

Willmott Dixon Group Ltd.

**PAS 2060: 2014 Specification for the
demonstration of carbon neutrality**

**Qualifying Explanatory statement in
support of PAS 2060:2014 self-
certification**

December 2014

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Introduction


This document forms the PAS 2060 Qualifying Explanatory Statement to demonstrate that Willmott Dixon has achieved carbon neutrality and is committed to being carbon neutral in line with PAS 2060:2014 reporting requirements.

| PAS 2060 Requirement | Response |
|--|--|
| Entity Making Declaration | Willmott Dixon Group (WDG) |
| Subject of PAS 2060 declaration | All offices, commercial premises and construction sites under financial control of the Willmott Dixon Group as well as all leased vehicles (including both company cars and commercial vans) and associated grey fleet (privately owned vehicles used for business and commuting mileage). |
| Description of subject | The Willmott Dixon Group (WDG) is one of UK's largest privately owned contracting, residential development and property companies. The Group employs over 3,000 staff across the UK. |
| Rationale for selection of the subject | The scope and subject of this PAS 2060 statement includes all emissions based on the financial control principle ¹ defined in the WRI GHG Protocol – Corporate standard. |
| Type of conformity assessment | Self-certification |
| Baseline date for PAS 2060 programme | 1 st Jan 2012 – 31 st Dec 2012 – Application Period 1 (AP1) |
| Achievement Period | 1 st Jan 2013 – 31 st Dec 2013 – Application Period 2 (AP2) |
| Commitment Period | 1 st Jan 2014 – 31 st Dec 2014 |

This Qualifying Explanatory Statement contains information pertaining to the subject's carbon neutrality. Any and all information herein is believed to be correct at the time of issue.

¹ This approach accounts for 95%+ of carbon emissions generated as a result of Willmott Dixon's operations.

Declaration of Achievement of Carbon Neutrality


| PAS 2060 Requirement | Willmott Dixon Response |
|---|---|
| Period during which the entity is demonstrating carbon neutrality of the subject has been achieved. | 1 st January 2012 – 31 st December 2013 ² |
| Recorded carbon footprint of the subject during the period stated above. | Application period: AP1: 20,442 tCO ₂ e AP2: 19,004 tCO ₂ e <u>Total: 39,446 tCO₂e</u> |
| Which defined PAS 2060 methodology has been followed to achieve carbon neutrality? | Method 3: AP1: Compliance achieved via 100% offsetting. AP2: Compliance achieved via reduction in emissions and offsetting. |
| How have the reductions in GHG emissions during the period been achieved? | Internal reduction and offsetting |
| Location of information supporting claims. | Appendix A |
| Location of the details describing internal reductions achieved. | Appendix A & B ³ |
| Location of the details describing the carbon offsets. | Appendix C |
| UK economic growth rate over the application period ⁴ | 2012: 0.3% 2013: 1.7% |
| Name of Senior Representative | Signature |
| Paul Smith <i>Group Director with responsibility for sustainable development</i> |  |
| Date: 18/12/2014 | |

² Covers two application periods.

³ Appendix A contains data on overall reductions in emissions and Appendix B provides an account of the measures implemented to achieve these reductions.

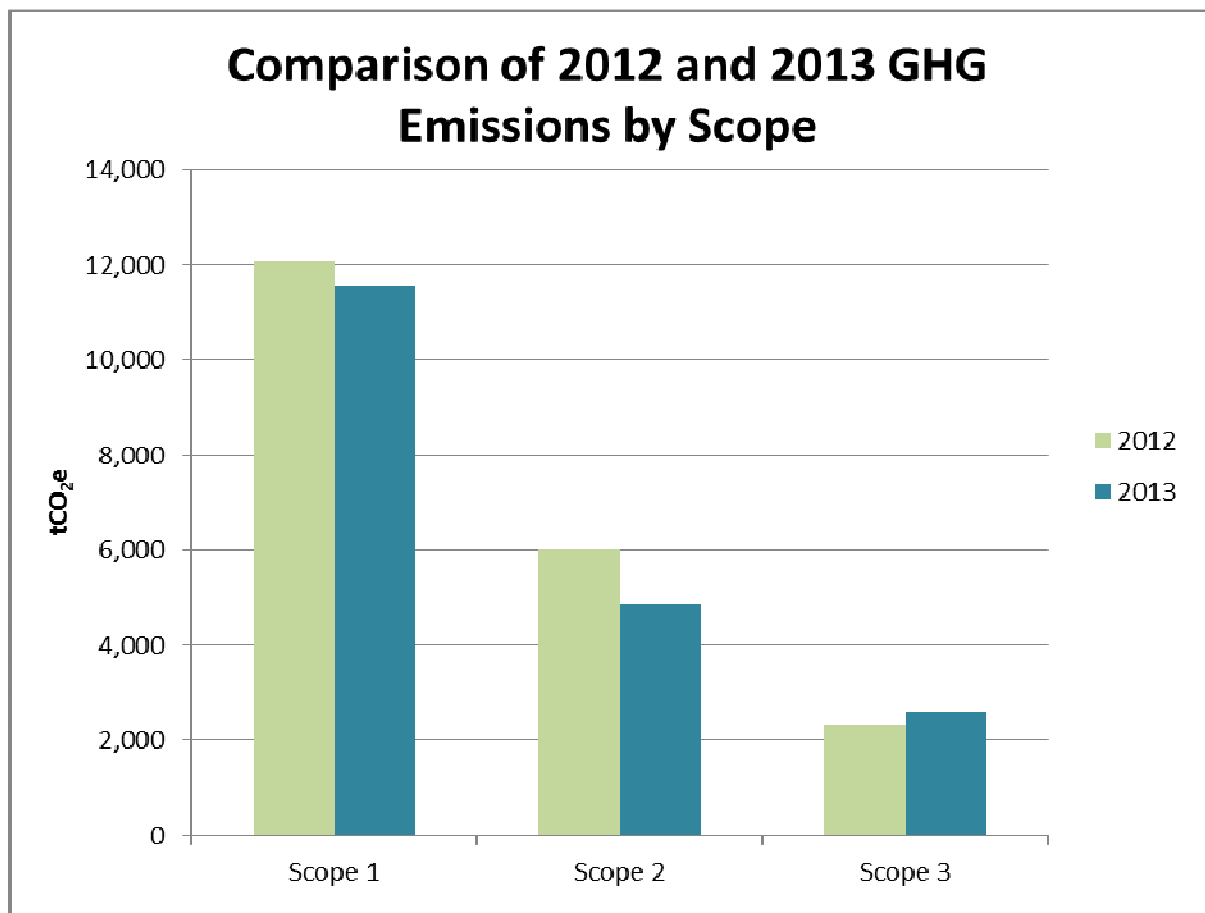
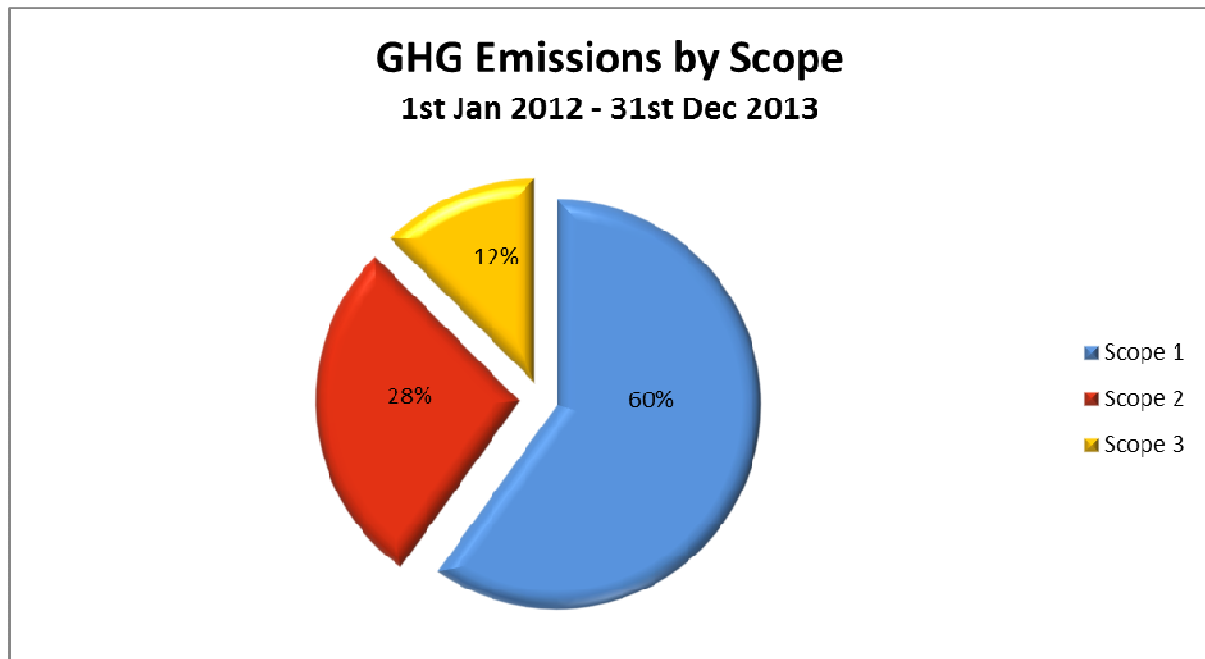
⁴ Taken from World bank GDP data (<http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>)

Declaration of Commitment to Carbon Neutrality

| PAS 2060 Requirement | Willmott Dixon Response |
|--|--|
| Period during which the entity commits to maintaining carbon neutrality of the subject. | 1 st Jan 2014 - 31 st Dec 2014 |
| Which method, as defined by PAS 2060, will be followed to achieve carbon neutrality. | Method 3 |
| Prior commitment to carbon neutrality made by entity. | Yes. AP 1: 1 st Jan 2012 - 31 st Dec 2012 AP 2: 1 st Jan 2013 - 31 st Dec 2013 |
| Carbon footprint of the subject for the period immediately prior to the start of the commitment. | AP 2: 19,004 tCO ₂ e |
| Location of GHG emission report supporting this claim | Appendix A |
| Location of the Carbon Footprint Management Plan | Appendix B |
| Name of Senior Representative | Signature |
| Paul Smith <i>Group Director with responsibility for sustainable development</i> |  |
| Date: 18/12/2014 | |

Appendix A - Quantifying our Carbon Footprint

Summary

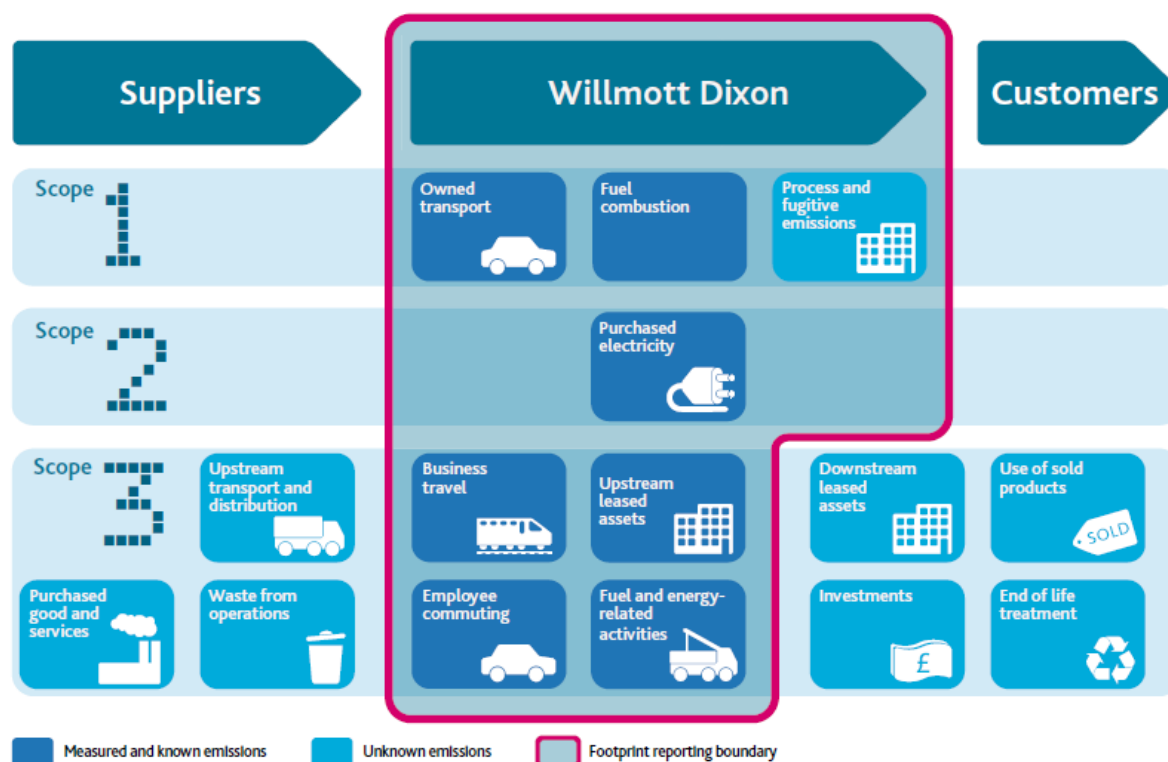


| Emissions Scope | Description | Emissions (tCO ₂ e) | | % Reduction |
|---|--|--------------------------------|---------------|-------------|
| | | 2012 | 2013 | |
| Scope 1 | Direct emissions from company cars, vans and fuel combustion (gas and site diesel) | 12,068 | 11,558 | 4.2 |
| Scope 2 | Indirect emissions from consumption of electricity | 6,032 | 4,861 | 19.4 |
| Scope 3 | Other indirect emissions from business travel, employee commuting and leased assets. | 2,342 | 2,585 | -10.4 |
| Total Willmott Dixon Group Emissions | | 20,442 | 19,004 | 7.0 |

Willmott Dixon Group Greenhouse gas emissions – 1st Jan 2012 – 31st Dec 2013

Carbon Emissions and Operational Boundary

The diagram below illustrates Willmott Dixon's carbon footprint and defines our reporting boundary.



Boundary of the Willmott Dixon Group Greenhouse gas emission reporting – 1st Jan 2012 – 31st Dec 2013

Methodology

Willmott Dixon categorises its GHG emissions as Scope 1, 2 and 3 as described in the WBCSD/WRI Greenhouse Gas Protocol Reporting standard (revised edition, March 2004). Emissions have been calculated as tonnes of carbon dioxide equivalent (tCO₂e) for scope 1, 2 and selected scope 3 sources (see appendix D) using conversion factors listed in the relevant DEFRA/DECC's Greenhouse Gas Conversion Factors for Company Reporting.

Key Assumptions

Car Mileage (excluding fuel cards)

Private car usage for commuting and business purposes as well as some company car usage is recorded as mileage completed. GHG conversion factors specific to the make and model of vehicle are applied to the mileage completed to provide tCO₂e. Whilst not as accurate as using data on fuel consumed, this is common best practice when such data is not available.

Data Quality

Confidence in the quality of the data supporting this GHG assessment is high. Willmott Dixon has been monitoring and recording its carbon footprint since 2010 and refining its data capture processes year on year as part of this.

In total just over 95% of carbon emissions are accounted for within the defined scope and boundary (see above) all of which is based directly on utility bills/metering readings, miles complete or derived from fuel consumed.

Appendix B – Carbon Footprint Management Plan

Historical Emissions Reduction Progress for the Previous Period

Willmott Dixon set a series of objectives within its published Sustainable Development Strategy entitled “Transforming Tomorrow”. The strategy divided the company’s aspirations into 4 themes, one of which is tackling climate change and energy efficiency and includes a headline target of reducing carbon intensity by 15% by the end of 2014 compared to 2010.

“Transforming tomorrow” lists a series of high level actions to drive the business toward this target and a more detailed Carbon Management Plan has also been produced to aid implementation. For a detailed breakdown of these actions, please see the “Transforming Tomorrow” and “Carbon Management Plan 2010 - 2014” documents on the company website.

Below are some of our key achievements and initiatives:

- The Group now makes employee car sharing payments to both the driver and the passenger(s). In 2013 we reimbursed 515,790 car-sharing miles saving 67 tCO₂e.
- Eco cabins have been specified on all new Willmott Dixon Capital Works projects since 2012. These cabins are over 70% more efficient during operation than typical anti vandal units and saved the company approximately 395 tCO₂ in 2013.
- Zoning electrical supplies to cabins to ensure heating is only provided to drying rooms during necessary periods, and ‘master switches’ to sites to enable all electricity to be switched off outside of operational hours are now standard inclusions across the capital works business.
- The fuel efficiency of cars available via the Group’s company car scheme is improved on an annual basis. Maximum permissible emissions rates for each year are listed below:
 - Pre July 2009: 210 gCO₂/km
 - From July 2009: 160 gCO₂/km
 - From July 2010: 150 gCO₂/km
 - From July 2011: 140 gCO₂/km
 - From July 2012: 130 gCO₂/km
 - From July 2013: 120 gCO₂/km
- Most of our commercial vans are now equipped with our Travel Management System (TMS), a real time tracking device enabling us to monitor vehicle usage and calculate driving efficiency (mpg).
- We now specify Eco-Tyres across our van fleet.
- Speed limiters (70 mph or lower) are now installed across the Groups van fleet.

2011-13 Investments

| Initiative | Actual Spent | Estimated Saving | |
|-------------------------------------|--------------|------------------|--------------------|
| | £k | £k | tCO ₂ e |
| Sustainability Surveys ⁵ | 53,927 | 7,503 pa | 55 pa |
| Server Virtualisation Project | 600 | 39.4 pa | 123 ⁶ |
| Green Bonus Car Scheme | 27.6 | - | - |
| Eco-cabins | 400 pa | 20 ⁷ | 395 ⁷ |
| Car sharing mileage | 25.8 | 61.9 | 67 |

Ongoing Emissions Reduction Plan for the PAS 2060 Commitment Period

A full account of Willmott Dixon's on-going initiatives and future investments for 2014 can be found in our Sustainable Development Strategy – "Transforming tomorrow" and our Carbon Management Plan 2010 – 2014, both of which are available on our website.

A summary of these is below:

Ongoing Commitments for 2014

Future investments planned at a similar level as those described above include:

- Green Bonus
- Car mileage sharing
- Eco-cabins

Future Investments planned in 2014

Future investments planned for 2014 include:

- Office sustainability audits across all Support Services branches
- On-line Group Sustainable Development Induction which will be rolled out across all existing employees
- Greater take-up of electrical zoning on sites
- Roll-out of eco-driver training
- Training for our fleet van drivers – starting with those performing least well according to TMS driver league tables
- Increased printing efficiency
- Communications – launch of the Sustainability Matters e-newsletter

⁵ 2011-12 Hitchin, Leeds, Farringdon Street, Rotherham

⁶ 2013 – drop in billed office emissions at Shefford office attributed to server project

Conformance to the Carbon Footprint Management Plan

The existing measures below will continue to be implemented to assess performance against the Plan.

- Willmott Dixon has an internal consultancy, Re-Thinking, to coordinate its carbon management strategy across the group and engage with external organisations to ensure alignment with industry and government direction. Re-Thinking also develop policy and strategy and monitor Group performance against targets.
- Paul Smith, Divisional CEO of Willmott Dixon Support Services is Group Director with responsibility for sustainable development, including energy and carbon management, and also chairs the WD Re-Thinking Board.
- Performance against our carbon targets is reported monthly to the Holdings Board and to every meeting of the Re-Thinking Board (which meets bi-monthly)
- At a local level each of the Local Company Office (LCO) Boards has a director with responsibility for sustainable development which encompasses carbon emissions performance. These directors are required to report performance monthly to their Board.

Appendix C – Carbon Offsetting

The following information covers the confirmed offset strategy for the period of carbon neutrality.

Offsetting Strategy

In 2012 Willmott Dixon partnered with ClimateCare and then with The CarbonNeutral Company in 2013 to manage a portfolio of carbon instruments on our behalf.

A volume of these instruments are retired on an annual basis to cover operational emissions for the previous 12 month period. Details of those retired for the period of carbon neutrality are included below.

Carbon instruments retired during period of carbon neutrality

In total 39,446 tCO₂e require offsetting across AP1 & AP2 (1st Jan 2012 – 31st Dec 2013)

AP1: 1st Jan 2012 – 31st Dec 2012

20,442 carbon credits relating to this period were offset.

90% of these credits were verified to the Voluntary Carbon Standard and were retired in NYSE Blue VCS Registry. The registry report can be found at <https://vcsregistry2.apx.com/myModule/rpt/myrpt.asp?r=206> (please use the search function and search for Willmott Dixon under beneficial owner).

10% of these credits were verified to the Gold Standard and were retired in NYSE Blue Gold Standard Registry. The registry report can be found at <https://products.markit.com/br-reg/public/index.jsp?s=cr> (please select retired credits and search for Willmott Dixon).

The benefitting projects are summarised below.

| Project Name | Country | Project Type | Standard | Vintage | Total |
|---------------------------|-----------|------------------------------|----------|-----------|-------|
| Bandeira e Capelli | Brazil | Biomass energy | VCS+SC | 2010 | 9,829 |
| Wayang Windu | Indonesia | Geothermal energy | VCS | 2009-2010 | 8,550 |
| Lifestraw | Kenya | Energy efficiency (domestic) | GS VER | 2011 | 2,043 |

AP2: 1st Jan 2013 – 31st Dec 2013

19,004 carbon credits relating to this period were offset.

68% of these credits were verified to the Voluntary Carbon Standard and were retired in NYSE Blue VCS Registry. The registry report can be found at <https://vcsregistry2.apx.com/myModule/rpt/myrpt.asp?r=206> please use the search function and search for Willmott Dixon under beneficial owner).

32% of these credits were verified to the Gold Standard and were retired in NYSE Blue Gold standard Registry. The registry report can be found at <https://products.markit.com/br-reg/public/index.jsp?s=cr> (please select retired credits and search for Willmott Dixon).

| Project Name | Country | Project type | Standard | Vintage | Total |
|---|----------------|------------------------------|-----------------|----------------|--------------|
| Bandeira e Capelli | Brazil | Biomass energy | VCS+SC | 2011 | 6,502 |
| Wayang Windu | Indonesia | Geothermal energy | VCS | 2009-2010 | 400 |
| Lifestraw | Kenya | Energy efficiency (domestic) | GS VER | 2011 | 95 |
| Improved Household Charcoal Stoves | Ghana | Energy efficiency (domestic) | GS VER | 2012 | 6,003 |
| TIST Program | Kenya | Agriculture & Forestry | VCS+CCBS | 2012-2013 | 6,004 |

Appendix D – Scope 3 Emissions

The scope 3 emissions included are those that Willmott Dixon has the greatest level of control over and can report with confidence in their accuracy.

All scope 3 emissions relevant to the Willmott Dixon Group are identified below with reasoning for those emissions which are not included.

Upstream Emissions

| Emission Source | Description | Reported |
|-----------------------------------|--|---|
| Purchased Goods and Services | Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 - 8 | <p><u>Yes</u></p> <p><i>Sub-contractor emissions resulting from operations on Willmott Dixon construction are reported as part of scopes 1 & 2.</i></p> <p><u>No</u></p> <p><i>Embodied carbon data is generally not available for products purchased.</i></p> |
| Upstream Transport & Distribution | Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company) | <p><u>No</u></p> <p><i>Transport emissions from services and products purchased is not financially viable to measure and report.</i></p> |
| Waste from Operations | Disposal and treatment of waste generated in the reporting company's operations in the reporting year (in facilities not owned or controlled by the reporting company) | <p><u>No</u></p> <p><i>It is not financially viable to measure and report emissions associated with the disposal and treatment of waste from Willmott Dixon operations. It is also difficult to accurately assess its impact.</i></p> |
| Employee commuting | Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned operated by the reporting company) | <p><u>Yes</u></p> <p><i>Commuting car mileage is reported.</i></p> <p><u>No</u></p> <p><i>Commuting mileage via other means of transport (trains or buses for example) is judged to be a relatively small contributor to the group's carbon emissions (circa 1%) so it is not financially viable to measure and report.</i></p> |

| | | |
|------------------------|---|---|
| Upstream leased assets | Operations of assets leased by the reporting company in the reporting year and not included in scope 1 & 2. | <p><u>Yes</u> Where the energy costs have been 'decoupled' from the lease the associated emissions are reported as part of scopes 1 & 2.</p> <p><u>No</u> Where energy consumption is accounted for within rent payments and management fees no reliable data is available.</p> |
|------------------------|---|---|

Downstream Emissions

| Emission Source | Description | Reported |
|--------------------------|---|--|
| Downstream Leased Assets | Operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in scope 1 & 2 – reported by lessor. | <p><u>No</u> While it may be technically feasible, it is not cost effective to quantify such emissions.</p> |
| Investment | Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or 2. | <p><u>No</u> Emissions data from Willmott Dixon's investments outside the Willmott Dixon Group is not available.</p> |
| Use of Sold Products | End use of goods and services sold by the reporting company in the reporting year. | <p><u>No</u> It is not financially viable to report in-use emissions from projects Willmott Dixon delivers for its clients.</p> |
| End of Life Treatment | Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life. | <p><u>No</u> It is not financially viable for Willmott Dixon to report emissions associated with the disposal of projects it builds at demolition phase.</p> |