

CARBON REDUCTION STRATEGY



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INTRODUCTION

It is widely accepted that aspects of our modern lives are having a negative impact on our climate. The impacts of climate change, once considered to be in the 'future', are sadly ever-present in the 'now', with reports of forest fires and droughts, and documented evidence of rising sea levels common reading in the worldwide press.

There is an acceptance that, unless we change our behaviours, the future looks socially, environmentally, and economically uncertain. Through the 2015 Paris Agreement, world governments committed to curbing global temperature rise to well below 2°C above pre-industrial levels, and pursuing efforts to limit warming to 1.5°C. In 2018, the Intergovernmental Panel on Climate Change warned that global warming must not exceed 1.5°C, to avoid the catastrophic impacts of climate change. In response, the UK became the first major economy to pass net zero emissions law, which requires the UK to bring all greenhouse gas emissions to net zero by 2050. The publication of the Policy Procurement Notice 06/21 further cements this commitment, requiring Carbon Reduction Plans for all organisations bidding for major government contracts.

Recognising and accepting that the choices we make today have consequences that will affect the stability of our future is key; now is the time to act. The challenge in front of us, however, is not insurmountable and it is important that we remain optimistic.

At VolkerWessels UK, we recognise that the way we design, build and execute our projects has a carbon impact, and, critically, it is within our gift to reduce this impact through engineering excellence and working collaboratively to reduce operational carbon.

Since the original publication of our Carbon Reduction Strategy in September 2021, conversations about carbon reduction have grown exponentially both internally and externally. We are constantly learning and, to reflect this growth in knowledge, we have refreshed our strategy to ensure our plans commit us to eliminating our adverse impacts.

Alongside this strategy, we have emission specific targets and action plans to help us focus our corporate vision, and we recognise that it will be our ability to engage people on the journey that will bring the greatest benefits. A summary of these targets and action plans can be found on page 3.



Richard Offord
CEO - VolkerWessels UK

OUR CARBON REDUCTION TARGET

As part of our commitment to long-term protection of the natural environment, we initially aim to be Net Zero by 2035 for all Scope 1 and 2 emissions and for those Scope 3 emissions that are under our direct control, and ultimately Net Zero for all emissions by 2050 in line with UK Government strategy.



PlanetMark

Progress towards our target will be externally verified through our Planet Mark certification, to ensure credibility and transparency.

NET ZERO BY 2035 EMISSIONS BOUNDARY

Scope 1	Direct emissions from sources controlled or owned by VolkerWessels UK	Natural gas, fuels for our commercial fleet, fuels for plant and equipment, refrigerants, and business mileage in long term leased vehicles
Scope 2	Indirect emissions associated with the purchase of electricity, heat or cooling	Electricity used in our offices and sites
Scope 3	Indirect emissions from other sources	Business travel (including train, air, hotel stays, taxi and ferry), water, waste, business mileage in short-term leases and grey fleet, and well-to-tank and transmission and distribution emissions.

In addition, VolkerWessels UK are making an annual pledge to offset 10% of emissions from 2025 through to our Net Zero target year of 2035. These offsets will be from credible and certified sources, recognising the wider benefits of offsetting residual emissions at the same time as continuing to pursue reductions in overall emissions.

We also recognise the challenge of reducing the embodied carbon in materials we procure, and the need for a pivotal shift by manufacturers in our supply chain to achieve this. We are focusing on five key materials which have significant embodied carbon, namely concrete, aggregate, asphalt, steel and timber. The carbon associated with these products is outside of our direct control and carbon reduction will rely on the technical innovation of our supply chain. We will work with clients, designers, supply chain and procurement teams to challenge inappropriate design and specification, and promote sustainable selection of materials to stimulate a downward trend in emissions ahead of our 2050 Net Zero carbon pledge.

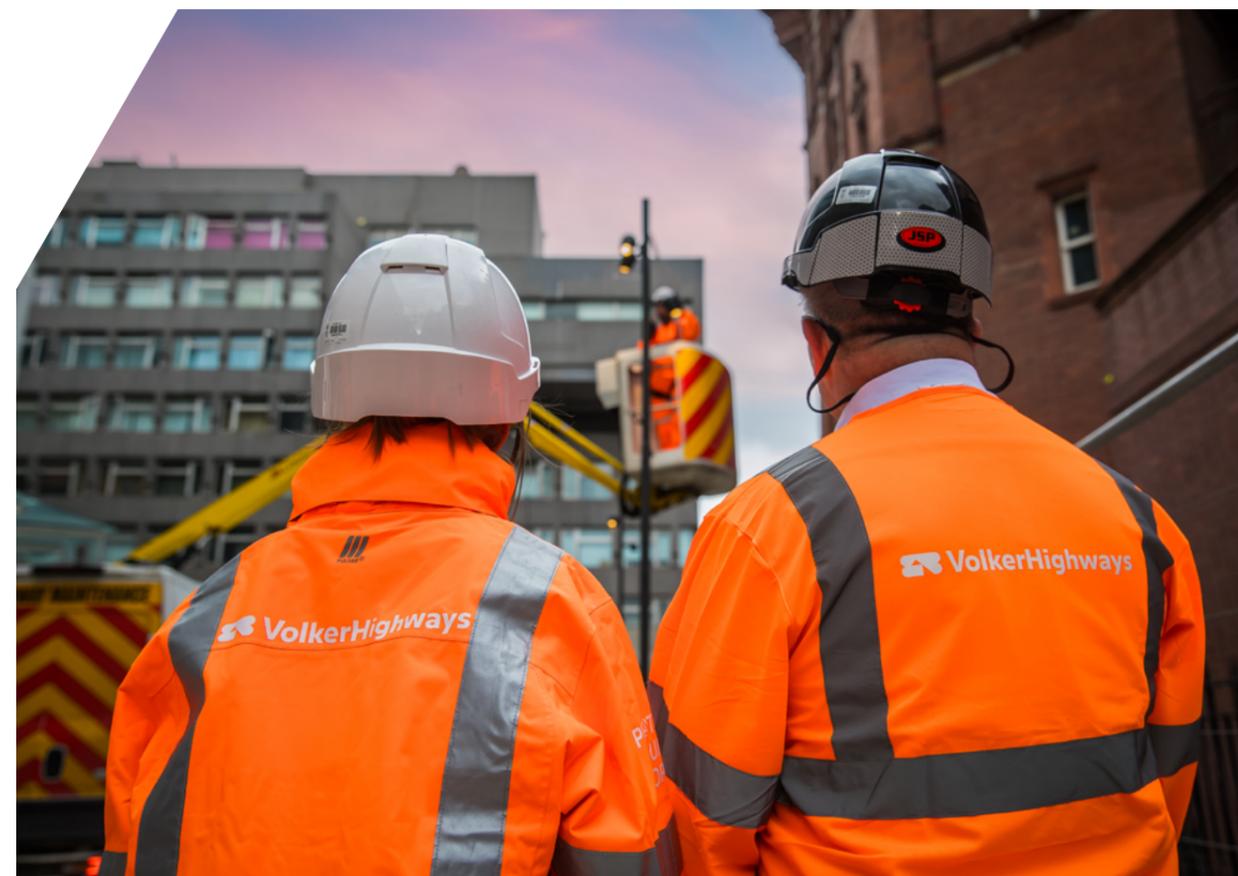
VolkerWessels UK is also a signatory of the Science Based Targets Initiative 'Business Ambition to 1.5°C', confirming that we have committed to set a science-based target that is in line with a 1.5°C future².



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

**BUSINESS
AMBITION FOR 1.5°C**



Recognising and accepting the choices we make today have consequences that will affect the stability of our future is key; now is the time to act.

Footnotes

¹'Net Zero Carbon' is when emissions must be reduced by a minimum of 90% prior to offsetting any residual emissions prior to offsetting residual emissions, against a baseline of 2022. This is in line with the SBTi definition for Net Zero. Residual emissions from our activities are created because presently there are no viable lower carbon alternatives due to technological restraints, cost, availability or quality control.

²By signing the Science Based Targets Initiative 'Business Ambition to 1.5°C', VolkerWessels UK also becomes part of Race to Zero, a UN backed campaign, and will be showcased by the SBTi, UN Global Compact, and their partners, CDP and We Mean Business.



RESPONSIBILITY AND ACCOUNTABILITY

This carbon reduction strategy outlines our corporate ambition to reduce the carbon emissions associated with our operations. The VolkerWessels UK board of directors fully endorses this strategy and have accepted their ultimate accountability for ensuring our commitments are achieved. Our ESG leadership group, attended by our CEO, Managing Directors, Corporate Responsibility Director, Group Procurement Director and Heads of Sustainability ensures there is sufficient focus and structure to facilitate this.

Underpinning this is the trust placed in each of our businesses to contribute to our overall goal by focussing on the activities specific to their operations. This structured, yet flexible approach, is in line with our wider People- Planet-Purpose sustainability framework and helps to ensure alignment with client ambitions, facilitates the need to embrace sector specific technologies quickly and responsively, and promotes responsibility at all levels to create a culture to think differently and innovatively about carbon reduction.



OUR DRIVERS OF CHANGE

We have identified four drivers of change necessary to achieve our carbon reduction target.

1 Robust Data

Good quality data enables good decision making. Our carbon footprint is calculated using an 'Operational Control' approach which means we capture data relating to the emissions that we have direct control over. We will continue to review carbon data from all emissions sources, to close gaps and further improve quality, and share this data with our operational teams to help facilitate informed discussions about opportunities for carbon reduction.

2 Targeted reductions around known emission sources

This element of our strategy is critical to ensure we put targeted effort into our carbon reduction decisions. It involves collaboration internally from our operational, procurement and design teams, plus engagement with our supply chain, supported by a commitment from our clients.

Each emission source has been analysed to identify opportunities for carbon reduction and include quick wins as well as the longer-term modern methods of construction which require cultural shifts in the way we deliver our projects, investment and innovation. The output of this analysis is a suite of emission reduction plans, owned and managed by functional leads in the business, consisting of short-, medium- and long-term actions to reduce emissions which align to the IEMA GHG Management Hierarchy of elimination, reduction, substitution and compensation.

- Eliminate** Business decisions to prevent greenhouse gas emissions
- Reduce** Efficient use of resources to reduce emissions
- Substitute** Adopt and purchase low carbon technologies, products and services
- Compensate** Offset unavoidable residual emissions

These documents are a key input to the creation of project specific carbon reduction plans. A summary of our carbon reduction action plan can be found on page 3.

3 Education and awareness

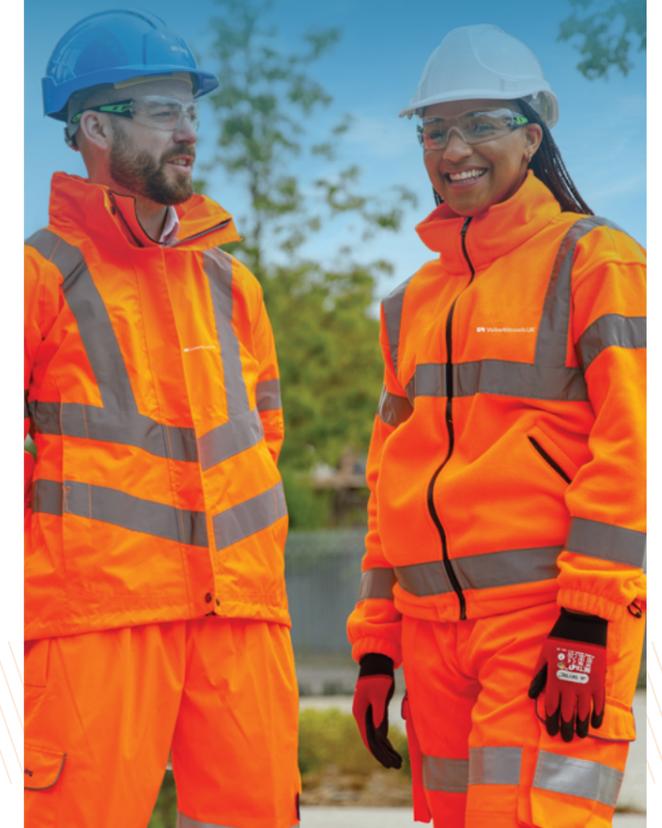
Our overall approach to emissions reduction is people centric, with the belief that if our employees are presented with the facts and are empowered to initiate change, we can trust them to seek out innovation and make the right decisions at all levels in the business. The cornerstone of our framework, therefore, rests in our ability to inspire behavioural change through education, awareness and empowerment, and to ensure carbon management and reduction principles are embedded into our business processes.

To support this, we will ensure our workforce receives carbon reduction training, awareness or an education programme relevant to their role, and we will facilitate a variety of ways to showcase and share best practice internally and externally.

4 Collaboration

In line with our People-Planet-Purpose sustainability strategy, it is our ambition to work with a like-minded and cooperative supply chain, to collate product specific emission data and drive innovation to reduce embodied carbon in products, services and materials. Collaborative relationships with our clients will enable us to deliver mutual benefits through carbon reduction and working with our supply chain will ensure we stay abreast of new technologies and solutions to reduce our impact.

We will also forge relationships with external partners to facilitate shared learning.



APPENDIX A

VolkerRail Carbon Reduction Plan –
in accordance with requirements of PPN
06/21



Commitment to achieving Net Zero

VolkerRail is committed to achieving Net Zero by 2050.

As part of our commitment to long-term protection of the natural environment, we initially aim to be Net Zero by 2035 for all Scope 1 and 2 emissions and for those Scope 3 emissions that are under our direct control, and ultimately Net Zero for all emissions by 2050 in line with UK Government strategy.

Progress towards our target will be externally verified through our Planet Mark certification, to ensure credibility and transparency.

Baseline Emissions Footprint

Baseline Year: 2019

Additional details relating to the Baseline Emissions calculations

The following emissions sources have been included in Scope 3 – waste generated in operations, business travel, employee commuting and downstream transportation and distribution.

Emissions from 'Upstream transportation and distribution have been excluded due to non-availability of data. It is anticipated this will be available from 2023.

Baseline emissions reported in VolkerRail Carbon Reduction Plan published September 2021 excluded employee commuting. This information was retrospectively calculated using estimations from the GHG Protocol Quantis Scope 3 Evaluator in 2021. This allows for enhanced benchmarking against current emissions.

Emissions	Total tCO ₂ e
Scope 1	1,726
Scope 2	150
Scope 3	403
Total emissions	2,281

Current Emissions Reporting

Reporting Year: 2022

The following emissions sources have been included in Scope 3 – waste generated in operations, business travel, employee commuting and downstream transportation and distribution.

Commuting emissions have been calculated using estimations from the GHG Protocol Quantis Scope 3 Evaluator. In 2022, VolkerRail introduced a hybrid working arrangement whereby at least 3 days a week was required in the office and a maximum of 2 days working from home for office-based staff which has been reflected in the calculations below.

Emissions from 'Upstream transportation and distribution have been excluded due to non-availability of data. It is anticipated this will be available from 2023.

Emissions	Total tCO ₂ e
Scope 1	2,358
Scope 2	11
Scope 3	798
Total emissions	3,169

Note: In line with our wider carbon reduction strategy and our plans to ensure access to robust data, we will continue to increase the scope of our reporting and seek to improve data quality. As such, the data presented above is actual, non-normalised, data.

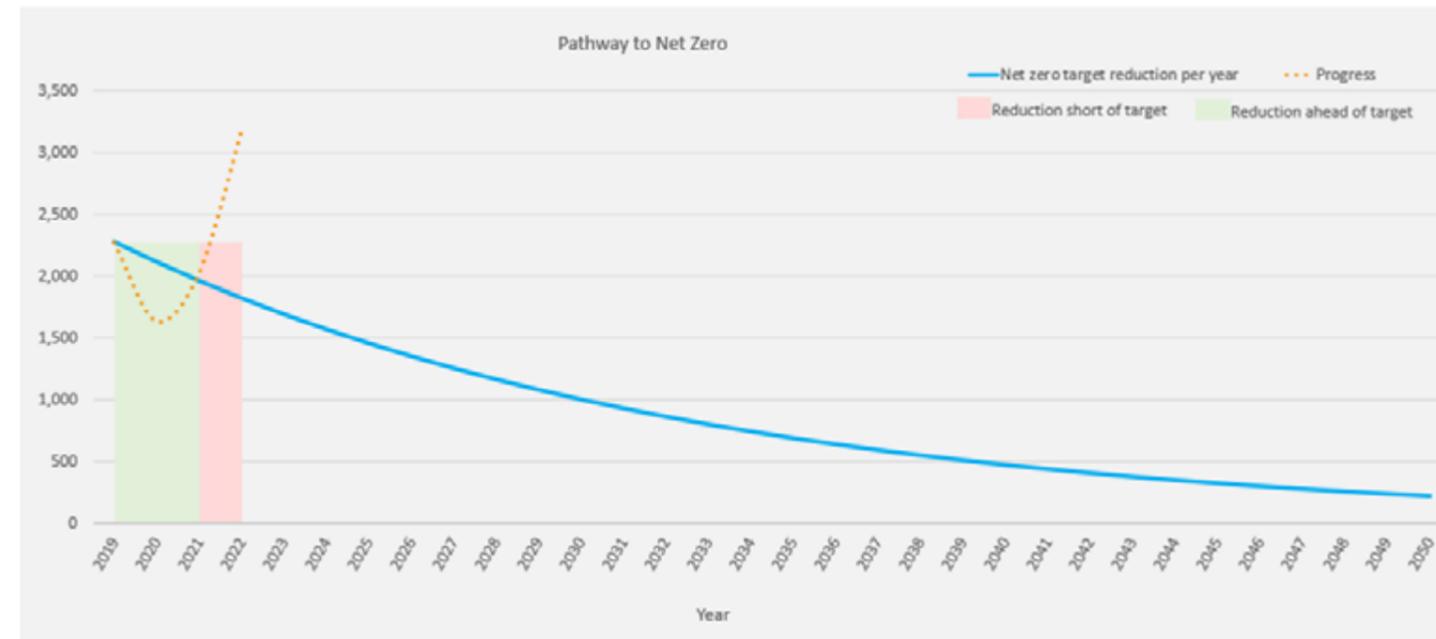
Emissions Reductions Targets

Commitment to achieving Net Zero

In order to continue our progress to achieving Net Zero, we have committed to a 7% year on year reduction in emissions. This target represents a 90% reduction in emissions against baseline by 2050 prior to offsetting any residual emissions. This is in line with the SBTi definition for Net Zero.

By adopting this target, we project that VolkerRail carbon emissions will decrease to 1,258 tCO₂e in the next five years. This is a reduction of 45% against baseline.

Progress against these targets can be seen in the graph below.



VolkerWessels UK are also making an annual pledge to offset 10% of emissions from 2025 through to our Net Zero target year of 2035. These offsets will be from credible and certified sources, recognising the wider benefits of offsetting residual emissions at the same time as continuing to pursue reductions in overall emissions.

Carbon Reduction Projects

Completed Carbon Reduction Projects

The following environmental management measures and projects have been completed or implemented since the 2019 baseline. Due to an increase in operational output by VolkerRail, despite these initiatives being in place, there was a 39% increase in emissions since baseline, equating to +888 tonnes CO₂e due to an increase in operational activity.

VolkerRail are certified to ISO 14001 and, through VolkerWessels UK, is a signatory of the Science Based Targets Initiative, confirming that we have committed to set a science-based target that is in line with a 1.5°C future. VolkerWessels UK is also a signatory of ConstructZero, ConcreteZero and SteelZero.

Scope 1 Carbon Reduction Projects

- Hybrid and renewable powered plant and equipment is increasingly becoming business as usual on our construction sites; with solar tower lighting and CCTV, solar hybrid mobile welfare units, electric telehandlers and forklifts, and battery powered track renewal plant such as rail drills, sleeper drills, and wacker plates.
- VolkerRail has commenced trials on the use of electric commercial vehicles, and where project arrangements (vehicle load, charging facilities, distance travelled) facilitate their use changes have been made.
- We have a longstanding relationship with Lex Autolease who assist employees in choosing the most sustainably fuelled vehicle based on their individual circumstances and requirements. In 2022, VolkerRail had 160 company cars, 92 of which were either hybrid or fully electric vehicles, representing 57% of the total fleet. This compares to 46% in 2021.
- 89% of all new company cars on order for delivery during 2023, are either hybrid or fully electric.
- To support the growth of electric vehicles in use by our employees, several electric charge points have been installed at our Doncaster offices.
- Our Rail Operations Team provide safety critical resources to rail projects nationwide, and in a bid to reduce travel in commercial vehicles and minimise working on or near live rail infrastructure, in 2023 they adopted the Automated Intelligent Video Review Platform (AIVR). With access to over 500,000 miles of forward and rear facing train cab footage, they can now undertake Prep4Safety inspections virtually, minimising travel to site. Operating 23% of our commercial vehicle fleet, the carbon reduction potential from adopting AIVR will be significant.

Scope 2 Carbon Reduction Projects

- VolkerRail utilises the services of an energy broker to procure 100% REGO certified renewable energy for offices and large sites / projects with a mains energy feed.
- Lighting within the VolkerRail head office is 100% LED with motion sensors in place where appropriate.

Scope 3 Carbon Reduction Projects

- With efforts to reduce emissions from business travel, VolkerRail has applied the sustainable travel hierarchy to its processes. Challenging the need for travel and continuing to prioritise the use of digital communication as a means of collaboration with colleagues, clients and stakeholders.
- VolkerRail introduced a hybrid working arrangement in 2022 to reduce emissions from commuting, with up to 2 days a week working from home for office-based staff.
- VolkerRail continues to reduce waste in accordance with the waste hierarchy (prevent, reduce, reuse, recycle, recovery, disposal). Since mandating the use of ePIC - a digital solution for safe work packs, we have issued over 52,969 digital safe work packs equating to a saving of over 8,000 sheets of paper, 40kg of waste, and a total carbon saving of 92 tCO₂e.

VolkerRail has achieved Bronze Carbon Literate Organisational accreditation from The Carbon Literacy Project. In 2022 we developed a one-day bespoke rail infrastructure Carbon Literacy certified training course and delivered it to our Senior Management Team, HSQES Leadership Group and Carbon Working Group. This marked our journey to being a Carbon Literate Organisation, which focuses on engaging positively with our workforce in developing and delivering low carbon solutions.

Future Commitments

In 2023 we published our refreshed Carbon Reduction Strategy to support the delivery of our People-Planet-Purpose sustainability framework. As part of our commitment to long-term protection of the natural environment, we initially aim to be Net Zero by 2035 for all Scope 1 and 2 emissions and for those Scope 3 emissions that are under our direct control, and ultimately Net Zero for all emissions by 2050 in line with UK Government strategy.

Progress towards our target will be externally verified through our Planet Mark certification, to ensure credibility and transparency.

To support this, VolkerWessels UK became a signatory of the Science Based Targets Initiative 'Business Ambition for 1.5C', confirming that we have committed to set a science-based target that is in line with a 1.5C future.

Our target will be achieved primarily through ambitious carbon reduction, and secondly through robust and credible offsets for our unavoidable emissions.

Our key drivers for change are:

- **Robust Data** - Good quality data enables good decision making. Our carbon footprint is calculated using an 'Operational Control' approach which means we capture data relating to the emissions that we have direct control over. We will continue to review carbon data from all emissions sources, to close gaps and further improve quality, and share this data with our operational teams to help facilitate informed discussions about opportunities for carbon reduction.
- **Targeted reduction around known key emission sources** - This element of our strategy is critical to ensure we put targeted effort into our carbon reduction decisions. It involves collaboration internally from our operational, procurement and design teams, plus engagement with our supply chain, supported by a commitment from our clients.

Each emission source has been analysed to identify opportunities for carbon reduction and include quick wins as well as the longer-term modern methods of construction which require cultural shifts in the way we deliver our projects, investment and innovation. The output of this analysis is a suite of emission reduction plans, owned and managed by functional leads in the business, consisting of short-, medium- and long-term actions to reduce emissions which align to the IEMA GHG Management Hierarchy of elimination, reduction, substitution and compensation.

- **Education and Awareness** - Our overall approach to emissions reduction is people centric, with the belief that if our employees are presented with the facts and are empowered to initiate change, we can trust them to seek out innovation and make the right decisions at all levels in the business. The cornerstone of our framework, therefore, rests in our ability to inspire behavioural change through education, awareness and empowerment, and to ensure carbon management and reduction principles are embedded into our business processes.

To support this, we will ensure our workforce receives carbon reduction training, awareness or an education programme relevant to their role, and we will facilitate a variety of ways to showcase and share best practice internally and externally.

- **Collaboration** - In line with our People-Planet-Purpose sustainability strategy, it is our ambition to work with a like-minded and cooperative supply chain, to collate product specific emission data and drive innovation to reduce embodied carbon in products, services and materials. Collaborative relationships with our clients will enable us to deliver mutual benefits through carbon reduction and working with our supply chain will ensure we stay abreast of new technologies and solutions to reduce our impact.

We will also forge relationships with external partners to facilitate shared learning.

The VolkerWessels UK board of directors fully endorses this strategy and have accepted their ultimate accountability for ensuring our commitments are achieved. Our ESG leadership group, attended by our CEO, Managing Directors, Corporate Responsibility Director, Group Procurement Director and Heads of Sustainability ensures there is sufficient focus and structure to facilitate this.

Underpinning this is the trust placed in each of our businesses to contribute to our overall goal by focussing on the activities specific to their operations. This structured, yet flexible approach, is in line with our wider People-Planet-Purpose sustainability framework and helps to ensure alignment with client ambitions, facilitates the need to embrace sector specific technologies quickly and responsively, and promotes responsibility at all levels to create a culture to think differently and innovatively about carbon reduction.

DECLARATION AND SIGN OFF

This Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard and uses the appropriate Government emission conversion factors for greenhouse gas company reporting.

Scope 1 and Scope 2 emissions have been reported in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements, and the subset of Scope 3 emissions have been reported in accordance with the published standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard.

This Carbon Reduction Plan has been reviewed and signed off by the Board of Directors for VolkerRail.

Signed:



Date:

27 June 2023



Steve Cocliff, Managing director

For more information about our carbon reduction plans, please email: sustainability@volkerwessels.co.uk