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

Achievement period: **1 Jan 22 – 31 Dec 22**

Commitment period: **1 Jan 23 – 31 Dec 23**

December 2023

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 2022 with commitment to maintain to 31 December 2023 for the period commencing 1 January 2023, 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[1] 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:[2]	1st Jan 2021 – 31st Dec 2021
Historic reduction period[3]	1st Jan 2020 – 31st Dec 2020
Achievement Period:	1st Jan 2022 – 31st Dec 2022
Commitment Period:	1st Jan 2023 – 31st Dec 2023

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] In addition, Willmott Dixon Holdings Ltd have opted to include customer purchased electricity that is used on site.

[2] PAS 2060 demonstration of carbon neutrality has been documented for Willmott Dixon Holdings Ltd since 2012 (between 2012 – 2017 this was as a part of the Willmott Dixon Group Ltd which underwent a demerger at the start of 2017). In 2021 Willmott Dixon Holdings Ltd made changes to their carbon offsetting footprint in line with The Company's new 'Now or Never' 2030 strategy (further information the footprint can be found under the metholodology in Appendix A). The PAS 2060 process therefore started again from 1st January 2021 on the basis of a newly defined subject.

[3] Data on the newly defined subject existed within Willmott Dixon Holdings Ltd prior to 1st January 2021, therefore, Willmott Dixon Holdings Ltd can evidence historical reduction from the year prior to the first achievement period.

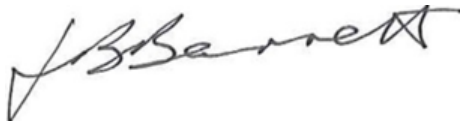
Declaration of Achievement of Carbon Neutrality

PAS 2060 Requirement	**Willmott Dixon Response**
Period during which the entity is demonstrating carbon neutrality of the subject has been achieved.	1st January 2022 – 31st December 2022
Recorded carbon footprint of the subject during the period stated above.	Application period: **4,407** 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[4]
Location of the details describing the carbon offsets.	Appendix C
UK economic growth rate over the application period[5]	2022: 4.1%
Name of Senior Representative	**Signature**
Julia Barrett *Chief Sustainability Officer, director responsible for sustainable development* Date: December 2023	

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

[5] Taken from World Bank GDP data (http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG)

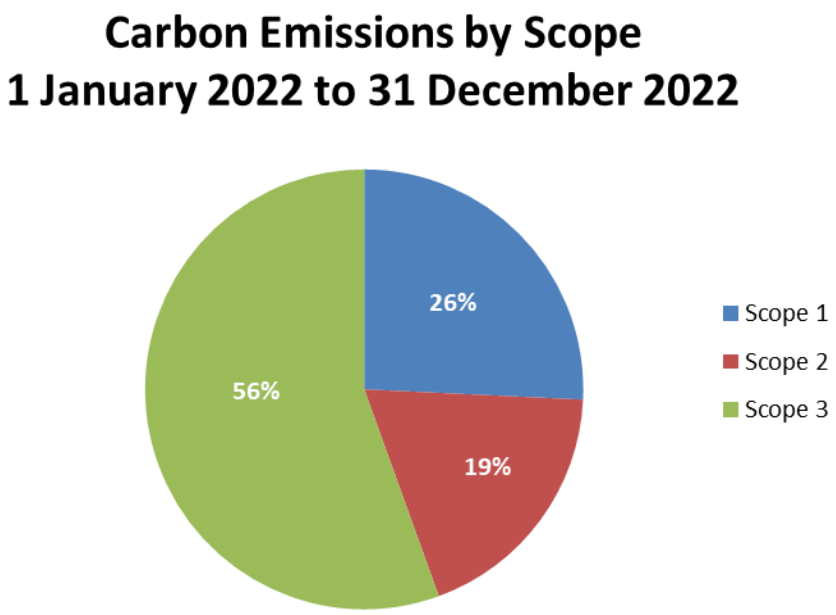
Declaration of Commitment to Carbon Neutrality

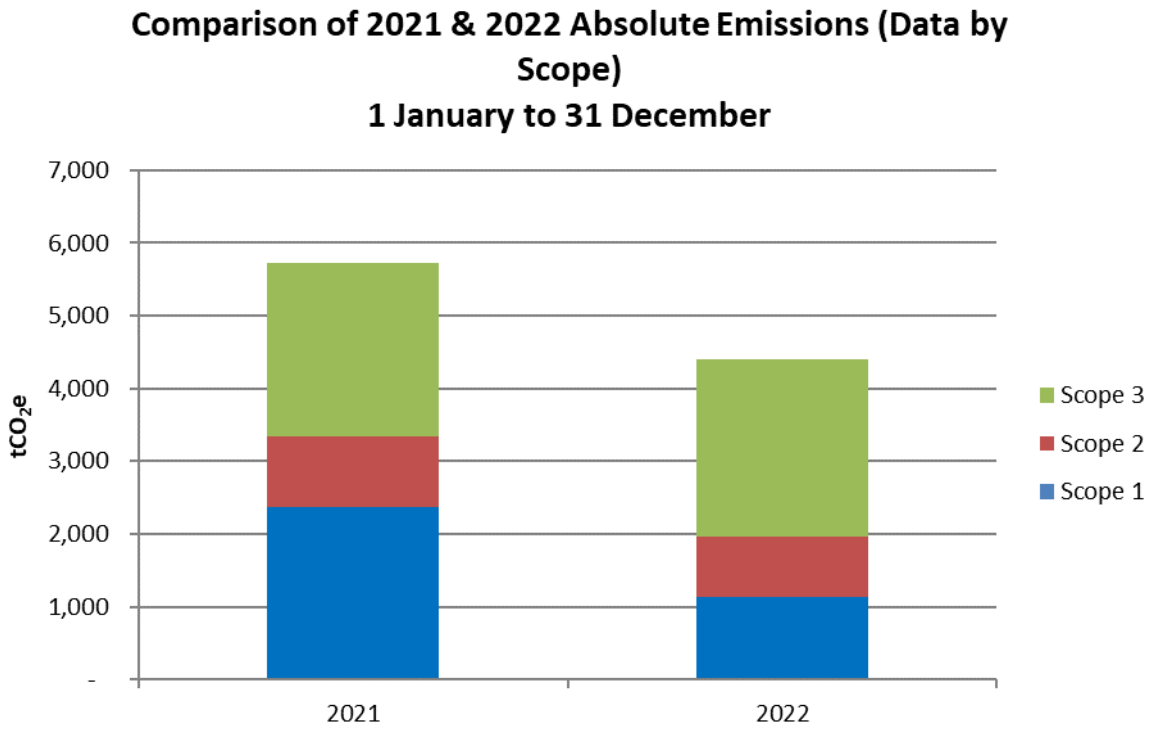
PAS 2060 Requirement	**Willmott Dixon Response**
Period during which the entity commits to maintaining carbon neutrality of the subject.	1st Jan 2023 - 31st Dec 2023
Which method, as recognized by PAS 2060, will be followed to achieve carbon neutrality?	WBCSD/WRI Greenhouse Gas Protocol, Corporate Accounting and Reporting standard (revised edition, March 2004).
Prior commitment to carbon neutrality made by entity.	Yes[6]
Carbon footprint of the subject for the historic reductions period (immediately prior to the start of the commitment).	4,407 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**
Julia Barrett *Chief Sustainability Officer, director responsible for sustainable development* Date: December 2023	

[6] Prior to a change in carbon offsetting footprint in 2021, PAS 2060 demonstration of carbon neutrality had been documented for Willmott Dixon Holdings Ltd since 2012. Data for the revised footprint is available for earlier years and therefore Willmott Dixon Holdings Ltd is able to demonstrate prior commitment to carbon neutrality (despite starting the PAS 2060 process again as of 1st January 2021 on the basis of a newly defined subject).

Appendix A - Quantifying our Carbon Footprint

Summary





Emissions Scope	Description	2022 Emissions (tCO_2e)
Scope 1	Direct emissions from company cars (business and commute travel), vans and fuel combustion (gas and site diesel)	1,135
Scope 2	Indirect emissions from consumption of electricity[7]	825
Scope 3	Other indirect emissions from travel (including business and commute grey fleet travel and mileage by train), working from home equipment & heating estimations, carbon from waste and transmission & distribution losses (from scope 2 electricity consumption)	2,447
Total Willmott Dixon Holdings Emissions		**4,407**

Figure 1: Willmott Dixon Holdings Ltd Greenhouse Gas Emissions: 1st Jan 2022 – 31st Dec 2022

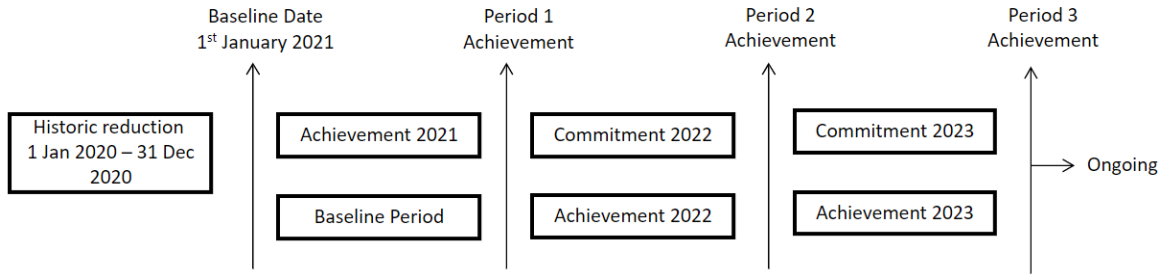


Figure 2: Willmott Dixon Holdings Ltd Carbon Neutral Declaration Periods

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 Defra Greenhouse Gas Conversion Factors for Company Reporting for the relevant year. All Scope 2 emissions are now calculated using the market based methodology[8] in line with our 'Now or Never' strategy and approved Science Based Target.

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.

[7] Includes Willmott Dixon purchased electricity and customer procured electricity that Willmott Dixon use on site.

[8] Where non-renewable supplies are purchased then the relevant Defra conversion factor has been used to convert to carbon.

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[9].

Car Mileage (excluding fuel cards)

Private car usage for commuting and business purposes as well as 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

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 2022 the average rates per kWh used were 41p/kWh for electricity and 15p/kWh for gas. Energy use is then converted to carbon emissions using the Defra GHG Conversion Factors.

In addition to the supplies that Willmott Dixon directly pays for, the carbon offsetting footprint also includes customer procured electricity that is used on our sites. Despite not having control over the purchase (e.g. choosing renewable supplies) we do have a direct influence over the usage. For the purpose of offsetting it is currently assumed that all customer purchased electricity is non-renewable.

Transmissions and Distribution losses

T&D losses for site and office electricity are calculated by multiplying kWh of electricity used by the Defra conversion factor for T&D losses. For electric vehicles, miles travelled by EVs and plug-in hybrids are multiplied by the respective Defra conversion factors for T&D losses from electricity powered vehicles.

Working from home equipment & heating estimations

Usage of gas and electricity in kWh associated with working from home is calculated using assumptions detailed in the EcoAct[10] Homeworking emissions whitepaper. It is converted to carbon using Defra conversion factors for gas and electricity. Estimates from working from home emissions were only introduced in 2020 when people started to work from home.

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[11].

[9] 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.

[10] https://info.eco-act.com/en/homeworking-emissions-whitepaper-2020

[11] 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).

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.

Appendix B – Carbon Footprint Management Plan

Historical Emissions Reduction Progress for the Previous 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)**.**

Below are some of our key achievements for 2022:

- Reduced our absolute carbon emissions by 23% between 2021 and 2022, and by 48% since 2018.
- All offices and all sites (where we are responsible for energy procurement) continued to be powered with 100% natural renewable electricity
- We won the 'Fleet Benefits Scheme of the Year' award for our approach to sustainable transport.
- Became a founding member of a new global initiative, ConcreteZero, launched by The Climate Group in partnership with the World Green Building Council, which aims to reach 100% net zero concrete by 2050.
- Remained certified to the Carbon Trust Standard, achieving a best-in-sector score
- Paid out £301k in green bonuses to our people choosing low emissions cars (full investment information can be found below)
- Achieved 'Champion level' compliance with the Carbon Reduction Code for the Built Environment.

Key initiatives in place during 2022 were:

- Certification to ISO 14001:2015 (recertified to 2015 standard in 2016)
- Green bonuses for choosing more fuel-efficient vehicles (with a focus on zero-emission vehicles)
- Continued our sector-leading innovative approach to agile working, homeworking and sustainable transport. 492 new electric and plug-in hybrid vehicles were delivered by the end of 2022 since the launch of our car scheme (which highly incentivises electric vehicles)
- Generous car share mileage reimbursement
- Bicycle mileage reimbursement
- Public transport commute mileage at the same rate as car commute mileage
- Provision of electric charging points at offices and construction sites to support the transition to electric vehicles
- Homeworking allowance and funding for home office furniture to support a new agile working policy
- Penalties for the most-polluting grey-fleet cars (which can no longer claim business mileage)
- Focusing on early grid connections for construction sites to limit the amount of on-site diesel used
- Improving site cabin set-ups including eco-cabins, electrical zoning, out-of-hours mains switches

- Promoting the use of hybrid generators where on-site diesel use cannot be avoided
- Trials of electrical plant and machinery equipment
- Use of HVO fuel (which emits 10 times less carbon than mineral diesel oil)
- All directly procured electricity for offices and sites is 100% natural, renewable electricity
- Use of greener electricity suppliers who can demonstrate additionality in their supply
- Trials of remote monitoring to better monitor and reduce cabin energy use

More information is available on our website.

2022 Investments

Initiative	Actual Spend	Estimated Saving	
	£k	£k	tCO_2e
Green Bonus Car Scheme	301	-	-
EV charge points	33.6[12]	10.1	37.5
Car sharing mileage	8.8[13]	12.3	32.46[14]
Cycle mileage reimbursements	1.4		1.3[15]
Home working initiative	800.5[16]		
Mi|SED data system	25[17]	-	-
Improvements to PowerBI dashboard	70[18]		
Lifecycle costing tools[19]	8.1		
Whole Life Carbon Assessments	140[20]		
Carbon Offsets[21]	44.1	-	4,407
Rayleigh remote monitoring system	3.2[22]		
Climate Group Commitments	9.4[23]		
Switch to HVO fuel	112.9		960.9[24]

[12] Assumes 28 charge points installed at a cost of £1.2k each and that miles charged would have otherwise been completed in vehicles at the average 2022 fleet gCO2/km of 115

[13] Total car sharing miles – 175,380

[14] Assuming 2 people car sharing and using average g/km of 115

[15] Assumes miles would otherwise have been completed by car (assumes WD fleet average of 115 gCO2/km)

[16] 1601 staff being paid £500 annual working from home allowance

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

[18] Group Sustainability staff time plus IT staff time

[19] ECCOLAB and OneClick LCA

[20] 28 assessments completed by consultants at an average cost of £5k each

[21] Cost to offset 4,407 tCO2e

[22] Approx £400 each

[23] Annual membership costs for RE100, EV100 & EP100

[24] Assumes site diesel would have been used instead

Supply Chain Sustainability School	15.9[25]	
Use of Planet First[26] to procure renewable electricity	£25.5[27]	1,159[28]
Carbon Trust Standard[29]	5.5[30]	
Carbon Trust Supply Chain Standard[31]	8.3[32]	

Ongoing Emissions Reduction Plan for the PAS 2060 Commitment Period

All of the initiatives in place in 2022 (listed in the section above) will continue to be implemented during 2023 with the exception of the Carbon Trust Standard certifications and the EP100 and EV100 Climate Group Commitments. Full details on the strategy and on Willmott Dixon's on-going initiatives and future investments for 2023 can be found on our website.

Future investments and initiatives planned include:

- A target to reduce site cabin energy by 65% by 2030 and further research into automated real-time system for monitoring electricity consumption to enable us to identify areas for improvement
- Additional licences for lifecycle costing software
- Continue to work with our supply chain partners to reduce their carbon emissions intensity and develop plans to help them achieve net zero carbon in their own operations
- Developing a company wide database of embodied carbon data to improve the whole-life carbon of projects
- Ensuring projects adopt low-carbon concrete where viable and practicable
- Continued investment in electric car charging infrastructure at our sites and offices
- Continued investment in agile working policy including connectivity and tools eg Teams
- Developing a baseline footprint for the company's IT cloud
- An ongoing commitment to procuring 100% natural renewable electricity and seeking greener electricity suppliers who can demonstrate additionality in their supply
- Offsetting

[25] Annual fee to support The School

[26] Energy Broker

[27] Planet First Commission

[28] Avoided emissions by purchasing renewable electricity supplies rather than non-renewable

[29] Submission

[30] The submission covers 2021 and 2022 with 50% of the total cost being attributed to each year

[31] Submission

[32] The submission covers 2021 and 2022 with 50% of the total cost being attributed to each year

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 Sustainability Team to coordinate its carbon management strategy across the Group and engage with external organisations to ensure alignment with industry and government direction. The Sustainability Team also develops policy and strategy and monitors Group performance against targets.
- During the reporting year, Rick Willmott, Group Chief Executive of Willmott Dixon, chaired the Willmott Dixon Holdings Sustainability Committee. The Holdings Sustainability Committee was replaced by the Sustainability Advisory Group at the start of 2023 and is chaired by Julia Barrett, Chief Sustainability Officer who is the Board member for Sustainability and Compliance.
- During the reporting year, performance against our carbon targets was 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 2022, 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

4,407 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 link:

https://registry.goldstandard.org/batch-retirements/details/151917

Project Name	Country	Project type	Standard	Vintage	Total
Zambia Western Province Safe Water Project	Zambia	Energy Efficiency - Domestic	Gold Standard	2021	4,407

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	Included *Some 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.* *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	Included *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)	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)	Included *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.* *Where customer purchased electricity has been used by Willmott Dixon on site.* 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	Excluded

	(lessor) and leased to other entities in the reporting year, not included in scope 1 & 2 – reported by lessor.	*Willmott Dixon has no downstream leased assets*
Investments	Operation of investments (including equity and debt investments and project finance) in the reporting year, not included in scope 1 or 2.	Included *Emissions from Willmott Dixon subsidiaries and joint ventures are already included in reported scope 1 & 2 emissions and other scope 3 categories.*
Use of Sold Products	End use of goods and services sold by the reporting company in the reporting year.	Excluded *Willmott Dixon delivers buildings and does not sell any products so zero emissions associated with this category.*
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 *Willmott Dixon delivers buildings and does not sell any products so zero emissions associated with this category.*