Willmott Dixon Holdings 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 20 – 31 Dec 20**

Commitment period: **1 Jan 21 – 31 Dec 21**

December 2021

WILLMOTT DIXON

SINCE 1852

Contents

Introduction

This document forms the PAS 2060 Qualifying Explanatory Statement to demonstrate that Willmott Dixon Holdings Ltd has achieved carbon neutrality in accordance with PAS 2060:2014 at 31 December 2020 with commitment to maintain to 31 December 2021 for the period commencing 1 January 2021, self-declared.

PAS 2060 Requirement	Response
Entity making declaration:	Willmott Dixon Holdings Ltd (WDH)
Subject of PAS 2060 declaration:	All offices, commercial premises and construction sites for which Willmott Dixon Holdings Ltd has financial control of energy consumption, as well as all leased vehicles, associated grey fleet (privately owned vehicles used for business and commuting mileage) and train travel (business and commute mileage).
Description of subject:	Willmott Dixon Holdings Ltd is a privately-owned contracting and interior fit-out group.
Rationale for selection of the subject:	The scope and subject of this PAS 2060 statement includes all emissions based on the operational control principle defined in the WRI GHG Protocol – Corporate standard.
Type of conformity assessment:	Self-certification
Baseline date for PAS 2060 programme:[1]	1st Jan 2017 – 31st Dec 2017
Achievement Period:	1st Jan 2020 – 31st Dec 2020
Commitment Period:	1st Jan 2021 – 31st Dec 2021

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] Willmott Dixon Holdings Ltd underwent a demerger at the start of 2017, making them operationally independent from both the Be Living Holdings residential development business and the Fortem active asset management business. The PAS 2060 process therefore started again from 1st January 2017 on the basis of a newly defined subject (PAS 2060 demonstration of carbon neutrality had previously been documented for Willmott Dixon Group Ltd between 2012-2016).

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 2020 – 31st December 2020
Recorded carbon footprint of the subject during the period stated above.	Application period: **6,375** tCO_2e
Which PAS 2060 recognized 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?	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]	2020: -9.8%
Name of Senior Representative	**Signature**
Rick Willmott *Group Chief Executive with responsibility for sustainable development* Date: December 2021	Rick Willmott

[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)

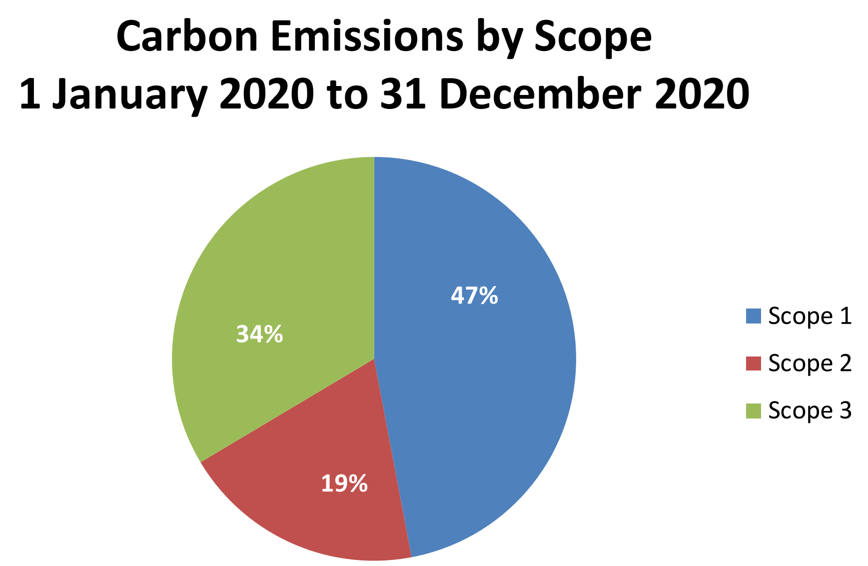
Declaration of Commitment to Carbon Neutrality

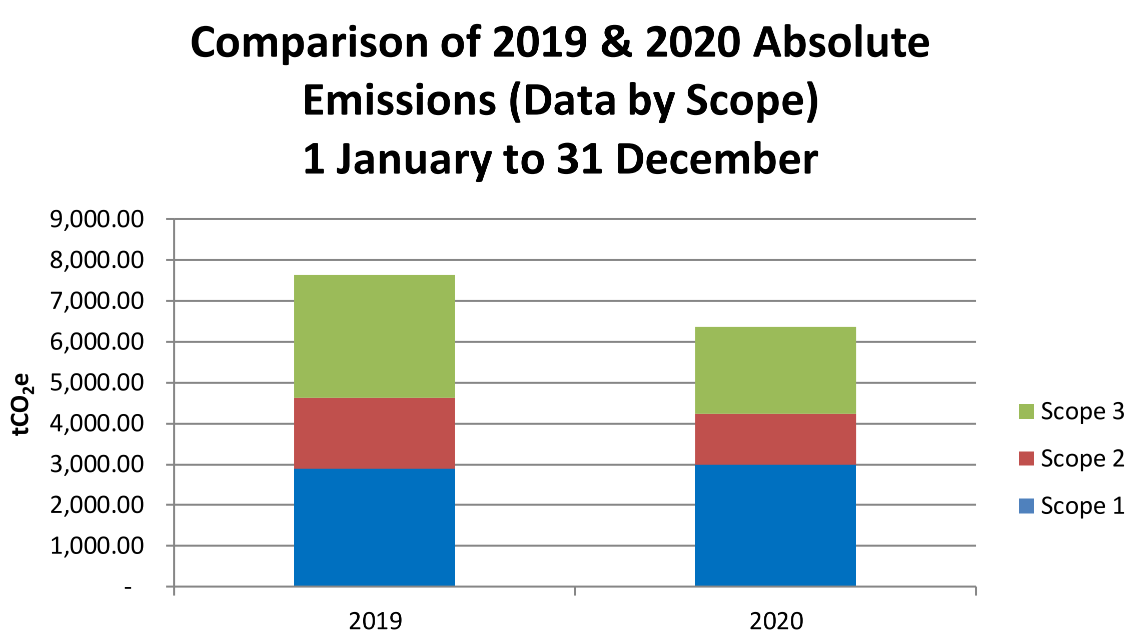
PAS 2060 Requirement	**Willmott Dixon Response**
Period during which the entity commits to maintaining carbon neutrality of the subject.	1st Jan 2021 - 31st Dec 2021
Which method, as recognized by PAS 2060, will be followed to achieve carbon neutrality?	WBCSD/WRI Greenhouse Gas Protocol, Corporate Accounting and Reporting standard (revised edition, March 2004).
Prior commitment to carbon neutrality made by entity.	Yes[4] AP1 : 1 Jan 2017-31 Dec 2017 AP2 : 1 Jan 2018-31 Dec 2018 AP3 : 1 Jan 2019-31 Dec 2019 AP4 : 1 Jan 2020-31 Dec 2020
Carbon footprint of the subject for the historic reductions period (immediately prior to the start of the commitment).	AP4 6,375 tCO2e
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 *Group Chief Executive with responsibility for sustainable development* Date: December 2021	

[4] Prior to a company restructure at the start of 2017, PAS 2060 demonstration of carbon neutrality had previously been documented for Willmott Dixon Group Ltd between 2012-2016. Willmott Dixon Holdings Ltd was encompassed within the Willmott Dixon Group Ltd figures and is therefore able to demonstrate prior commitment to carbon neutrality (despite starting the PAS 2060 process again as of 1st January 2017 on the basis of a newly defined subject)

Appendix A - Quantifying our Carbon Footprint

Summary





Emissions Scope	Description	2020 Emissions (tCO_2e)
Scope 1	Direct emissions from company cars, vans and fuel combustion (gas and site diesel)	2,999
Scope 2	Indirect emissions from consumption of electricity	1,237
Scope 3	Other indirect emissions from business travel (including business mileage by train), employee commuting, working from home equipment & heating estimations and transmission & distribution losses (from scope 2 electricity consumption)	2,139
Total Willmott Dixon Holdings Emissions		**6,375**

Figure 1: Willmott Dixon Holdings Ltd Greenhouse Gas Emissions: 1st Jan 2020 – 31st Dec 2020

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 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.

Key Assumptions

Exclusions

The carbon footprint includes business travel from company vehicles, grey fleet and trains, as well as employee commuting by car and train. Other modes of business travel are excluded from the footprint but account for less than 1% of the footprint[5].

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.

Client electricity/gas

[5] Other modes of business travel include travel by plane, taxi, bus, ferry, tram and tube. Where exact mileage information is not available, miles have been estimated for a number of journeys for each transport type, and using analysis of miles per £1 for these trips, mileage assumptions have been applied to each journey type.

[6] All construction sites had meter readings available so this only relates to a small number of shared offices where landlords were responsible for electricity procurement (rather than Willmott Dixon).

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. During 2020 the rates used were 13.35p/kWh for electricity (average price per kWh for WD office contracts[6] during 2020) or 4.17p/kWh for gas (as quoted by the Energy Saving Trust). Energy use is then converted to carbon emissions using the DEFRA GHG Conversion Factors.

Train Travel

Business mileage by train is captured by the Company expenses system using track miles. Season ticket journeys are assumed to be return tickets (i.e. two journeys a day), and are calculated using an assumed number of working days[7].

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. It has been accredited to the Carbon Trust Standard since 2012 and data has also been audited by Bureau Veritas since 2012.

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

[6] All construction sites had meter readings available so this only relates to a small number of shared offices where landlords were responsible for electricity procurement (rather than Willmott Dixon).

[7] 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).

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 (and updated in 2018) with a focus on four strategic areas of importance. '*Tackling climate change and energy efficiency'* was one of these four key areas; the headline target was to reduce carbon intensity by 50% by the end of 2020 (compared with 2010). *A* more detailed Energy and Carbon Management Strategy (replacing the previous Carbon Management Plan) was published in 2015 (and updated in 2018) to aid implementation.

Below are some of our key achievements and initiatives for 2020:

- Reduced our carbon emissions relative to turnover by 12% between 2019 and 2020, and by 66% since 2010
- All offices and all sites (where we are responsible for energy procurement) continued to be powered with 100% natural renewable electricity
- Increased choice of electric and hybrid vehicle models on our company car list
- Remained accredited to the Carbon Trust Standard
- Paid out £22.8k in green bonuses to our people choosing low emissions cars

More information is available on our website.

2020 Investments

Initiative	Actual Spend	Estimated Saving	
	£k	£k	tCO_2e
Green Bonus Car Scheme	22.8	-	-
Car sharing mileage	3[8]	3.6	11.7[9]
Post occupancy evaluation	53[10]	-	-
Mi|project	25[11]	-	-
Carbon Offsets[12]	43.3	-	6,375
Now or Never Strategy launch costs	16.4[13]	-	-
Carbon Trust Supply Chain Standard (staff Time)	5[14]		
Carbon Trust Supply Chain Standard (submission)	15		
First ECCOlab licence[15]	1.5		
Creation of new Power BI performance dashboards	5[16]		

[8] Total car sharing miles – 60,352. This figure was a lot lower than in previous years due to the pandemic

[9] Assuming 2 people car sharing and using average g/km of 120

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

[11] Assumes WD staff only at 25k a year

[12] Cost to offset 6,375 tCO2e

[13] Filming £11,155, webinar hosting £4,690, zoom licence £520

[14] Based on 1.15fte at 40k annum dedicating 29 days

[15] Lifecycle costing tool. The number of licences will increase in future years

[16] Based on 1fte at £35k dedicating 40 days

Ongoing Emissions Reduction Plan for the PAS 2060 Commitment Period

In September 2020, following the successful completion of our 2020 strategy, we launched our new sustainability strategy, 'Now or Never', which contains a series of ambitious targets to achieve by 2030. One of the key headline targets is that we will be a **zero-carbon company without offsetting by 2030** (a target which has been externally approved by the Science Based Targets Initiative)**.**

Full details on the strategy and on Willmott Dixon's on-going initiatives and future investments for 2021 can be found on our website.

A summary of these is below:

Ongoing Commitments for 2021

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

- A new salary sacrifice scheme to support our people to get low-carbon lease-cars
- Refreshing our long standing green bonus for low emission cars to provide more focus on zero emission vehicles
- Introducing a new homeworking allowance and funding for home office furniture to support our new agile working policy
- The introduction of a penalty for the most-polluting grey-fleet cars, which can no longer claim business mileage
- Increased costs relating to sites procuring HVO in place of gas oil/site diesel
- A working from home allowance (to support people with the additional costs incurred by working from home)
- Car Sharing Mileage
- Increased video conferencing
- Bike mileage
- Electric car mileage reimbursement
- Post occupancy evaluations
- Mi|project
- Hosting and Maintenance of Group Sustainable Development Induction Module
- Carbon Offset programme

Future investments planned:

- Continue to investigate opportunities for real-time system for monitoring electricity consumption to enable us to identify areas for improvement
- Additional licences for ECCOlab for lifecycle costing
- Continue to work with our supply chain partners to reduce their carbon emissions intensity, to ensure that we maintain our Carbon Trust Supply Chain Standard certification
- Continued investment in electric car charging infrastructure at our sites and offices
- Energy purchasing under our community solar offer
- Ongoing research of electric-plant options and alternatives to using diesel on our sites
- Where diesel usage can't be avoided, we will roll out the use of HVO fuel (which has ten times less carbon emissions than mineral diesel oil)

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 a Group Sustainability function to coordinate its carbon management strategy across the Group and engage with external organisations to ensure alignment with industry and government direction. Group Sustainability also develops policy and strategy and monitors 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 Holdings Sustainability Committee.
- Performance against our carbon targets is reported bi-monthly to both the Holdings Board and the Sustainability Committee.
- 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 and an interactive dashboard has been created to help enable them to do this.

Appendix C – Carbon Offsetting

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

Offsetting Strategy

In 2020, Willmott Dixon partnered with Carbon Footprint Limited 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

6,375 carbon credits relating to this period were offset.

100% of these credits were verified to the Gold Standard. The registry reports can be found at the following links:

https://registry.goldstandard.org/credit-blocks/details/205205

https://registry.goldstandard.org/credit-blocks/details/205208

https://registry.verra.org/myModule/rpt/myrpt.asp?r=206&h=132940

Project Name	Country	Project type	Standard	Vintage	Total
Otuke District Borehole Project	Uganda	Clean Drinking Water	Gold Standard	2019	2,701
Otuke District Borehole Project	Uganda	Clean Drinking Water	Gold Standard	2020	1,039
Sumatra Merang Peatland Project	Sumatra	Agriculture Forestry and Other Land Use	Gold Standard	2018	2,500

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 Willmott Dixon Holdings Ltd 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	<u>Included</u> *Some sub-contractor emissions resulting from operations on Willmott Dixon construction are reported as part of Scopes 1 & 2.* <u>Excluded</u> *Embodied carbon data is generally not available for products purchased.* *Data from sub-contractor emissions from fuel not purchased by WD is not of sufficient quality for inclusion.*
Fuel- and energy related activities	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	<u>Included</u> *Transmission and distribution losses are included for all office and site electricity included in the footprint.*
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)	<u>Excluded</u> *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)	<u>Excluded</u> *It is not financially viable to measure and report emissions associated with the disposal and treatment of waste from Willmott Dixon operations.*

Business travel	Transportation of employees for business related activities during the reporting year (in vehicles not owned or operated by the reporting company)	Included *Business travel from owned and grey fleet and train business travel* Excluded *Other modes of business travel (but these account for less than 1% of the footprint – see 'Key Assumptions')*
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 train*
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.*