Willmott Dixon Group Ltd.

PAS 2060: 2014 specification for the demonstration of carbon neutrality

Qualifying explanatory statement in support of PAS 2060:2015 self-certification

September 2016

Contents

Introduction 1
Declaration of Achievement of Carbon Neutrality 2
Declaration of Commitment to Carbon Neutrality 3
Appendix A - Quantifying our Carbon Footprint 4
Appendix B – Carbon Footprint Management Plan 7
Appendix C – Carbon Offsetting 10
Appendix D – Scope 3 Emissions 11

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 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:	1st Jan 2012 – 31st Dec 2012
Achievement Period:	1st Jan 2015 – 31st Dec 2015
Commitment Period:	1st Jan 2016 – 31st Dec 2016

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.	1st January 2015 – 31st December 2015
Recorded carbon footprint of the subject during the period stated above.	Application period: **16,789** tCO_2e
Which defined PAS 2060 methodology has been followed to achieve carbon neutrality?	Method 1: Demonstrating carbon neutrality
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[2]
Location of the details describing the carbon offsets.	Appendix C
UK economic growth rate over the application period[3]	2015: 2.3%
Name of Senior Representative	**Signature**
Paul Smith *Group Director with responsibility for sustainable development* Date: 30/09/2016	

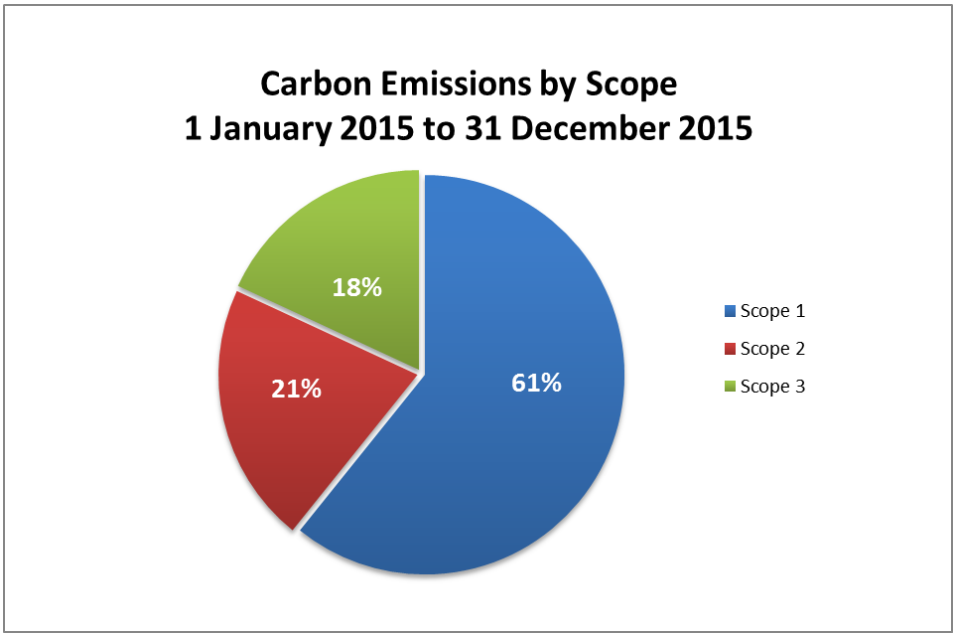
[2] Appendix A contains data on overall reductions in emissions and Appendix B provides an account of the measures implemented to achieve these reductions.
[3] Taken from World Bank GDP data (http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG)

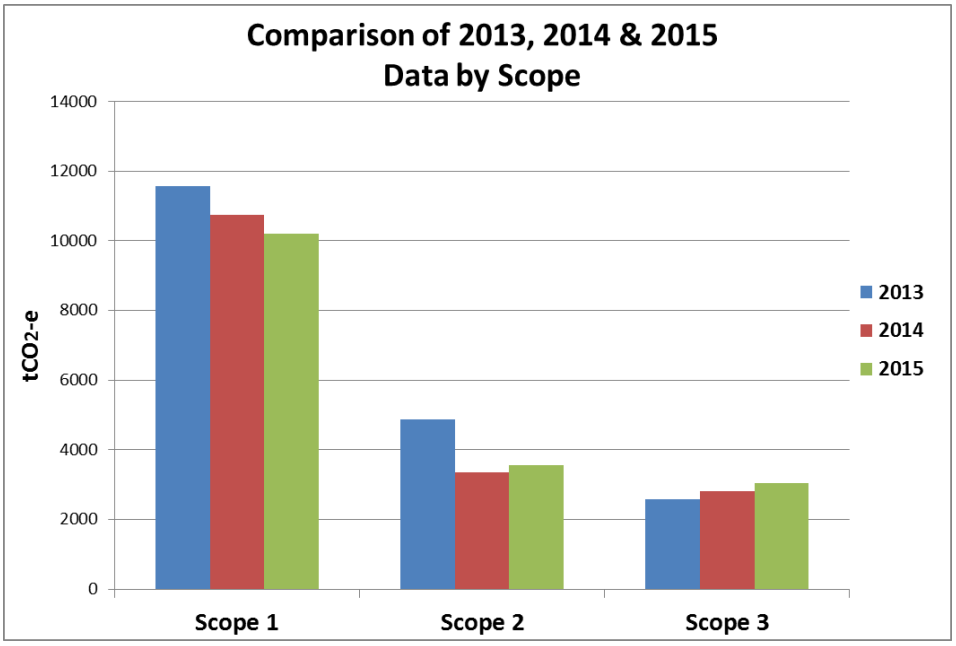
Declaration of Commitment to Carbon Neutrality

PAS 2060 Requirement	**Willmott Dixon Response**
Period during which the entity commits to maintaining carbon neutrality of the subject.	1st Jan 2016 - 31st Dec 2016
Which method, as defined by PAS 2060, will be followed to achieve carbon neutrality?	Method 1
Prior commitment to carbon neutrality made by entity.	Yes. AP 1: 1st Jan 2012 - 31st Dec 2012 AP 2: 1st Jan 2013 – 31st Dec 2013 AP 3: 1st Jan 2014 – 31st Dec 2014 AP 4: 1st Jan 2015 – 31st Dec 2015
Carbon footprint of the subject for the period immediately prior to the start of the commitment.	AP 4: 16,789 tCO_2e
Location of GHG emissions report supporting this claim	Appendix A
Location of the Carbon Footprint Management Plan	Appendix B
Name of Senior Representative	**Signature**
Paul Smith *Group Director with responsibility for sustainable development* Date: 30/09/2016	

Appendix A - Quantifying our Carbon Footprint

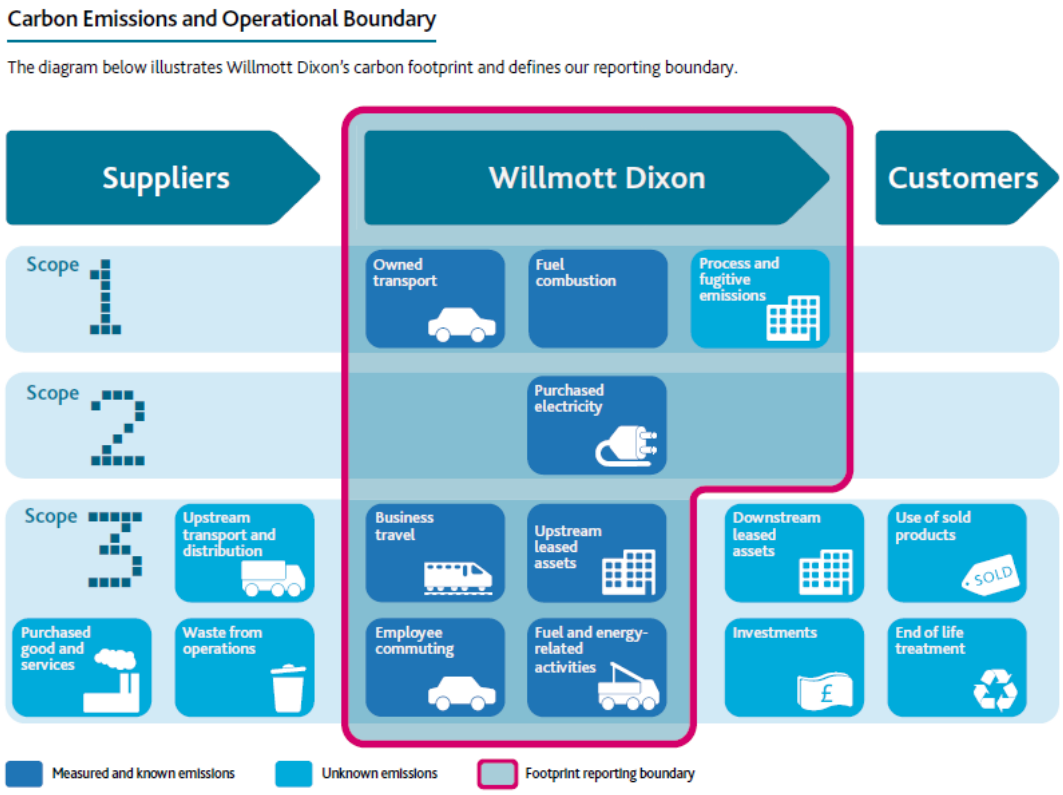
Summary





Emissions Scope	Description	2015 Emissions (tCO_2e)
Scope 1	Direct emissions from company cars, vans and fuel combustion (gas and site diesel)	10,205
Scope 2	Indirect emissions from consumption of electricity	3,546
Scope 3	Other indirect emissions from business travel, employee commuting and leased assets.	3,038
Total Willmott Dixon Group Emissions		**16,789**

Willmott Dixon Group Greenhouse Gas Emissions: 1st Jan 2015 – 31st Dec 2015



Boundary of the Willmott Dixon Group Greenhouse gas emission reporting – 1st Jan 2012 – 31st Dec 2015

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 (tCO_2e) for Scope 1, 2 and selected Scope 3 sources (see Appendix D) using conversion factors listed in the relevant Defra/DECC 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 tCO_2e. 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, and miles complete or derived from fuel consumed.

Appendix B – Carbon Footprint Management Plan

Historical Emissions Reduction Progress for the Previous Period

Willmott Dixon's Sustainable Development Strategy entitled "Transforming Tomorrow" was published in 2013 with a focus on four strategic areas of importance. '*Tackling climate change and energy efficiency'* is one of these four key areas; the headline target is to reduce carbon intensity by 50% by the end of 2020 (compared with 2010).

The Strategy lists a series of high level actions to drive the business toward this target and a more detailed Energy and Carbon Management Strategy (replacing the Carbon Management Plan) was published in 2015 to aid implementation. For a detailed breakdown of these actions, please see the company website.

Below are some of our key achievements and initiatives:

- In 2015 we achieved certification to the Carbon Trust Standard for Carbon. We also achieved certification to the Carbon Trust Standard for Supply Chain.
- The Group now makes employee car sharing payments to both the driver and the passenger(s). In 2015 we reimbursed 246,841 car-sharing miles and 29,522 bicycle miles.
- 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 tCO_2e in 2014.
- 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 Construction, Interiors and Partnership Homes businesses.
- The fuel efficiency of cars available via the Group's company car scheme is reviewed on an annual basis. Maximum permissible emissions rates for each year are listed below:
    - Pre July 2009: 210 gCO_2/km
    - July 2009: 160 gCO_2/km
    - July 2010: 150 gCO_2/km
    - July 2011: 140 gCO_2/km
    - July 2012: 130 gCO_2/km
    - From July 2013 : 120 gCO_2/km
- Average company car emissions in 2015 were 110gCO_2/km.
- All of our commercial vans are now equipped with JUCE, real time tracking devices 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 Group's van fleet.
- In 2015 electric cars were included on the company car list for the first time and two electric vehicles were used in our Rotherham Partnerships Branch.
- In 2015 commute mileage by public transport was introduced to encourage more sustainable travel options.

2011-15 Investments

Initiative	Actual Spend	Estimated Saving	
	£k	£k	tCO_2e
Sustainability Surveys [4]	53,927	7,503 pa	55 pa
Server Virtualisation Project	600	39.4 pa	123[5]
Green Bonus Car Scheme[6]	63.3	-	-
Eco-cabins	400 pa	20	395[7]
Car sharing mileage	68[8]	99	173
Eco-driver Training	4.1	-	-
Group Sustainability Induction	16.1	-	-
ESOS Compliance	7.5	-	-
Carbon Trust Standard for Carbon	9	-	-
Carbon Trust Supply Chain Standard	15	-	-
Reimbursement of electric car mileage	£1,149[9]	£193[10]	2,543[11]
Reimbursement of public transport commute mileage	£6,840[12]	-	6.2[13]

On-going Emissions Reduction Plan for the PAS 2060 Commitment Period

A full account of Willmott Dixon's on-going initiatives and future investments for 2016 can be found in our Sustainable Development Strategy – "Transforming Tomorrow" and our Energy & Carbon Management Strategy 2015 – 2020, both of which are available on our website.

A summary of these is below:

On-going Commitments for 2016

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

[4] 2011-12 Hitchin, Leeds, Farringdon Street, Rotherham
[5] 2013 – drop in billed office emissions at Shefford office attributed to server project
[6] £27.6k in 2013, £23.4k in 2014, £12.3k in 2015
[7] 2014
[8] Calculation based on commuting miles travelled
[9] Includes business and commuting reimbursement
[10] Based on average rate of 11p per mile
[11] Comparison against average CO_2 emissions for all vehicles
[12] Assuming all reimbursement is associated with train travel
[13] Using DEFRA conversion factors for national rail emissions

- Green Bonus
- Car mileage sharing
- Eco-cabins
- Maintenance of Group induction module
- Maintenance of eco-driving module
- Carbon Trust Standards for Carbon and Supply Chain

Future Investments planned in 2016

Future investments planned for 2016 include:

- Greater take-up of sub metering on site
- Training for our fleet van drivers – starting with those performing least well according to JUCE driver league tables
- Increased printing efficiency

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 Willmott Dixon 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 2015 Willmott Dixon partnered with Natural Capital Partners 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

16,789 carbon credits relating to this period were offset.

67% 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).

33% 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
Kitambar Switching Fuel	Brazil	Biomass Fuel Sources	VCS+SC	2015	5,269
Kitambar Switching Fuel	Brazil	Biomass Fuel Sources	VCS+SC	2011	327
TIST (Meru & Nanyuki)	Kenya	Reforestation	VCS+CCB	2011-2015	5,012
TIST (Meru & Nanyuki)	Kenya	Reforestation	VCS+CCB	2011 - 2015	584
Improved Cookstoves Stoves	Uganda	Energy efficiency (domestic)	GS VER	2014	5597

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	Included *Sub-contractor emissions resulting from operations on Willmott Dixon construction are reported as part of Scopes 1 & 2.* Excluded *Embodied carbon data is generally not available for products purchased.*
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)	Excluded *Transport emissions from services and products purchased is not financially viable to measure and report.*
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)	Excluded *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.*
Employee commuting	Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned operated by the reporting company)	Included *Commuting car mileage is reported, as is commuting via public transport (trains and buses).*

Upstream leased assets	Operations of assets leased by the reporting company in the reporting year and not included in Scope 1 & 2.	Included *Where the energy costs have been 'decoupled' from the lease the associated emissions are reported as part of Scopes 1 & 2.* Excluded *Where energy consumption is accounted for within rent payments and management fees no reliable data is available.*

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.	Excluded *While it may be technically feasible, it is not cost effective to quantify such emissions.*
Investment	Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or 2.	Excluded *Emissions data from Willmott Dixon's investments outside the Willmott Dixon Group is not available.*
Use of Sold Products	End use of goods and services sold by the reporting company in the reporting year.	Excluded *It is not financially viable to report in-use emissions from projects Willmott Dixon delivers for its clients.*
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.	Excluded *It is not financially viable for Willmott Dixon to report emissions associated with the disposal of projects it builds at demolition phase.*