

Greenhouse Gas Inventory 2023

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About Wates Group

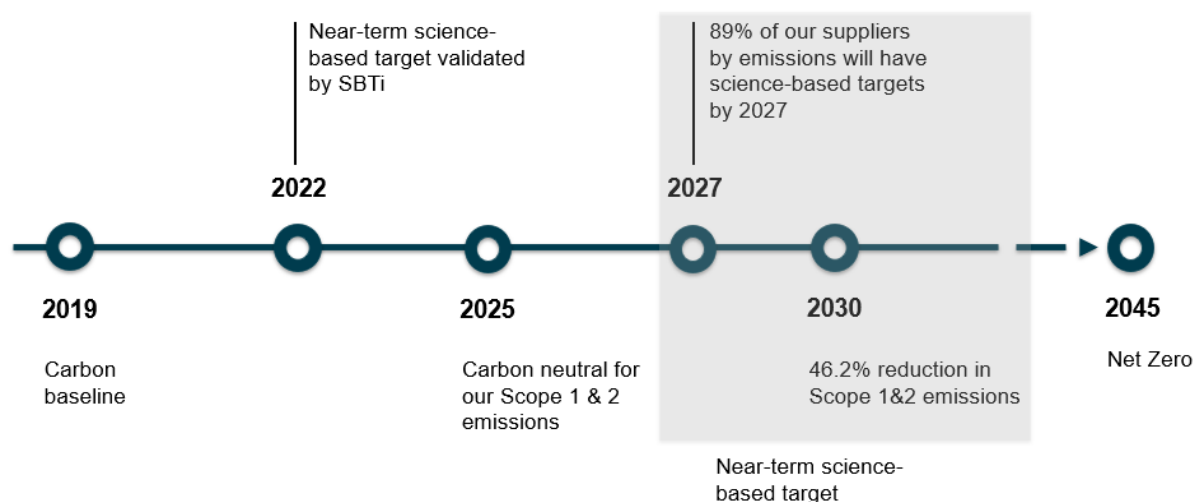
The Wates Group, established in 1897, is the UK's leading family-owned development, building and property maintenance company. We employ over 4,300 people and work with a wide range of public and private sector customers and partners. At Wates Group, we are committed to reimagining places for people to thrive by engaging with our customers, supply chain partners and the communities we serve. We are driven by our shared purpose which is underpinned by three enduring promises to ensure thriving places, people and planet.

2023 Greenhouse Gas Inventory for Scopes 1, 2 & 3

Wates' Guiding Framework commits the business to becoming more sustainable. In 2020, the Group set a target to be carbon neutral for 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).

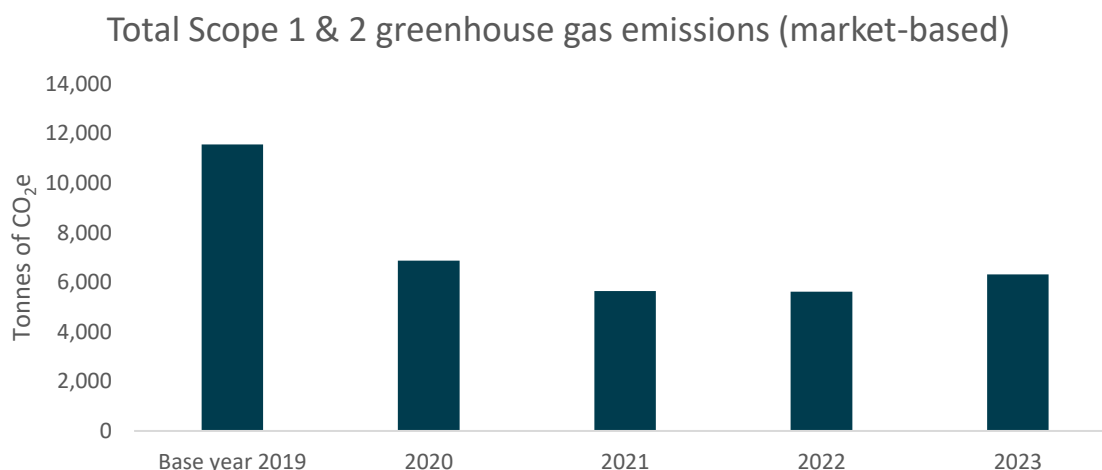
Our Near-term science-based target is focused on engaging 89% of our suppliers by emissions to set science-based targets by the end of 2027. This will ensure that our supply chain partners capture their Greenhouse Gas (GHG) data to a high standard and commit to reduction targets that follow climate science. This will help the sector reduce Scope 3 emissions. Under the target, we will reduce our own Scope 1 and 2 emissions by 46.2% by the end of 2030 against a 2019 baseline. As part of the Race to Zero campaign, our ambition is to exceed this target and halve our Scope 1, 2 and 3 emissions by 2030 against a 2019 baseline. Our aim is to be Net Zero by 2045.



In 2022, Wates Near-term science-based target was externally validated. This was followed in 2023 with the validation of our Long-term Net Zero target by the SBTi which requires us to reduce our Scope 1, 2 and 3 emissions by 90% by the end of 2045. The target boundary for both targets includes land-related emissions and removals from bioenergy feedstocks.

Scope 1 & 2 emissions

The Streamlined Energy and Carbon Report (SECR) in our annual report provides an overview of the carbon reductions we have achieved for our Scope 1 & 2 emissions, as well as the two selected Scope 3 emission sources for business travel and waste in 2023. As shown below, in 2023 we reduced our market-based Scope 1 and 2 emissions, measured in tonnes of CO₂e, by 46.4% from 11,557 tonnes of CO₂e in 2019 to 6,318 tonnes of CO₂e. For further information, on our Scope 1 & 2 performance, please review our [2023 Annual Report SECR 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.

	BASE YEAR 2019	2020	2021	2022	2023
Scope 1	9,091	6,061	5,335	5,231	5,836°
Scope 2 (location-based)	5,182	2,320	1,370	1,527	2,116°
Scope 2 (market-based)	2,466	816	314	392	482°
Scope 3 for business travel and waste*	4,054	2,244	2,673	3,540	3,972°
Total Scope 1 and 2 carbon emissions (location-based)	14,273	8,381	6,705	6,758	7,952
Total Scope 1 and 2 carbon emissions (market-based)	11,557	6,877	5,649	5,623	6,318
Total Scope 1, 2 and 3 carbon emissions (location-based)	18,327	10,625	9,378	10,298	11,924
Total Scope 1 and 2 carbon emissions/per £m (market-based)	7.5	4.4	3.7	3.2	3.0
Total Scope 1, 2 and 3 carbon emissions per £m revenue (market-based) including business travel and waste	10.1	5.9	5.5	5.1	4.9
Total Scope 1, 2 and 3 carbon emissions per £m revenue (location-based) including business travel and waste	11.8	6.9	6.2	5.8	5.7

The Carbon Trust's full statement is available at [Wates Verification-Statement.pdf](#). The Carbon Trust carried out a limited assurance and to reach its opinion, the Carbon Trust undertook a

range of procedures over the GHG data. A summary of the 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 2023, using an environmentally extended input-output (EEIO) model, as we did for our 2019 baseline data set, with the addition of supplier-specific emissions data where available. Our aim is to phase out the use of EEIO conversion factors and phase in full use of supplier specific carbon data as soon as possible.

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. Eleven of these categories apply to Wates and contribute 522,373 tonnes CO₂e to (98.8%) Wates' total emission in 2023 (compared to 98% in 2019 baseline). Our total Scope 1, 2 and 3 emissions were 528,691 tonnes of CO₂e in 2023.

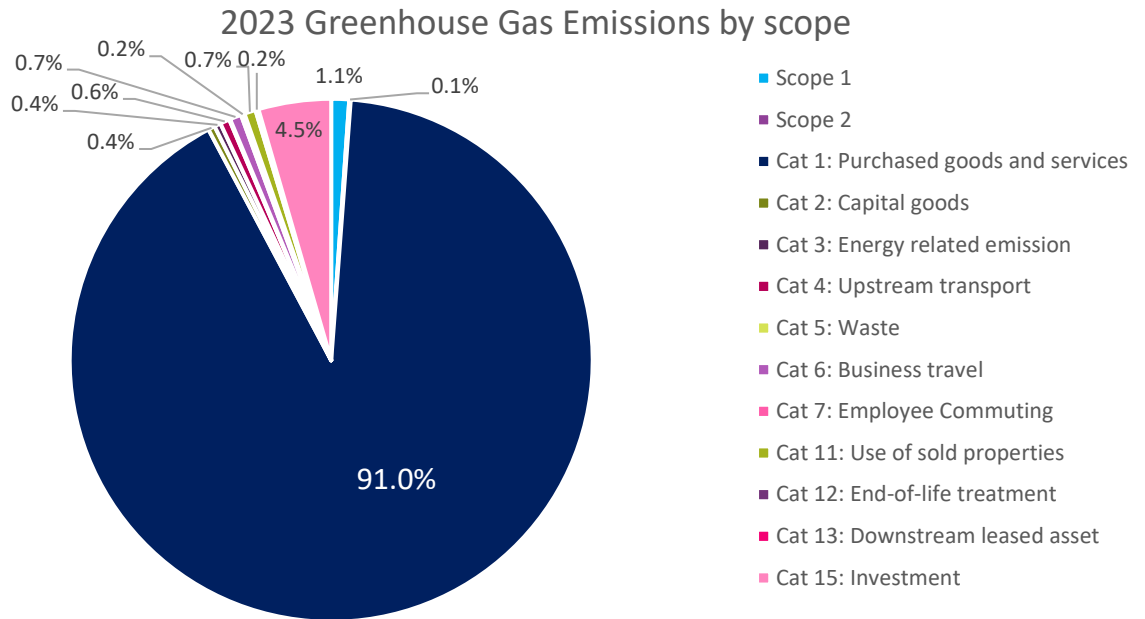
As illustrated below, at 91% "purchased goods and services" make up the bulk of Wates' GHG emissions which is not surprising for the sector that we work in.

Key	Category	Scope 3 Category	Tonnes of CO ₂ e
Upstream	1	Purchased goods and services	481,258
	2	Capital Goods	2,211
	3	Fuel & energy related activities	2,092
	4	Transportation & distribution	3,104
	5	Waste generated in operations	309
	6	Business travel	3,758
	7	Employee commuting	1,186
	8	Leased assets	0
Downstream	9	Transportation & distribution	0
	10	Processing of sold products	0
	11	Use of sold products	3,714
	12	End-of-life treatment of sold products	928
	13	Leased assets	74
	14	Franchises	0
	15	Investments	23,741
Total			522,373

In 2023, we reduced Wates' total emissions for Scopes 1, 2 and 3 by 15% compared to the 2019 baseline. This is despite our turnover increasing by 35% against the baseline year.

To tackle Scope 3 emissions, we launched an engagement process with suppliers to encourage them to set their own science-based targets. In 2023, 4% of our supply chain (Category 1) emissions were covered by a science-based target.

Looking only at our 200 largest suppliers by spend, the percentage that had science-based targets more than doubled from 4% in 2022, to 10% in 2023. ERM CVS were engaged to undertake limited assurance of our top 200 suppliers by spend that had set science-based targets, in support of our Sustainability Linked Loan.



We have initially focused on material suppliers, where we have the greatest opportunity to reduce greenhouse gas emissions. Given the high bar for setting science-based targets, initial take-up is slow. We have been providing support through webinars and workshops to demystify some of the requirements and are now introducing more one to one support to help suppliers transition more quickly, as well as making clear to our supply chain partners the importance to the Group of decarbonising our supply chain as quickly as possible.

Our target is for 89% of our suppliers by greenhouse gas emissions to have science-based targets in place 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.

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 carbon hotspots within our supply chain and work directly with suppliers to find alternative solutions. This will help us make Wates a net zero business across all scopes by 2045.

Signed on behalf of the Supplier:

Date: 27th June 2024