SKANSKA

# Carbon emissions fall in 2019

Latest annual data shows good progress towards Skanska UK's goal of net-zero emissions by 2045, including the supply chain.

The release of this latest data set is part of the commitment we made last year, to publish an annual estimate of our supply chain emissions.

We believe that all tier one contractors should take this approach and that greater transparency is essential if the construction industry is to realistically tackle the emissions it is responsible for.

The 2019 data shows a fall in both direct emissions and the estimate of supply chain emissions.

Our carbon intensity has also fallen – comparable construction activities today produce fewer emissions than in previous years.

We believe we have made good progress towards our goal of net-zero emissions by 2045, including the supply chain.

In addition, we have improved the way we estimate supply chain emissions, so our data is more accurate.

## 2019 highlights

Emissions down

15%

Total emissions fall by

60,371 tonnes

Carbon intensity improves to

$CO_2$ 205

**About this data set**
All the emissions data and targets referred to in this document relate to Skanska UK. Our emissions goals are aligned with the Skanska group's global carbon reduction targets.

We are continually improving carbon reduction measures across the whole business. It will take some time before these measures are completely reflected in our emissions data.

An example is where we make changes in procurement requirements that yield emissions reductions as new projects begin.

It is important to consider long-term trends and not just the emissions figures for a single year.

We do expect our emissions level to fluctuate in future years, while continuing to maintain an overall downward trend.

The low carbon landscape has changed dramatically since we launched our net-zero target in May 2019. Soon after, Skanska UK's President and CEO Gregor Craig was one of a 120 signatories to a letter to the Prime Minister, urging the UK to adopt a goal of net-zero by 2050. In June, the government altered the Climate Change Act, enshrining that target in law.

## Skanska UK's carbon targets

Targets include cutting all supply chain emissions generated on our projects.

### Net-zero carbon emissions by 2045

Our overall portfolio of projects will be carbon neutral.

### Reduce carbon emissions to 50 per cent of the 2010 level by 2030

The target is 223,000 tonnes of $CO_2$ equivalent gases.

### Reduce carbon intensity to 130 by 2030

Carbon intensity is the level of emissions emitted for each £1 million of revenue, in tonnes of $CO_2$ equivalent gases.

Decarbonisation of the construction industry is more important than ever and should be a priority.

This can also help the sector tackle the significant productivity and efficiency challenges it faces, as there is a now a strong body of evidence that links carbon with cost.

We continue to be a strong advocate for carbon reduction within the construction industry, working with a range of organisations including the Institution of Civil Engineers, UK Green Building Council, Construction Leadership Council (including the Green Construction Board), and the Low Carbon Coalition.

We recognise the vital role our supply chain will play in helping us achieve our net-zero target and have been positively engaging with our suppliers.

Skanska UK is one of the founding signatories of the Contractors Declare pledge, recognising that there is a climate and biodiversity emergency and committing to sustainable solutions.

With the positive progress we have made in 2019, we are confident that we are still on target to achieve our goal of being carbon neutral by 2045.

### Coronavirus impact

While we intend to publish the full 2020 carbon data next year, we can already see that the coronavirus outbreak has had an impact on emissions. We are seeing a reduction in emissions in different parts of the business.

We are currently investigating how we can deploy low-carbon solutions, developed in response to COVID-19, across the whole business.

## Skanska UK: direct and supply chain emissions

This table shows our direct emissions, estimated supply chain emissions and the combined total. Direct emissions are those reported through the CEMARS carbon disclosure scheme. This figure does include some indirect emissions, such as business travel.

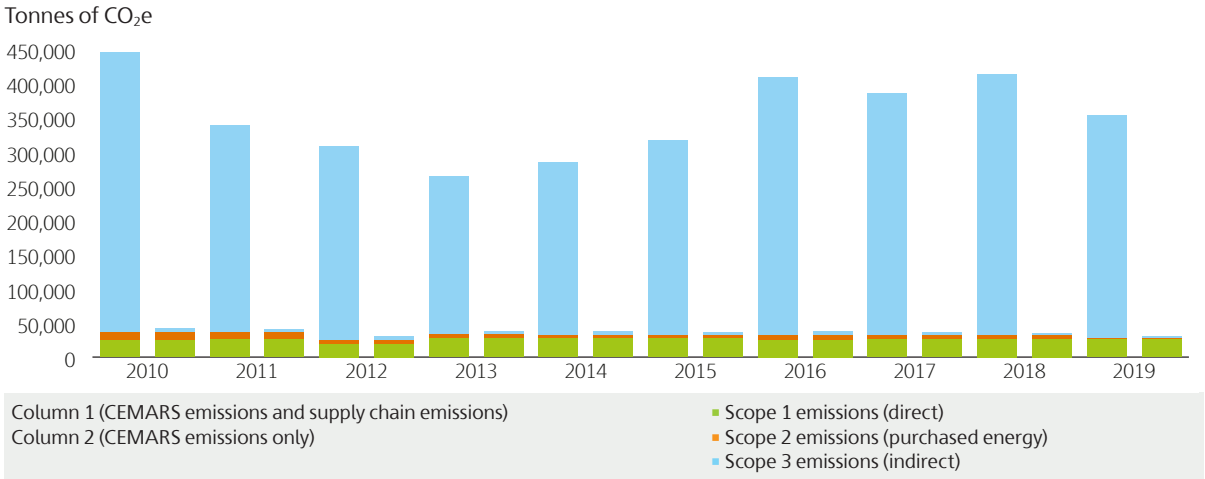
Our data shows that supply chain emissions are 10 times higher, on average, than direct emissions. We believe this shows that the construction industry needs to be more transparent about its emissions. This transparency is essential if the industry is to realistically reduce emissions.

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| Direct | 42,327 | 40,616 | 30,589 | 38,282 | 37,276 | 35,454 | 37,263 | 35,668 | 35,035 | 31,172 |
| Supply chain | 402,686 | 298,421 | 276,795 | 226,158 | 247,231 | 281,429 | 371,070 | 349,215 | 378,332 | 321,854 |
| Total | 445,013 | 339,037 | 307,384 | 264,440 | 284,507 | 316,883 | 408,333 | 384,883 | 413,367 | 353,026 |

## Skanska UK: total carbon emissions, including supply chain, broken down by source

This chart breaks down our emissions into the scopes used by the greenhouse gas protocol, the international standard for measuring emissions. The left column for each year shows the total amount of both direct and supply chain emissions. The column on the right shows the emissions we report under the CEMARS scheme.

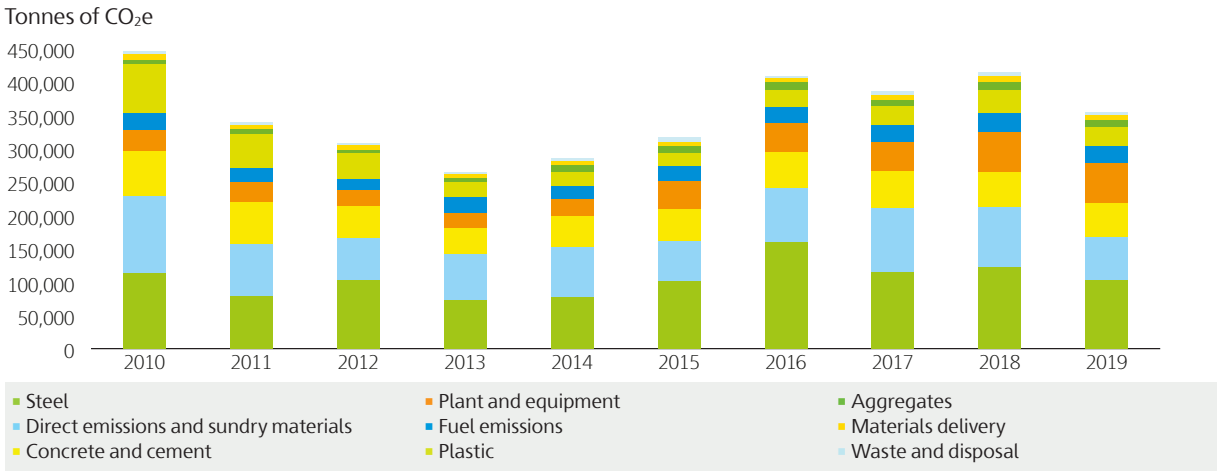
This chart shows the importance of estimating all scope 3 emissions. Existing approaches focus mainly on reporting direct emissions. However, this is not such a good fit for large construction companies where most of the work is done by the supply chain.



## Skanska UK total emissions, including supply chain, broken down by source

This chart breaks down our total emissions by source. Our estimates show that over 75 per cent of our emissions are related to the materials that we use in our projects.

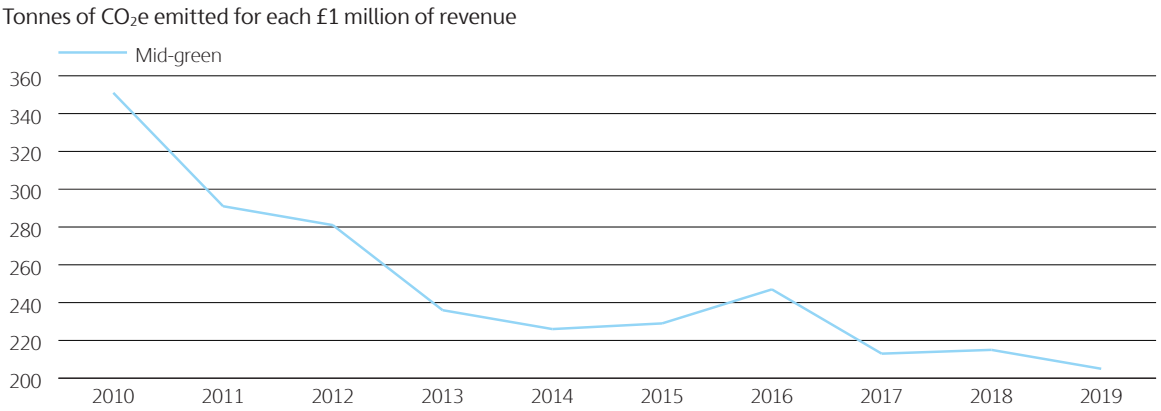
Steel, concrete and cement, together with the use of plant and equipment, are all significant contributors to the total level of emissions.




## Skanska UK: estimate of carbon intensity, including the supply chain

This chart shows that our carbon efficiency is continuing to improve. Overall, our activities produce fewer emissions than they did in the past.

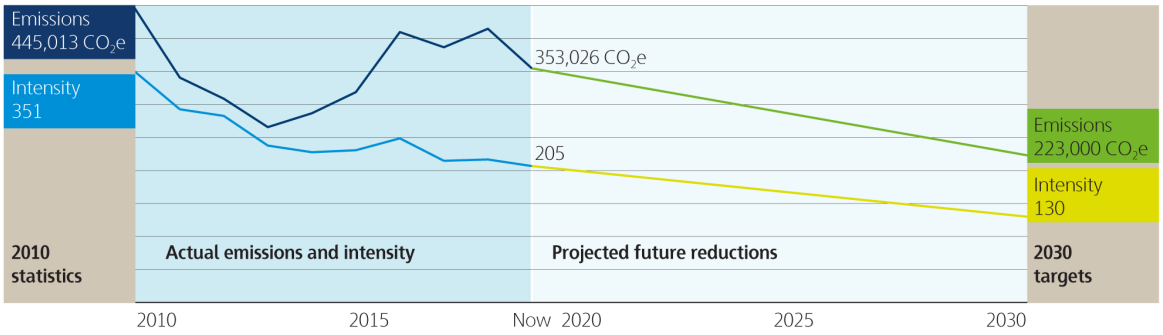
It is important to measure carbon intensity, because rises or falls in an organisation's emissions level can be caused by increases or decreases in revenue.



## Projection of estimated carbon emissions and intensity to 2030, including the supply chain

We do expect emissions to fluctuate in future years, while maintaining an overall downward trend. We are still on course to meet our 2030 targets.

Through a detailed understanding of our emissions, we have been able to analyse how to cut them effectively. This data has given us confidence in our projections.



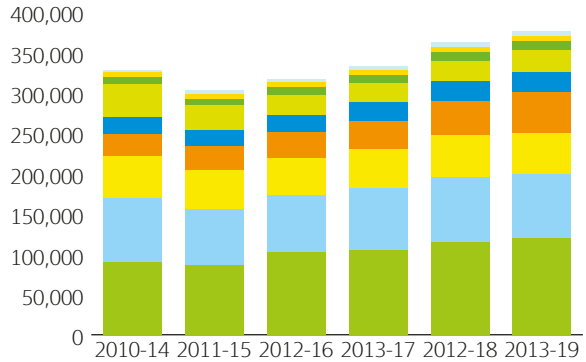

## Five-year rolling rates

The cyclical nature of the construction industry means that using annual figures on their own can be misleading. We use five-year rolling rates to smooth out distortions.

The increases in rolling rate emissions are linked to rises in the amount of work and our revenue. However, our rolling rate carbon intensity is still falling, showing progress in cutting emissions and making the increase in our emissions lower than it otherwise would have been.

### Rolling rate carbon emissions, with supply chain

Tonnes of $CO_2e$




### Rolling rate carbon intensity, with supply chain

Tonnes of $CO_2e$ emitted for each £1 million of Skanska UK revenue