

***Wincanton***



# **Carbon reduction plan**

September 2024

(Complies with PPN 06/21)

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# Commitment to achieving net-zero

## Supplier name

Wincanton Holdings Limited trading as Wincanton

## Publication date

September 2024

## Commitment to achieving net-zero

Wincanton is committed to achieving our target of “net-zero carbon emissions by 2040”. We will nurture our culture of care for the environment throughout our operations and, through our industry leading operational excellence and innovation programmes, minimise our environmental impacts including our greenhouse gas (“carbon”) emissions.

We are great people delivering sustainable supply chain value and we have already taken many strides to ensure that we achieve our headline target by engaging our customers with our low carbon vision of the future; continuously upgrading our fleet; optimizing our transport network; continuing to minimise our waste; using alternative fuels; and electrifying our fleet and warehouse estate whilst sourcing renewable energy.

We plan to continue to reduce our emissions through inclusion of sustainability projects in the continuous improvement plans of each customer contract. Action will be measured through the operational excellence programme to give surety and confidence that we will meet our targets, both interim and long term, whilst collaboratively helping our customers to achieve theirs.



# Baseline emissions footprint

## Baseline emissions

Baseline emissions are a record of the greenhouse gases that have been produced in the past and were produced prior to the introduction or continuation of any strategies documented below to reduce emissions. Our baseline emissions are the reference point against which our future emissions reduction will be measured.

The Wincanton financial year is 1 April to 31 March. Our current targets are our third carbon target period. We started with “10% reduction by 2016 from a 2010 baseline”, which we achieved. We then completed “a 5% reduction by 2020 from a 2016 baseline” and have now set a long-term target to 2040 based around our net-zero aspirations.

The baseline for this third “net-zero” target period is 2019-20, “FY2020”.

## Additional details relating to the baseline emissions calculation

Our carbon emission information is prepared with reference to the Climate Disclosure Standards Board (CDSB) Framework January 2022 and the GHG Protocol Corporate Standard for Company Reporting using ‘operational control’. For us, as a third-party supply chain services and logistics partner to our customers, we report the energy and fuel use at every site and transport operation at which we have full operational control, irrespective of who buys the fuel or energy. In this way, our carbon emissions will scale with our revenue which enables us to use revenue as a suitable indicator of activity and therefore an indicator of “carbon intensity”.

Carbon factors are as per UK Government GHG Conversion Factors for Company Reporting for the respective years, with emissions from electricity generation, transmission and distribution all included as scope 2 emissions. For all UK mainland operations where we have the supply contract, we purchase ‘green tariff’ electricity that complies with the market-based scope 2 reporting requirements of the GHG protocol. However, we have reported electricity use at UK grid average emissions for the purposes of this Carbon Reduction Plan and our Annual Report(s), both of which are available on the Wincanton website along with an ESG reporting page referencing the relevant GRI measures.

This baseline footprint is the same as that published in Wincanton Annual Report 2020 (AR20), restated in AR21 and restated here to reflect the disposal in Sep/Oct 2020 of our containers and workshop businesses. The AR21 and post disposal restatements have been provided with the post disposal figure being the baseline we will work from and which appear in Graphs 1 and 2 later in this document.

Wincanton acquired Cygnia in September 2021, adding 428 tCO<sub>2</sub>e from the use of mains gas and electricity. Cygnia customers outsource their transport meaning no scope 1 or 2 emissions from transport. This carbon figure was about 0.1% of our total scope 1 and 2 emissions and deemed not material to our emissions. No ‘re-baselining’ of our target or performance figures was therefore required for the Cygnia acquisition but the emissions from acquisition are all included in our emissions figures.

During 2023-24 we announced the acquisition of Invar Group but this was completed after reporting year end and did not affect emissions for the year.

## Carbon Emissions Performance

The emissions performance (Table 1) has also been provided as per AR24. Restated figures are provided for 2019-20 and 2020-21 to reflect the disposal of our specialist container logistics and PFS workshop businesses.

Reporting Year Emissions	2019-20 (Baseline)	2019-20 (Baseline restated)	2020-21	2020-21 (Restated)	2021-22	2022-23	2023-24
Scope 1	324,357	297,202	308,391	295,961	314,799	313,786	242,855
Scope 2	23,229	22,872	20,398	20,210	19,401	17,079	17,582
Scope 3*	92,454	77,216	93,411	82,514	121,176	83,911	79,022
<b>TOTAL</b>	<b>440,040</b>	<b>397,290</b>	<b>422,200</b>	<b>398,685</b>	<b>455,376</b>	<b>414,776</b>	<b>339,459</b>

\* Selected scope 3 emissions categories are downstream and upstream transport and distribution; business travel; waste; and employee commuting as per the recommendations of PPN 06/21. See Appendix 1 for explanatory notes and methodology overview. Scope 3 figures from all years have been restated slightly because of changes to employee commuting calculation made during FY2024 (2023-24) update.

In reporting year FY2024, Wincanton revenue reduced 3.8% to £1,407m. Revenues from core activities (excluding closed book transport) were 0.2% lower year on year as the Group made sustained progress in exiting unprotected closed book transport contracts. The Group's full year underlying profit was ahead of market expectations and delivered against an external background characterised by acute macro-economic uncertainty with the pressures of high inflation and increased interest rates constraining consumer budgets and creating a volume-based recession.

Total scope 1, 2 and 3 emissions reduced 18%. This emissions performance was delivered by continued deployment of our "Winsight" and "EyeQ" transport planning and digital transport suites; reduced sub-contract road freight spend; increased use of hydro-treated vegetable oil (HVO) renewable fuel; increased use of natural gas for transport; increased deployment of electric vans and HGVs for two-person home delivery; and shifts in our business mix towards less carbon intensive revenue streams, e.g. away from closed book transport as stated above.

As a result of this performance, our carbon intensity by revenue reduced significantly year on year and took us well ahead of our target trajectories. See graphs 1 and 2 for revenue growth and carbon intensity trends. During FY2024 we won two significant transport contracts which were not fully integrated during the reporting year. We are therefore expecting emissions performance and carbon intensity to see upward pressure as implementation is completed and we see full year reporting of the emissions.

# Emissions reduction targets

Currently, we have a “qualitative”, long-term, “net-zero by 2040” target for scope 1, 2 and selected scope 3 emissions which has not been verified formally by the Science Based Targets Initiative. We have not yet committed to a formal, verified science-based target (SBT). We evaluated an SBT during FY2023 and while we recognise that this has become a standardised approach for many companies, decarbonisation trajectories for the freight transport sector remain unclear. We have therefore decided to set an interim target based on our customers’ requirements and the European and UK legislative landscape which is broadly expecting carbon reductions through vehicle fuel efficiency improvements; network planning enhancements; and opportunistic deployment of alternative fuels and electrification in collaboration with those customers who have the appetite and usage model to support them.

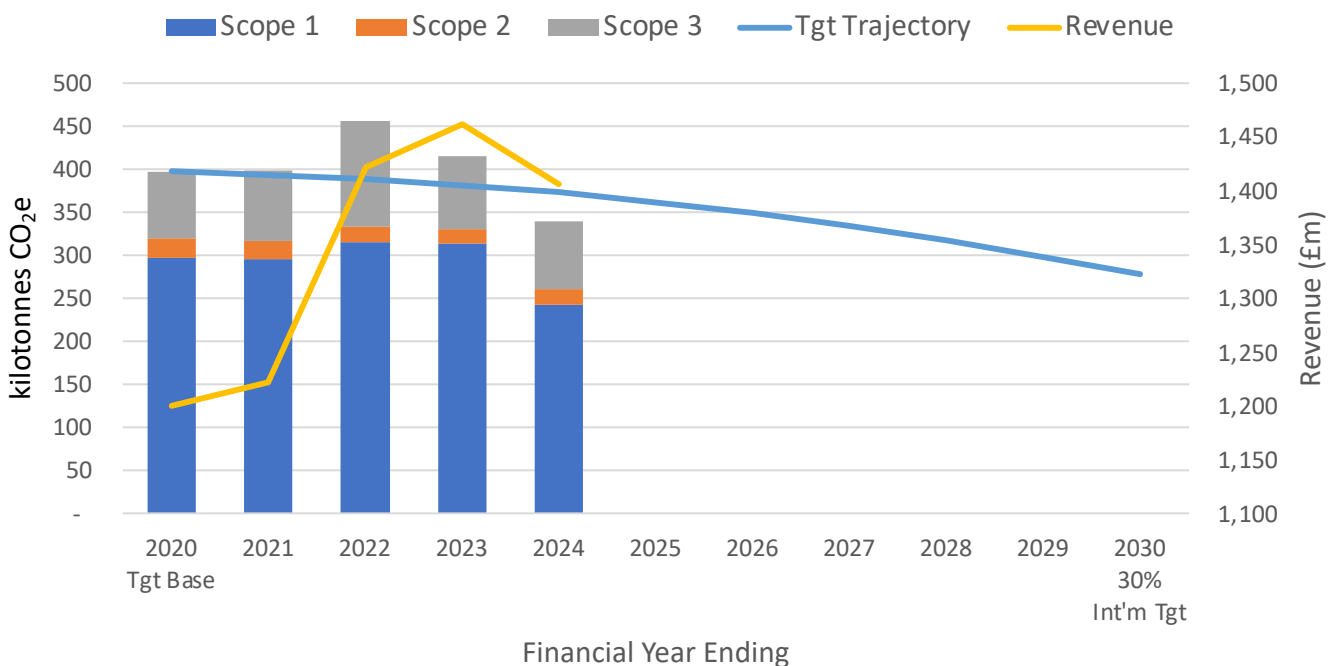
Our progress against targets is currently focused on scope 1 and 2 and selected scope 3 emissions, specifically downstream sub-contract transport and business travel and we aim to achieve a 30% reduction in emissions by 2030 based on the wider industry decarbonisation and legislative landscape; our progress at optimising our diesel fuel usage; use of transition fuels like HVO; and limited early adoption of electric trucks in heavier weight categories.

We expect a further 70% reduction from 2030 to 2040 as electrification technologies and infrastructure, possibly including Hydrogen in specific applications, become more widespread and commercially available.

As we have developed our alternative fuel and zero emission technology roadmaps we have adjusted our original linear target trajectory methodology to reflect the timescales we are seeing from our technology and innovation partners. We now use a non-linear methodology to reflect our belief that, as the freight transport carbon reduction ecosystem matures and zero emission technology and infrastructure become more widely available, we will see the pace of carbon reduction increase in the second half of the 2020s. Reduction will then continue at the rate that we can convert fleets at times of renewal and contract award making progress more linear to 2040. Graph 1 illustrates our performance against our non-linear target trajectory to 2030.

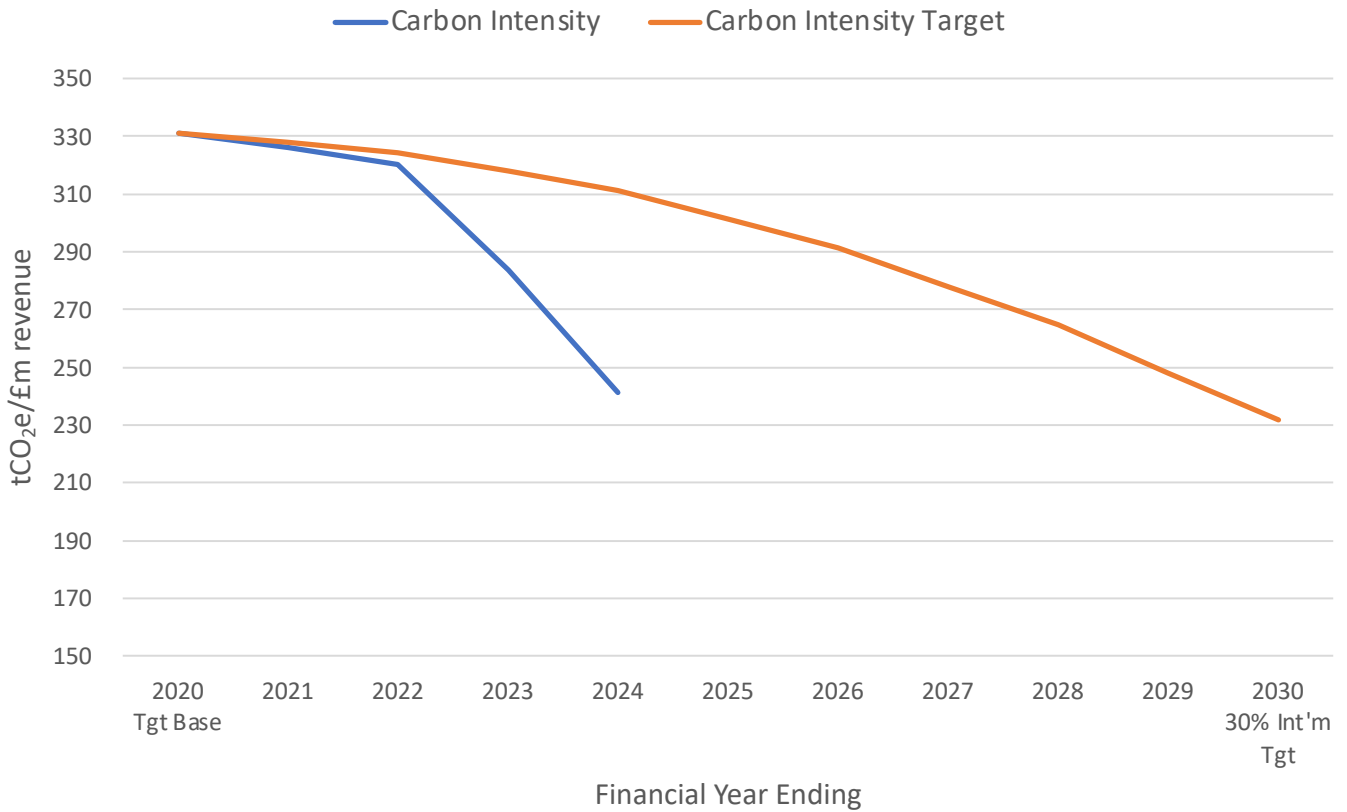
After 2040, we anticipate that any remaining residual emissions will be offset using appropriate, authentic carbon removal credits until we can finally eliminate nearly all emissions. We may use carbon removal credits before this for selected customers, sectors or sites where carbon neutral operation is required and feasible. We are currently doing this for two-person home delivery business which has been carbon neutral since 2021-22 and will do this for our own non-transport operations after 2024-25.

**Graph 1 - Emissions Performance and Target Trajectory (post-disposals baseline)**



Graph 2 illustrates the same target trajectory but maps carbon intensity by revenue showing our carbon reduction is helping us to stay on track despite revenue variations. Making significant emissions reductions to compensate for further growth will require us to complete wholesale introductions of alternative fuels and zero emission technologies and we will not be able to rely solely on efficiency gains and incremental improvement. Early adoption of these technologies comes with higher cost and higher solution design and implementation overhead so we expect the pace of adoption to accelerate over time as technologies mature, as we establish value chain partners, and as costs reduce.

**Graph 2 - Carbon Emissions Intensity by Revenue (post-disposals baseline)**



# Carbon reduction initiatives

## Carbon reduction initiatives

Our target is an absolute one and, whilst in the earlier years of our target period we will aim to continuously improve transport and energy efficiency, our plans are to utilise alternative fuels and electrification to achieve the emissions reductions we have committed to.

Wincanton held the Carbon Trust Standard (CTS) from 2010 to 2022 which required us to demonstrate carbon reductions year on year for twelve years. We have now moved away from the CTS following changes to the standard and we now certify our carbon emissions accounting processes to ISO14064-1:2018 through the Achilles "Carbon Reduce" process to provide external assurance of our carbon reduction programme. We also have an environmental management system in place that is available to all operations and is certified to ISO14001:2015 giving us a solid platform to achieve our improvement goals.

The initiatives below have been or can be implemented on each customer contract relevant to the technology solution and it is not an exhaustive list of all projects. The diversity of the Wincanton contract portfolio means that not all carbon reduction initiatives are effective in all applications. The appropriate and effective solutions will be implemented for a particular contract through the account review and management processes and continuous improvement plans agreed collaboratively with each customer

## Fleet and Transport

Emissions from transport make up over 83% of our total scope 1, 2 and 3 carbon emissions. We continue to invest in our fleet typically replacing 15-20% of our vehicles each year. Over 99% of the vehicles we operate are Euro VI or better and when these, in turn, are upgraded, we ensure we include the latest engine variants and fuel saving features such as adaptive cruise control; automatic braking; and predictive power train control. This drive continuous, incremental improvement in our carbon emissions across the group.

We have fitted most of our vehicles with vision-enabled telematics and established an industry leading driver assessment and coaching programme to keep our drivers firmly in the 'green' performance zone which results in the best safety and fuel efficiency.

We are utilising 'green', low rolling resistance tyres where appropriate, are utilising 'mirrorless' vehicles that provide some aerodynamic benefit, and, where appropriate, we use light-weighted trailers, double-deck and longer semi-trailers to optimise load fill.

We continue to implement our cloud-based transport planning system which is a multi-year project that will provide significant benefits in vehicle utilisation, routing and loading across our diverse portfolio over the coming years. It will be deployed on those fleets where it will provide sustainable value in network optimization.

We continue to evaluate, trial, and adopt, when appropriate, alternative fuels including electric vehicles, biomethane, and hydro-treated vegetable oil (HVO) and we anticipate significant collaborative investment with our customers in electric and alternative fueled vehicles and infrastructure. Initially, over the next 5 to 10 years, we expect that for heavier trucks this will be in HVO and biomethane with electrification of our smaller, rigid vehicles. During FY2024 we utilised 4.3m litres of HVO and we now have over 70 electric vans and HGVs up to 19t on our two-person home delivery networks.

In 5 to 10 years and beyond we believe that heavier HGVs with battery electric and hydrogen fuel cell drive trains will become commercially available and will begin to achieve widespread deployment, with "public" infrastructure, after 2030. We have been participating in the 'Zero Emission HGV and Infrastructure Demonstration' (ZEHID) funding competition administered by Innovate UK. We hope that ZEHID funding will allow us to implement up to 20 zero emission, 40-tonne+ tractor units, at a total cost of ownership comparable to diesel and these should be in service, with the necessary infrastructure, between March 2025 and March 2026.



## Warehouse and infrastructure

On the warehouse side we have completed various projects to upgrade to sensor-controlled LED lighting across our portfolio and continue to upgrade lighting at every opportunity e.g. when we add a new customer site to our portfolio. Warehouse energy efficiency, waste reduction and packaging projects are included on mandatory continuous Improvement (CI) plans across the business and are led by our operations in collaboration with our customers.

We source green tariff electricity from Renewable Energy Guarantee of Origin (REGO) backed renewable sources where we have the supply contract. We are now implementing a programme of solar photovoltaic (PV) panel installation across our estate working with our landlords. Our first completed project was during summer 2023 with more to follow. Where possible, the solar PV arrays will be sized to reflect the potential electrification of our transport assets and the increased electricity demand, power capacity and power management that this will entail.

## Indirect Emissions

With respect to our indirect (scope 3) emissions we make efforts to reduce these through the sub-contract, sustainable procurement and travel policies that we deploy. Sub-contract transport ("downstream transport and distribution") is a priority here because our sub-contract policy and volume has a proportional impact on our scope 1 emissions. We are developing new and more accurate ways to measure our scope 3 emissions utilizing systems such as our transport control tower product "EyeQ" to reflect the increasing importance of these indirect emissions in our emissions mix.

Appendix 1 give more detail regarding each category of indirect, scope 3 emission source included in this disclosure.

More information about all aspects of the Wincanton ESG programme are available in our Annual Reports available at <https://www.wincanton.co.uk/investors/results-reports-and-presentations/>

# Declaration and sign-off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21<sup>1</sup>. Carbon emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard<sup>2</sup> and uses the appropriate, 2023, UK Government emission conversion factors for greenhouse gas company reporting<sup>3</sup>.

Scope 1 and 2 emissions have been reported in accordance with Streamlined Energy and Carbon Reporting (SECR) requirements. The required subset of scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (scope 3) Standard<sup>4</sup>.

This Carbon Reduction Plan has been reviewed and signed off by the Executive Management Team.

## Approved on behalf of Wincanton:

James Wroath  
Chief Executive Officer  
September 2024

<sup>1</sup><https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts>

<sup>2</sup><https://ghgprotocol.org/corporate-standard>

<sup>3</sup><https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting>

<sup>4</sup><https://ghgprotocol.org/standards/scope-3-standard>

# Appendix 1

## Scope 3 emissions explanatory notes

(Table 2 shows the values of each of the scope 3 emissions source included)



**Business travel** - Air and rail travel included for all years. Hotel stay emissions have been included from 2023-24 onwards which has increased emissions from business travel. Taxi, bus and tube emissions are excluded. Hire car, company car and grey fleet business travel is included in scope 1 emissions and calculated from fuel drawings and mileage claims as direct emissions by Wincanton colleagues.



**Downstream transportation and distribution** - Wincanton are not a product company. We are a supply chain services company and as such the downstream limit of our emissions is often the delivery point of our customers' product(s). However, we use sub-contract road freight, rail freight and ferries to meet our service obligations to our customers and have included estimated scope 3 emissions from these sources. Emissions are calculated from spend reports, Government average annual fuel price figures, and benchmarking data provided by Logistics UK. Deployment of our cloud-based transport planning and transport control tower systems has given us the scope to change the methodology for calculating downstream transport and distribution emissions and we anticipate advances in our calculation methodology in the coming years.



**Upstream transportation and distribution** - Wincanton are not a product company. We are a supply chain services company and as such the upstream transportation and distribution to the warehouse facilities we manage is owned by our customers or their suppliers and we get involved only if they award that business to us, in which case the associated emissions will be included in the scope 1 and/ or scope 3 emissions figure. Where we are awarded this work, we may use sub-contract road freight; rail freight and ferries to meet our service obligations and have included estimated scope 3 emissions from these sources in our "downstream" calculations. We have not included any emissions from the manufacture or construction of the transport and property assets that we utilise either upstream or downstream.



**Waste** - Wincanton manages its waste very closely; sends zero waste to landfill; and has made long term target commitments for minimising and recycling residual waste. Much of the waste materials we handle results from decisions made by our customers and they and Wincanton both measure waste in terms of weights and types rather than converting it to scope 3 emissions. We believe the effectiveness of our waste programme is better served by maintaining waste as a physical commodity rather than assigning an emissions impact. However, for the purposes of this carbon reduction plan, we have used our annual waste quantity and the relevant UK carbon factors for company reporting to estimate the associated scope 3 emissions for each year. These are transport only and do not include waste processing emissions in the calculation process which is still under consideration and development and relies on supplier provided data for the calculation.



**Employee commuting** - Wincanton has between 140 and 200 operating locations at any time and the nature of the contract supply chain sector means that these locations are often defined by our customers' and their distribution networks and change relatively regularly. Although we cannot change the location of our sites easily, Wincanton encourages the use of car sharing, cycling and public transport but does not aggregate and track their impacts nationally but only at local, site level when colleagues wish to do so to drive specific project evaluation or a sustainability initiative. Employee travel to work is featured in many of our sites' continuous improvement plans as a scope 3 emission reduction opportunity and may be included in our colleague engagement activities for environment and sustainability.

Emissions from employee commuting are not included in our "net-zero 2040" target because we have little influence on them or ability to reduce them. However, for the purposes of this carbon reduction plan we have included them in our data, tables and graphs. We have used our end of year FTE figure for each year to estimate our employee commuting emissions from UK average figures on employment and emissions provided by ONS and CBI. Wincanton will develop a more scalable calculation methodology over time, based on travel surveys for a selected proportion of the largest 25 sites we operate which host 65% of our 19,225 colleagues. We started this process during FY2024, running a "travel to work" survey which was publicized through our colleague engagement events. We will use these survey results to develop our reporting methodology further.

Table 2

Reporting Year Scope 3 Emissions Category	2019-20 (Baseline) (tCO2e)	2019-20 (Baseline restated) (tCO2e)	2020-21 (tCO2e)	2020-21 (Restated) (tCO2e)	2021-22 (tCO2e)	2022-23 (tCO2e)	2023-24 (tCO2e)
Business Travel	130	130	3	3	32	84	350
Downstream T&D: Sub-con Road	71,689	62,572	77,632	69,029	106,585	70,899	66,192
Downstream T&D: Rail	5,842	-	2,015	-	-	-	-
Downstream T&D: Ferries	1,128	1,128	227	227	269	452	498
Upstream T&D	-	-	-	-	-	-	-
Waste	45	45	45	45	45	76	66
Staff Commuting	13,620	13,341	13,489	13,210	14,245	12,400	11,917
<b>TOTAL</b>	<b>92,454</b>	<b>77,216</b>	<b>93,411</b>	<b>82,514</b>	<b>121,176</b>	<b>83,911</b>	<b>79,022</b>