

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 19 – 31 Dec 19

Commitment period: 1 Jan 20 – 31 Dec 20

December 2020

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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 2019 with commitment to maintain to 31 December 2020 for the period commencing 1 January 2020, 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	1 st Jan 2017 – 31 st Dec 2017
Achievement Period:	1 st Jan 2019 – 31 st Dec 2019
Commitment Period:	1 st Jan 2020 – 31 st Dec 2020

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 has 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.	1 st January 2019 – 31 st December 2019
Recorded carbon footprint of the subject during the period stated above.	Application period: 7,635 tCO₂e
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	2019: 1.4%
Name of Senior Representative	Signature
Rick Willmott <i>Group Chief Executive with responsibility for sustainable development</i> Date: 17 th December 2020	

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

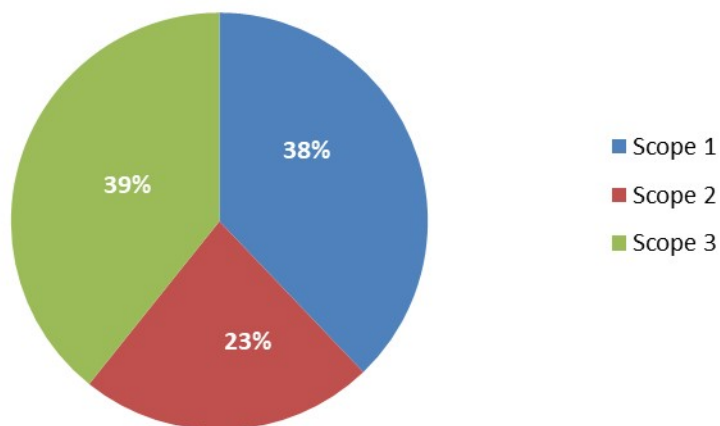
PAS 2060 Requirement	Willmott Dixon Response
Period during which the entity commits to maintaining carbon neutrality of the subject.	1 st Jan 2020 - 31 st Dec 2020
Which method, as recognized by PAS 2060, will be followed to achieve carbon neutrality?	WBCSD/WRI Greenhouse Gas Protocol, Corporate Accounting 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
Carbon footprint of the subject for the historic reductions period (immediately prior to the start of the commitment).	AP3 7,635 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
Rick Willmott <i>Group Chief Executive with responsibility for sustainable development</i> Date: 17 th December 2020	

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)

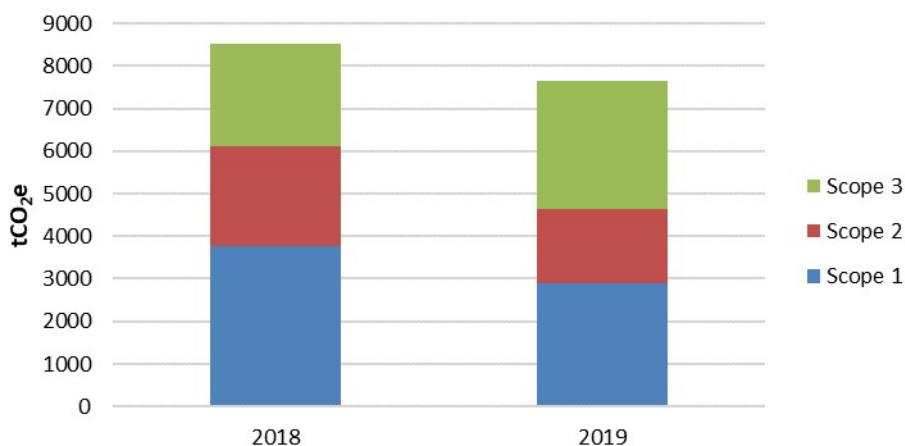
Appendix A - Quantifying our Carbon Footprint

Summary

Carbon Emissions by Scope 1 January 2019 to 31 December 2019



Comparison of 2018 & 2019 Absolute Emissions (Data by Scope) 1 January to 31 December



Emissions Scope	Description	2019 Emissions (tCO₂e)
Scope 1	Direct emissions from company cars, vans and fuel combustion (gas and site diesel)	2,891
Scope 2	Indirect emissions from consumption of electricity	1,747
Scope 3	Other indirect emissions from business travel (including business mileage by train), employee commuting and transmission & distribution losses (from scope 2 electricity consumption)	2,997
Total Willmott Dixon Holdings Emissions		7,635

Figure 1: Willmott Dixon Holdings Ltd Greenhouse Gas Emissions: 1st Jan 2019 – 31st Dec 2019

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.

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 footprint⁵.

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.

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.

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 2019 the rates used were 13.32p/kWh for electricity (average price per kWh for WD office contracts⁶ during 2019) or 3.63p/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 days⁷.

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*' 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). 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:

- Reduced our carbon emissions relative to turnover by 5% between 2018 and 2019, and by 61% since 2010
- All offices and all sites (where we are responsible for energy procurement) powered with 100% natural renewable electricity
- Increased the amount paid out in green bonuses to our people choosing low emissions cars by 23%, to £43k
- Increased choice of electric and hybrid vehicle models on our company car list
- Reaccredited to the Carbon Trust Standard named best in sector

More information is available on our website.

2019 Investments

Initiative	Actual Spend		Estimated Saving	
	£k	£k	£k	tCO ₂ e
Green Bonus Car Scheme	43	-	-	-
Commuter Cycle Reimbursement	1.3 ⁸	-	-	1.3 ⁹
Business Cycle Reimbursement	2.2 ¹⁰	-	-	2.2
Car sharing mileage	13.2 ¹¹	9.2	-	27.2 ¹²
Reimbursement of public transport commute mileage	168.9 ¹³	-	-	28.8 ¹⁴
Post occupancy evaluation	53 ¹⁵	-	-	-
Mi project	25 ¹⁶	-	-	-
Carbon Offsets ¹⁷	36.3	-	-	-

⁸ 6437 miles at 20p per mile

⁹ Assuming cycle miles would have otherwise been made by car

¹⁰ 10,901 miles at 20p per mile

¹¹ Total car sharing miles – 264,187

¹² Assuming 2 people car sharing and using average g/km of 128 (average from car fleet in 2019)

¹³ Assuming reimbursement on TMC is at 11p per mile (comparable to car payments)

¹⁴ Assuming rail mileage would have otherwise been completed by car. Rail emissions calculated using DEFRA conversion factor.

¹⁵ Based on 1.3fte at 40k annum + 2 hours additional input per project at 20 projects a year

¹⁶ Assumes WD staff only at 25k a year

¹⁷ Cost to offset 7,635 tCO₂e

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 2020 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 2020

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

- Car Sharing Mileage
- Green Bonus
- 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:

- Further investment in connections to our sites to enable more accessibility to videoconferencing at our sites
- Amendments to offices such as soundproof pods to improve videoconferencing capabilities
- Continued investment in electric car charging infrastructure at our sites and offices
- 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.
- Continue to investigate opportunities for real-time system for monitoring electricity consumption to enable us to identify areas for improvement
- Agile working to reduce both business and commute mileage
- Revision of incentives for more efficient fleet including electric cars

Information on Willmott Dixon's ambitions beyond 2020 is available in our 2020 – 2030 Strategy, "Now or Never" (available on the Willmott Dixon website).

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 monthly to the Holdings Board and to every meeting of the Sustainability Committee (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 2019, 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

7,635 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/145666>

<https://registry.goldstandard.org/credit-blocks/details/145663>

<https://registry.goldstandard.org/credit-blocks/details/145662>

<https://registry.goldstandard.org/credit-blocks/details/145661>

<https://registry.goldstandard.org/credit-blocks/details/145660>

Project Name	Country	Project type	Standard	Vintage	Total
Alebtong District Borehole Project	Uganda	Clean Drinking Water	Gold Standard	2018	864
Alebtong District Borehole Project	Uganda	Clean Drinking Water	Gold Standard	2018	4,308
Lango Safe Water Project	Uganda	Clean Drinking Water	Gold Standard	2017	215
Lango Safe Water Project	Uganda	Clean Drinking Water	Gold Standard	2018	1,041
Lango Safe Water Project	Uganda	Clean Drinking Water	Gold Standard	2019	1,207

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	<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	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>Included</u></p> <p><i>Transmission and distribution losses are included for all office and site electricity included in the footprint.</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></p> <p><i>Business travel from owned and grey fleet and train business travel</i></p> <p><u>Excluded</u></p> <p><i>Other modes of business travel (but these account for less than 1% of the footprint – see 'Key Assumptions')</i></p>
Employee commuting	Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company)	<p><u>Included</u></p> <p><i>Commuting car mileage is reported, as is commuting via train</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></p> <p><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></p> <p><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></p> <p><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></p> <p><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></p> <p><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.	<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>
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