worse, e.g. social or environmental impacts.

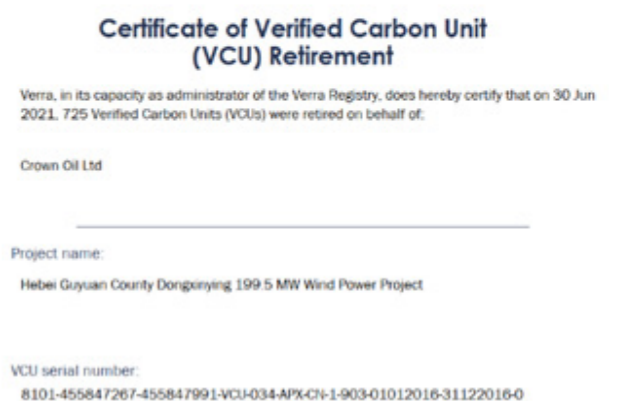
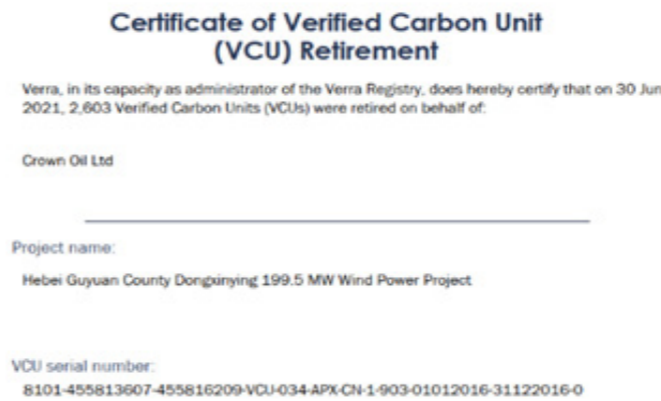
Crown Oil considers carbon offsetting as worthwhile, when combined with an action plan to reduce emissions at source. We understand that they cannot be considered as a justifiable long term solution to emissions reduction, as at the global scale, it is not possible to continue ‘business as usual’ by relying on offset strategies.

We will continue to investigate offsetting solutions and update our approach every year with a view to having an increasing impact, with respect to the 4 principles outlined above.

Summary table - absolute emissions breakdown

Absolute GHG emissions (tCO₂e) per financial year

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Scope	FY20/21
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Scope 3	5,889 (66%)
Total (Scope 1 and 2)	3,045 (34%)
Total (Scopes 1, 2, and 3)	8,934 (100%)
% change	N/A



<https://registry.verra.org/app/projectDetail/VCS/903>



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