

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

Achievment period: 1 Jan 16 – 31 Dec 16

Commitment period: 1 Jan 17 – 31 Dec 17

June 2018

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Introduction

This document forms the PAS 2060 Qualifying Explanatory Statement to demonstrate that Willmott Dixon Group has achieved carbon neutrality in accordance with PAS 2060:2014 at 31 December 2016 with commitment to maintain to 31 December 2017 for the period commencing 1 January 2017, self-declared.

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 the 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 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
Achievement Period:	1 st Jan 2016 – 31 st Dec 2016
Commitment Period:	1 st Jan 2017 – 31 st Dec 2017

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.

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 2016 – 31 st December 2016
Recorded carbon footprint of the subject during the period stated above.	Application period: 13,420 tCO ₂ e
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 ¹
Location of the details describing the carbon offsets.	Appendix C
UK economic growth rate over the application period ²	2016: 1.9%
Name of Senior Representative	Signature
Rick Willmott <i>Group Chief Executive with responsibility for sustainable development</i> Date: June 2018	

¹ Appendix A contains data on overall reductions in emissions and Appendix B provides an account of the measures implemented to achieve these reductions.

² Taken from World Bank GDP data (<http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG>)

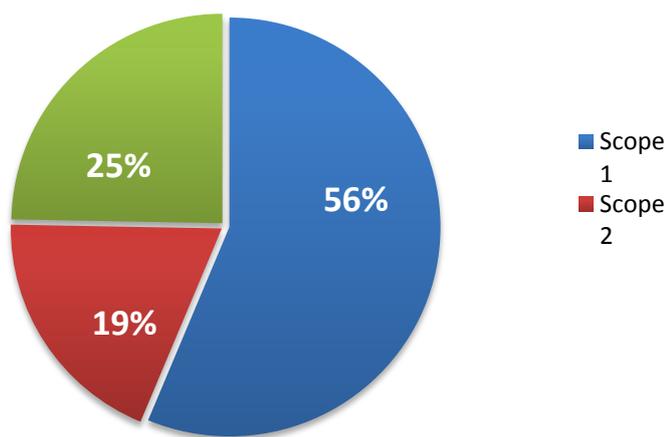
Declaration of Commitment to Carbon Neutrality

PAS 2060 Requirement	Willmott Dixon Response
Period during which the entity commits to maintaining carbon neutrality of the subject.	1 st Jan 2017 - 31 st Dec 2017
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: 1 st Jan 2012 - 31 st Dec 2012 AP 2: 1 st Jan 2013 - 31 st Dec 2013 AP 3: 1 st Jan 2014 - 31 st Dec 2014 AP 4: 1 st Jan 2015 - 31 st Dec 2015 AP 5: 1 st Jan 2016 - 31 st Dec 2016
Carbon footprint of the subject for the period immediately prior to the start of the commitment.	AP 5: 13,420 tCO ₂ e
Location of GHG emissions report supporting this claim	Appendix A
Location of the Carbon Footprint Management Plan	Appendix B
Name of Senior Representative	Signature
Rick Willmott <i>Group Chief Executive and Chair of the Re-Thinking Board with responsibility for sustainable development</i> Date: June 2018	

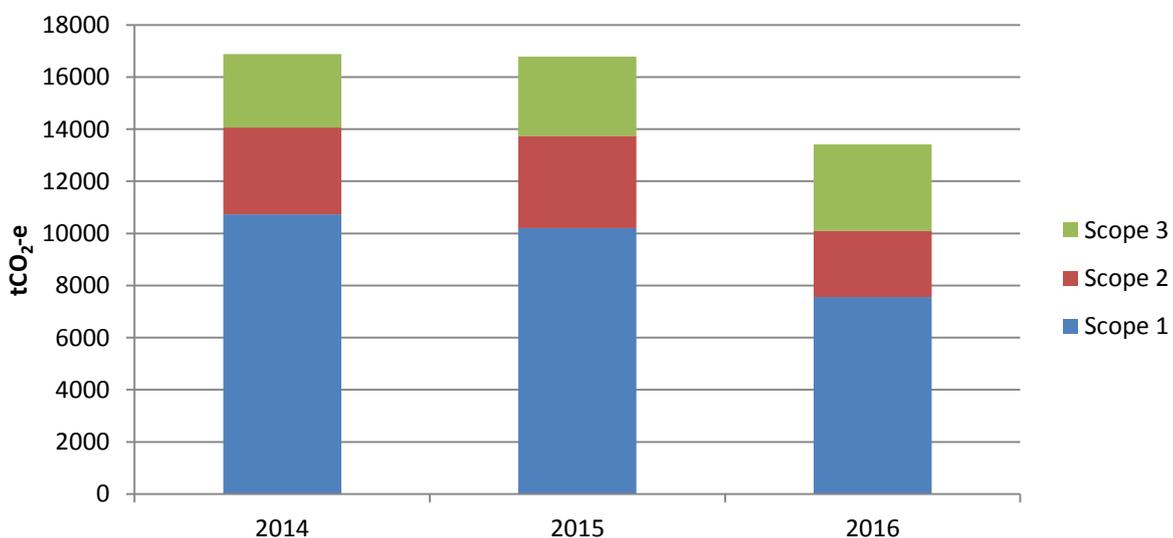
Appendix A - Quantifying our Carbon Footprint

Summary

Carbon Emissions by Scope 1 January 2016 to 31 December 2016



Comparison of 2014, 2015 & 2016 Absolute Emissions (Data by Scope)



Emissions Scope	Description	2016 Emissions (tCO₂e)
Scope 1	Direct emissions from company cars, vans and fuel combustion (gas and site diesel)	7,555
Scope 2	Indirect emissions from consumption of electricity	2,549
Scope 3	Other indirect emissions from business travel (including business mileage by train) and employee commuting.	3,316
Total Willmott Dixon Group Emissions		13,420

Willmott Dixon Group Greenhouse Gas Emissions: 1st Jan 2016 – 31st Dec 2016

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 Greenhouse Gas Conversion Factors for Company Reporting for the relevant year. All Scope 2 emissions are calculated using the location based methodology.

We calculate our carbon footprint using the principles of the GHG protocol and ISO14064 and our carbon footprint is then verified by The Carbon Trust as part of the Carbon Trust Standard.

The methodology used for calculating 2016 footprint remains consistent with the methodology for calculating the footprint for the previous application period (2015), with the exception of that train travel has now been included in the 2016 footprint as described below.

Key Assumptions

Exclusions

The carbon footprint includes business travel from owned and grey fleet. Train business travel was not included for footprints calculated between 2012 and 2015 but is now included for 2016 (this excludes commute travel by train). Other modes of business travel are excluded from the footprint but account for less than 1% of the footprint³.

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.

³ Based on detailed analysis of 2014 travel data

Client electricity/gas

Where Willmott Dixon have paid for client or leased assets electricity or gas, usage (kWh) is taken from meter readings or, if data is not available, is calculated from billing information using the rates of 12.9p/kWh for electricity or 3.758p/kWh for gas. Energy use is then converted to carbon emissions using the DEFRA GHG Conversion Factors.

Train Travel

In previous years, business mileage by train has not been included in the footprint because there was no means of collecting this data. In 2016 a new expenses system was launched to capture this information. Season ticket journeys are assumed to be return tickets (i.e. 2 journeys a day), and are calculated using an assumed number of working days⁴.

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 over 95% of carbon emissions are accounted for within the defined scopes 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 previous 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:

- We retained certification to the Carbon Trust Standard for Carbon and remained the only company in our sector to achieve The Carbon Trust's Supply Chain Standard.
- In 2016 we achieved a 13% reduction in carbon emissions relative to turnover and a 3369 tCO₂e absolute reduction in carbon emissions (compared to 2015).
- In 2016 we achieved a reduction in site diesel use of 33% (tCO₂e compared to 2015).
- In 2016 we reimbursed 286,255 car-sharing miles and 24,354 bicycle miles and paid out £17,000 in bonuses for employees choosing low emissions company or private cars.
- In 2016 we secured a contract with Energy Cost Advisors to enable us to purchase electricity as a group and we are able to monitor provision of temporary electrical

⁴ Working days have been calculated by removing weekends, annual leave, bank holidays, average sick days and, where applicable, non-travel days (for tickets over 5 days in duration).

supplies to sites thereby ensuring grid connection as early as possible. We have used hybrid generators for sites not yet connected to the grid.

- We continued to focus on 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 continue to be standard inclusions across the Construction, Interiors and Fortem 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 gCO₂/km
 - July 2009: 160 gCO₂/km
 - July 2010: 150 gCO₂/km
 - July 2011: 140 gCO₂/km
 - July 2012: 130 gCO₂/km
 - From July 2013 : 120 gCO₂/km
- Average company car emissions in 2016 were 108gCO₂/km (reduced from 110gCO₂/km in 2015)
- In 2016 we broadened the choice of electric cars on our company car list and continued to offer substantial bonuses for employees choosing them, to cover the cost of installing home-charging points. The use of fuel cards (which reimburse private fuel usage) are being phased out.
- 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).
- Fortem, our property maintenance business (for which a considerable proportion of carbon emissions come from transport), have started to use electric vans, contributing to an overall reduction in carbon emissions by vans of 29% (tCO₂e) in 2016 (compared to 2015).
- 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 2016 we renewed the contract with Northgate hire and put greater focus on shorter leases (and thereby faster vehicle turnover), fuel efficiency and greater integration of electric vehicles into the fleet.
- In 2016 we continued to offer our employees commute mileage by public transport to encourage more sustainable travel options.

2011-16 Investments

Initiative	Actual Spend	Estimated Saving	
	£k	£k	tCO ₂ e
Sustainability Surveys ⁵	54	7.5 pa	55 pa
Server Virtualisation Project	600	39.4 pa	123 ⁶

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

Green Bonus Car Scheme ⁷	197	-	-
Eco-cabins	400 pa	20	395 ⁸
Car sharing mileage	88 ⁹	123	187 ¹⁰
Eco-driver Training	5 ¹¹	-	-
Group Sustainability Induction	16.1	-	-
ESOS Compliance	7.5	-	-
Carbon Trust Standard for Carbon	48	-	-
Carbon Trust Supply Chain Standard	15	-	-
Reimbursement of electric car mileage	0.8 ¹²	2.4 ¹³	5.7 ¹⁴
Reimbursement of public transport commute mileage	14 ¹⁵	-	27 ¹⁶
Post Occupancy Evaluation	53 ¹⁷	-	-
Energy Cost Advisors	66 ¹⁸	366	-
Scoping study for work place car charging infrastructure	4.4	-	-
Mi project	62.5 ¹⁹	-	-
Carbon Offsets ²⁰	315.6	-	-

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

⁷ £51.9k in 2011, £58.0k in 2012, £26.4k in 2013, £23.4k in 2014, £20.0k in 2015, £17.0k in 2016

⁸ 2014

⁹ Calculation since 1st January 2012, total car sharing miles recorded – 1,751,179.

¹⁰ Assuming 2 people car sharing and using average g/km of 133 (average from car fleet in 2015)

¹¹ 4.1 for training plus £450 per annum for hosting and usage reports

¹² Includes business and commuting reimbursement at 0.03p/m

¹³ Based on average rate of 11p per mile

¹⁴ Comparison against average CO₂/mile for all fleet at 0.2kgCO₂e/mile

¹⁵ Assuming all reimbursement is associated with train travel

¹⁶ Using DEFRA conversion factors for national rail emissions

¹⁷ Based on 1.3fte at 40k annum + 2 hours additional input per project at 20 projects a year

¹⁸ Between Oct 2013- Oct 2016

¹⁹ Assumes WD staff only at 25k a year.

²⁰ 2012-2015 Emissions

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 2017 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 2017

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

- Car Sharing Mileage
- Green Bonus
- Car Mileage Sharing
- Video conferencing
- Bike mileage
- Electric car mileage reimbursement
- Energy Cost Advisors – 0.7p/kWh for electricity supply. 0.5p/kWh for offices, 0.4p/kWh for gas supply.
- Post occupancy evaluations
- Mi|project
- Hosting and Maintenance of Group Sustainable Development Induction Module

Carbon Offset programme

Future Investments planned in 2017

Future investments planned for 2017 include:

- Green Energy for small sites not eligible for half hourly meters at 0.5p/kWh from 2017 onwards

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.
- Rick Willmott, Group Chief Executive of Willmott Dixon, has 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, Be Board and Fortem 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. This arrangement continued into 2016 and it is intended that this approach will continue into 2017.

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

13,420 carbon credits relating to this period were offset.

63% of these credits were verified to the Voluntary Carbon Standard and were retired in NYSE Blue VCS Registry. The registry report for the Rimba Raya Biodiversity Reserve project can be found at

<https://vcsregistry2.apx.com/myModule/rpt/myrpt.asp?r=206&h=17637> and the

registry report for the Kitambar Switching Fuel project can be found at

http://www.vcsprojectdatabase.org/#/vcus/p_33²¹.

37% 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	Energy industries (renewable/non-renewable sources)	VCS	2015 & 2016	3,420
Rimba Raya Biodiversity Reserve	Indonesia	Agriculture Forestry and Other Land Use	VCS	2013	5,000
Improved Cookstoves	Uganda	Energy efficiency (domestic)	GS VER	2015	5,000

²¹ Individual sub accounts aren't listed on the public page. The retirements made on behalf of Willmott Dixon are those made on 11/10/2017. Please contact Willmott Dixon for further information.

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. The following sources are not considered relevant - capital goods, fuel and energy related activities (all elements other than transmission and distribution losses), downstream transportation and distribution, processing of sold products and franchises.

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>Included</u></p> <p><i>Some sub-contractor emissions resulting from operations on Willmott Dixon construction are reported as part of Scopes 1 & 2.</i></p> <p><u>Excluded</u></p> <p><i>Embodied carbon data is generally not available for products purchased.</i></p> <p><i>Data from sub-contractor emissions from fuel not purchased by WD is not of sufficient quality for inclusion.</i></p>
Fuel- and energy related activities	c. Transmission and distribution (T&D) losses (generation of electricity, steam, heating and cooling that is consumed (i.e., lost) in a T&D system) – reported by end user	<p><u>Excluded</u></p> <p><i>This data is excluded in 2016 but will be included from 2017 onwards.</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>Excluded</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>Excluded</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.</i></p>

Business travel	Transportation of employees for business related activities during the reporting year (in vehicles not owned or operated by the reporting company)	<p><u>Included</u> <i>Business travel from owned and grey fleet and train business travel</i></p> <p><u>Excluded</u> <i>Other modes of business travel (but these account for less than 1% of the footprint)</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>Included</u> <i>Commuting car mileage is reported, as is commuting via public transport (trains and buses).</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>Included</u> <i>Where the energy costs have been 'decoupled' from the lease the associated emissions are reported as part of Scopes 1 & 2.</i></p> <p><u>Excluded</u> <i>Where energy consumption is accounted for within rent payments and management fees no reliable data is available.</i></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>Excluded</u> <i>While it may be technically feasible, it is not cost effective to quantify such emissions.</i></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>Excluded</u> <i>Emissions data from Willmott Dixon's investments outside the Willmott Dixon Group is not available.</i></p>
Use of Sold Products	End use of goods and services sold by the reporting company in the reporting year.	<p><u>Excluded</u> <i>It is not financially viable to report in-use emissions from projects Willmott Dixon delivers for its clients.</i></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>Excluded</u> <i>It is not financially viable for Willmott Dixon to report emissions associated with the disposal of projects it builds at demolition phase.</i></p>