

Greenhouse Gas Inventory 2022

Wates Group Limited

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**CREATING
TOMORROW
TOGETHER.**

About the Wates Group

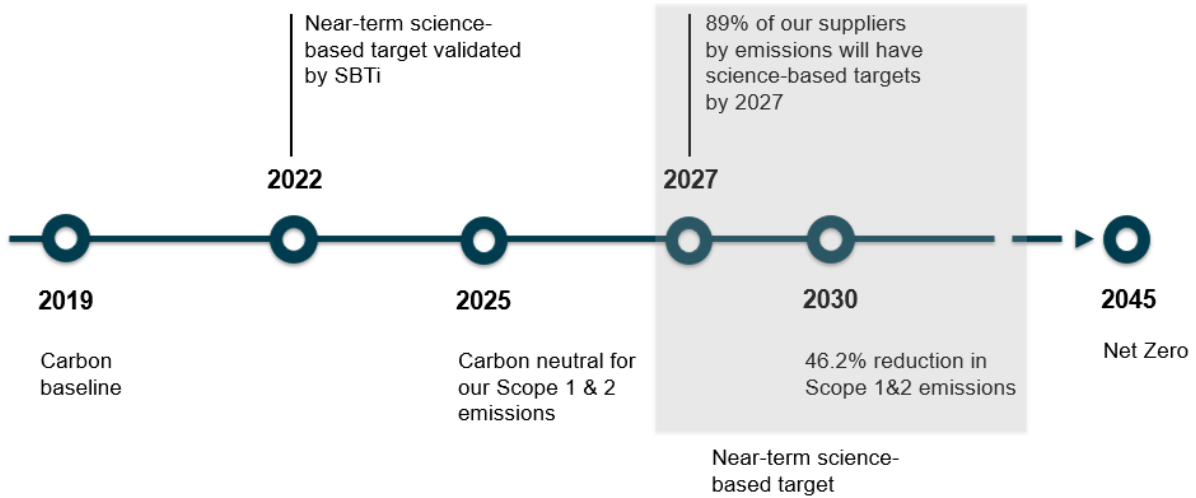
The Wates Group, established in 1897, is one of the leading privately-owned construction, residential development, and property services businesses in the UK. We employ approximately 4,000 people and work with a wide range of public and private sector customers and partners. Everything we do is guided by our purpose of working together to inspire better ways of creating the places, communities, and businesses of tomorrow. To fulfil our ambition to be a truly inclusive employer and to reflect the richness of the communities in which it is our privilege to work, we are committed to doubling the proportion of women at all levels of our business, encouraging more people with disabilities to work in our sector and to becoming more ethnically diverse. In 2022 we won the Queen's Award for Enterprise in the Sustainable Development category. This is the third time we have received the award. Visit us at: wates.co.uk

2022 Greenhouse Gas Inventory for Scopes 1, 2 & 3

Wates' Guiding Framework commits the business to becoming more sustainable. In 2020, the Group set itself a target to be carbon neutral for its Scope 1 and 2 emissions by 2025.

In 2021, the Group committed to setting a Near-term science-based target and a Net Zero target under the Science-Based Targets initiative (SBTi).

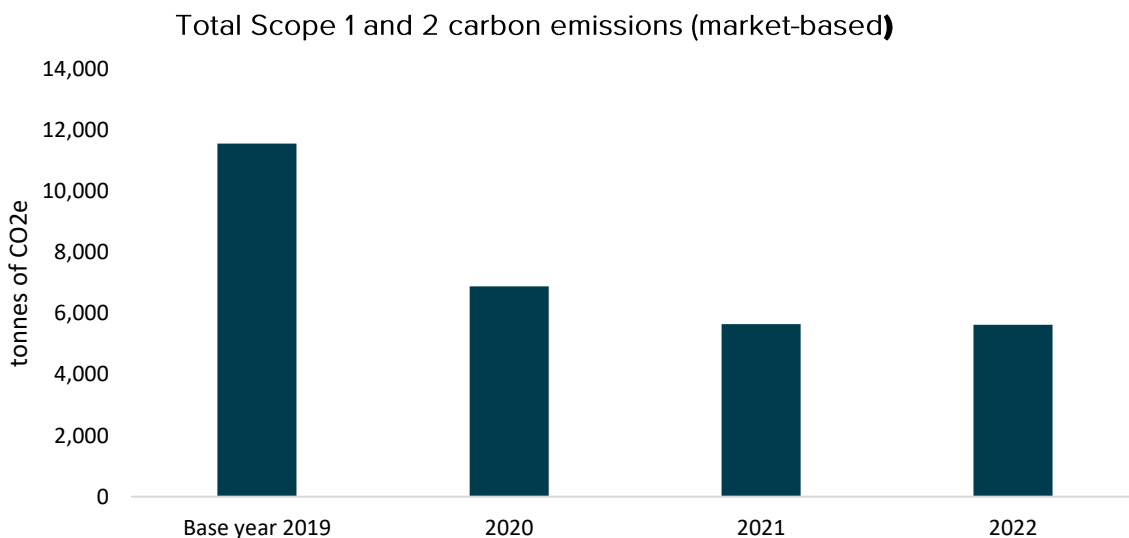
Our Near-term science-based target is focused on engaging 89% our suppliers by emissions to commit to and set science-based targets by the end of 2027. This will ensure that our supply chain partners capture their GHG data to a high standard and set reduction targets that follow climate science, helping us reduce our Scope 3 emissions. We will also reduce our own Scope 1 and 2 emissions by 46.2% by the end of 2030 against a 2019 baseline. Our ambition is to exceed this target, as part of the Race to Zero Campaign, and half our Scope 1, 2 and 3 emissions by 2030 against a 2019 baseline. The Group's aim is to be Net Zero by 2045.



In 2022, Wates Near-term science-based target was externally validated. The business also submitted its Net Zero target for external validation which will take place in 2023.

Scope 1 & 2 emissions

The Streamlined Energy and Carbon Report (SECR) in our annual report provides an overview the carbon reductions we have been able to achieve for our Scope 1 & 2 emissions as well as the two selected Scope 3 emission sources for business travel and waste in 2022. As can be seen below, our market-based Scope 1 and 2 emissions measured in tonnes of CO₂e reduced by 51.3% from 11,557 tonnes of CO₂e in 2019 to 5,623 tonnes of CO₂e in 2022. For further information, on our Scope 1 & 2 performance, please review our [2022 Annual Report's SERC disclosure](#).



The Carbon Trust was engaged to undertake limited assurance of the Group’s Scope 1, 2 and selected Scope 3 emissions (waste and business travel), using the international standard ISO 14064-3 over the GHG data that has been highlighted in this report with the symbol°.

TABLE 1

	ABSOLUTE TONNES OF CO ₂ E			
	BASE YEAR 2019	2020	2021	2022
Scope 1	9,091	6,061	5,335	5,231°
Scope 2 (location-based)	5,182	2,320	1,370	1,527°
Scope 2 (market-based)	2,466	816	314	392°
Scope 3 for business travel and waste*	4,054	2,244	2,673	3,540°
Total Scope 1 and 2 carbon emissions (location-based)	14,273	8,381	6,705	6,758
Total Scope 1 and 2 carbon emissions (market-based)	11,557	6,877	5,649	5,623
Total Scope 1, 2 and 3 carbon emissions (location-based)	18,327	10,624	9,378	10,298
Total Scope 1 and 2 carbon emissions/per £m (market-based)	7.5	5.0	3.7	3.1
Total Scope 1, 2 and 3 carbon emissions per £m revenue (market-based) including business travel and waste	10.1	6.6	5.5	5.1
Total Scope 1, 2 and 3 carbon emissions per £m revenue (location-based) including business travel and waste	11.8	7.7	6.2	5.8

*GHG emissions from waste data was captured for 2021 for the first time.

The Carbon Trust’s full statement is available at: www.wates.co.uk/GHGassurance

Limited assurance represents a substantially lower level of audit than a reasonable assurance engagement. To reach its opinion, the Carbon Trust undertook a range of procedures over the GHG data. A summary of this work is included within their assurance statement.

Scope 3 emissions

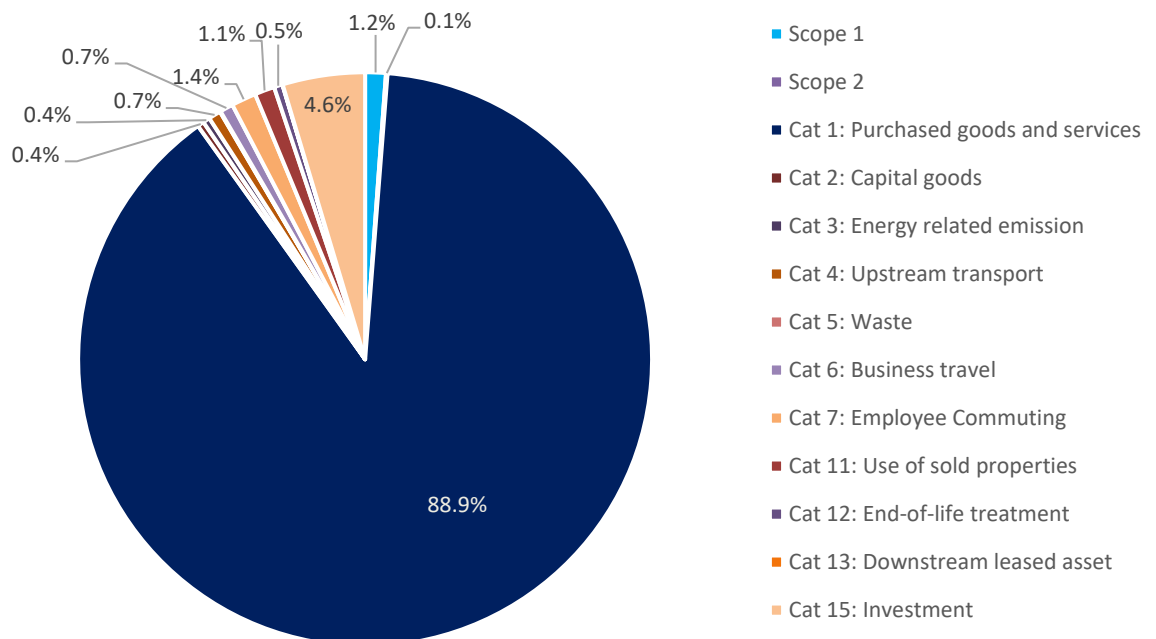
Since publishing the annual report, we have calculated our Scope 3 data for the calendar year of 2022, using an environmentally extended input-output (EEIO) model, as we did for our 2019 baseline data set. Wates’ aim is to phase out the use of EEIO conversion factors over time and phase in the use of supplier specific carbon data.

Scope 3 emissions are defined as those outside a company’s direct operational control. There are 15 Scope 3 categories identified by the Greenhouse Gas Protocol which companies are encouraged to report against. 11 of these categories apply to Wates and contribute to 444,289 tonnes CO₂e and 98.8% of Wates’ total emission in 2022 (compared to 98% in 2019 baseline). Our total Scope 1, 2 and 3 emissions were 449,912 tonnes of CO₂e in 2022.

As illustrated below, at 89% “purchased goods and services” make up the bulk of Wates’ emissions which is not surprising for the sector that we work in.

Key	Category	Scope 3 Category	Tonnes of CO ₂ e
Upstream	1	Purchased goods and services	399,772
	2	Capital Goods	1,663
	3	Fuel & energy related activities	1,764
	4	Transportation & distribution	3,111
	5	Waste generated in operations	167
	6	Business travel	3,373
	7	Employee commuting	6,290
	8	Leased assets	0
Downstream	9	Transportation & distribution	0
	10	Processing of sold products	0
	11	Use of sold products	5,040
	12	End-of-life treatment of sold products	2,150
	13	Leased assets	77
	14	Franchises	0
	15	Investments	20,882
Total			444,289

2022 Greenhouse Gas Emissions by scope



Whilst Wates' 2022 total emissions for Scopes 1, 2 and 3 have reduced by 28% compared to its 2019 baseline. This is despite our turnover increasing by 14% against the base year.

Wates has also launched its engagement process with suppliers to encourage them to set their own science-based targets. In 2022, 3% of our supply chain (Category 1)

emissions were covered by a science-based targets.

From within our top 200 suppliers by spend, the percentage of suppliers that had science-based targets more than doubled from 2% to 4% in 2022. ERM CVS were engaged to undertake limited assurance of our top 200 suppliers by spend that had set science-based targets. Limited assurance represents a substantially lower level of audit than a reasonable assurance engagement.

Given the high bar for setting science-based targets, we expect initial take-up to be slow. We have been providing support through webinars and workshops to demystify some of the requirements and will continue to provide support in 2023 and coming years. We have been specifically trades where we believe there is the greatest opportunity to reduce greenhouse gas emissions.

Our Scope 3 target is for 89% of our suppliers by greenhouse gas emissions to have science-based targets in place. This means that those suppliers that make-up most of our Scope 3 emissions will have to have science-based targets in place. This will ensure that our supply chain partners capture their GHG data to a high standard and set reduction targets that follow climate science, helping us reduce our Scope 3 emissions.

Our aim is to shift to supplier-specific carbon data reports which will provide us with far more accurate Scope 3 data going forwards. Given the nature of construction, where every project is different and has a multitude of suppliers and subcontractors, this is not straight-forward. However, we are reviewing different approaches, that will help us identify our carbon hotspots within our supply chain and work with suppliers to find alternative solutions. We are keen on driving the positive outcomes that will help transition Wates to a net zero business by 2045.