



Skanska UK annual carbon emissions 2022



SKANSKA



A45 Footbridge part of the M42 Improvement Scheme Birmingham

Emissions rise with revenue but continue to de-couple from business growth

Latest annual data shows absolute emissions increasing in line with revenue growth, but continued year-on-year improvement in carbon intensity shows Skanska UK is becoming more carbon efficient.

As Skanska UK continues implementing its net-zero strategy, carbon reduction continues to be a business priority with our focus remaining on the steps we can take to de-carbonise our value chain now, rather than relying only on what innovations or mechanisms might help us achieve net-zero in the 2040s. Skanska UK remains committed to carbon transparency, including the annual publication of our direct and supply chain carbon emissions. The content of this report is a combination of actual emissions data and estimated data. We continue to be transparent about our Scope 3 emissions estimation process which is [available in this report](#) and via our website. However, the Scope 3 numbers in this report contain actual Scope 3 data direct from the as-built reports of two of our projects: SAS 13 (Stechford to Aston) rail line bridge replacement project for Network Rail, and The Featherstone Building, a mixed-use commercial development for Derwent London. At the project level, it is also important to note that projects comprising 48% of Skanska UK's 2022 revenue were covered by a full project carbon footprint and projects comprising 22% of Skanska UK's 2022 revenue were covered by partial project carbon footprints, covering key carbon intense elements of the project.

In 2022 Skanska UK emitted 214,917tCO₂e including our supply chain emissions. This is a 51% reduction from the 2010 baseline when we first started reporting against the CEMARS scheme (now CarbonReduce) but is a 5% year-on-year increase on 2021 total emissions, in part reflecting Skanska UK's

24% revenue growth over that period from £1.12bn to £1.4bn. However, we continue to de-couple emissions from revenue and our carbon intensity has improved over the same period 15% from 182tCO₂e/£m revenue in 2021 to 154 tCO₂e/£m revenue in 2022, which represents a year-on-year improvement of circa 28tCO₂e lower emissions per million revenue.

This continued improvement in carbon intensity is supported by our overall carbon reduction strategy, including the widespread use of HVO biofuel across Skanska and some of our key supply chain partners (12,000 tCO₂e avoided), our Electric First company car policy (at end of 2022 34% staff fleet were battery electric vehicles), design and methodology savings across many of our projects, low carbon concrete and steel alternatives used on several major projects (such as on our SCS JV for HS2 and at IPC Euston Station re-development for Network Rail), and our procurement of REGO backed electricity (1071tCO₂e avoided).

Looking at only our Scope 1 and 2 emissions, at the end of 2022 Skanska UK had reduced emissions by 81% from the 2015 baseline, in line with our Skanska Group international target to reduce Scope 1 and 2 emissions by 70% at 2030. Our focus remains on continuing to improve our carbon intensity despite whatever changes in work mix and revenue we may experience.

2022 highlights

Full scope emissions down since 2010

↓ 51%

Year-on-year emissions up from 2021

↑ 5%

Carbon intensity improves to

154 CO₂e

Skanska UK's carbon targets

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

¹ Net-zero carbon emissions by 2045

Our overall portfolio of projects will be carbon neutral.

Reduce Scope 1 and 2 emissions by 70% from the 2015 level by 2030

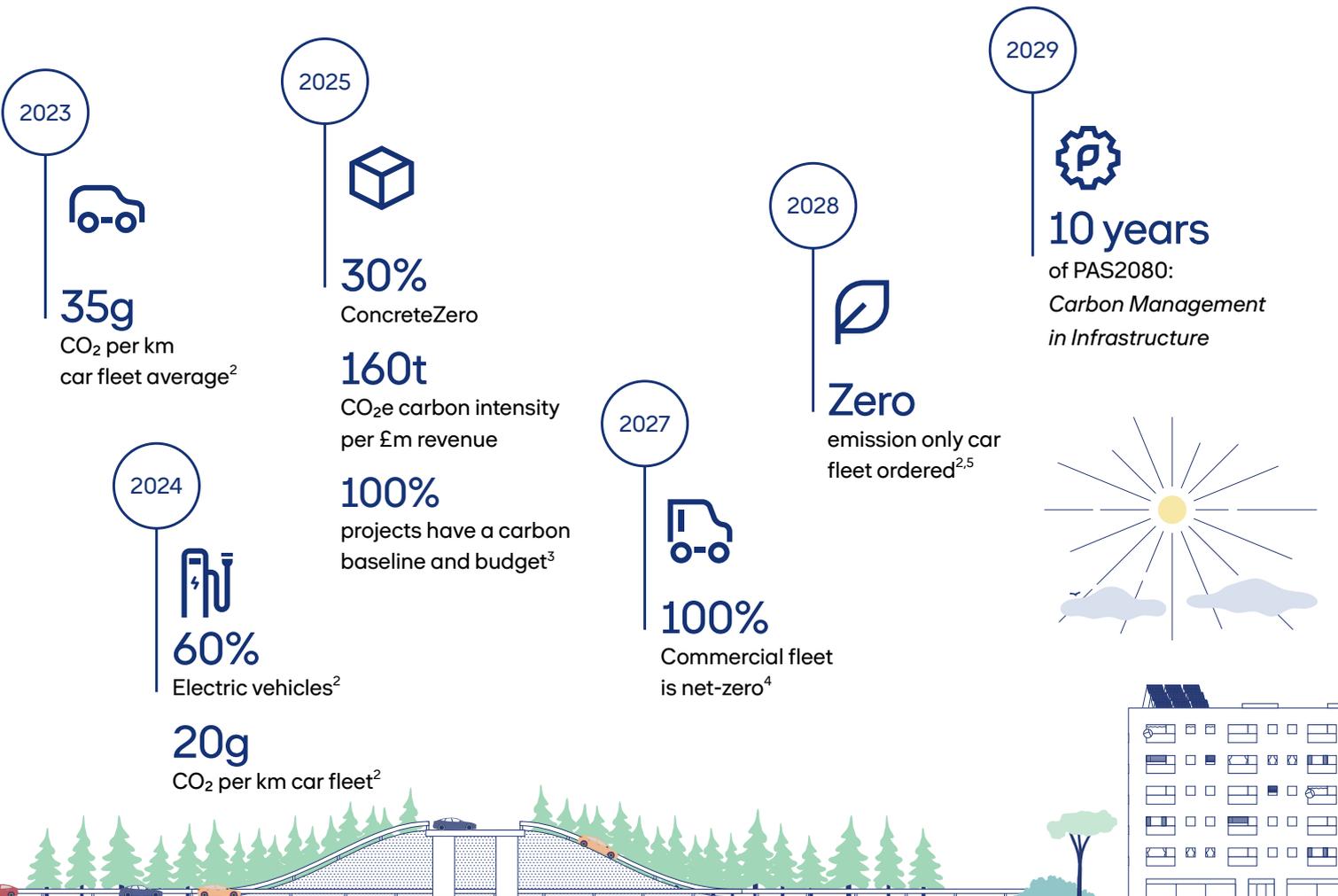
Reduce carbon emissions to 50 per cent of the 2010 level by 2030

The target is 223,000 tonnes of CO₂ equivalent gases.

Reduce carbon intensity from 351 to 130 by 2030

Carbon intensity is the level of emissions emitted for each £1 million of revenue, in tonnes of CO₂ equivalent gases.

Skanska UK's sub-targets



¹ Net zero means achieving an operating balance between the greenhouse gases put into the atmosphere and those taken out. Over time the emissions associated with construction will reduce through the decarbonisation of the materials and methods used by the industry. Skanska UK's role is to speed this transition by prioritising carbon reduction in the projects we deliver. We anticipate achieving greater than 90% emissions reduction over our Scope 1, 2 and 3 emissions from a 2010 baseline via a) emissions reductions and b) emissions balancing and removal included in the manufacturing, fabrication and transportation processes of the products and materials we use. We will transparently report any client or supply chain led offsetting, and any other emissions balancing or removals solutions, via our project and business level emissions reporting.

² At time of publishing company car emissions reduction targets exclude car allowance vehicles and short-term hires.
³ Applies to all projects above £15m project value (or above £1m project value for our Cementation business).
⁴ LCVs defined as commercial vehicles weighing less than 3.5 metric tonnes, and excluding 4x4s.
⁵ Zero emission could be electric vehicles, hydrogen fuel cell or other transmission technology which is zero emission at tailpipe.



Skanska UK's sub-targets

2030



50%
Responsible Steel certified

Zero
emission standard site set-up⁶

50%
ConcreteZero

20 years
of carbon reporting

100%
net-zero commercial projects⁷

130t
CO₂e carbon intensity
per £m revenue

2040



Zero
emission HGVs and plant⁵

50%
fewer Scope 3 emissions

70%
fewer Scope 1 and 2 emissions

Zero
emission 4x4s

2045



100%
net-zero concrete & steel



5 Zero emission could be electric vehicles, hydrogen fuel cell or other transmission technology which is zero emission at tailpipe.
6 Standard site set-up includes 5 selected items: electricity, generators, lighting, hoarding and welfare accommodation.

7 Applies only when Skanska UK is Principal Contractor (excludes FM and MEP work) and works on the assumption that in order for commercial buildings to be compliant with the Net-Zero Carbon Pathway they'll need to demonstrate compliance with industry approved targets, such as LETI's 2030 net-zero targets and RIBA's 2030 Climate Challenge target metrics.

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 CarbonReduce 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 realistic about reducing emissions.

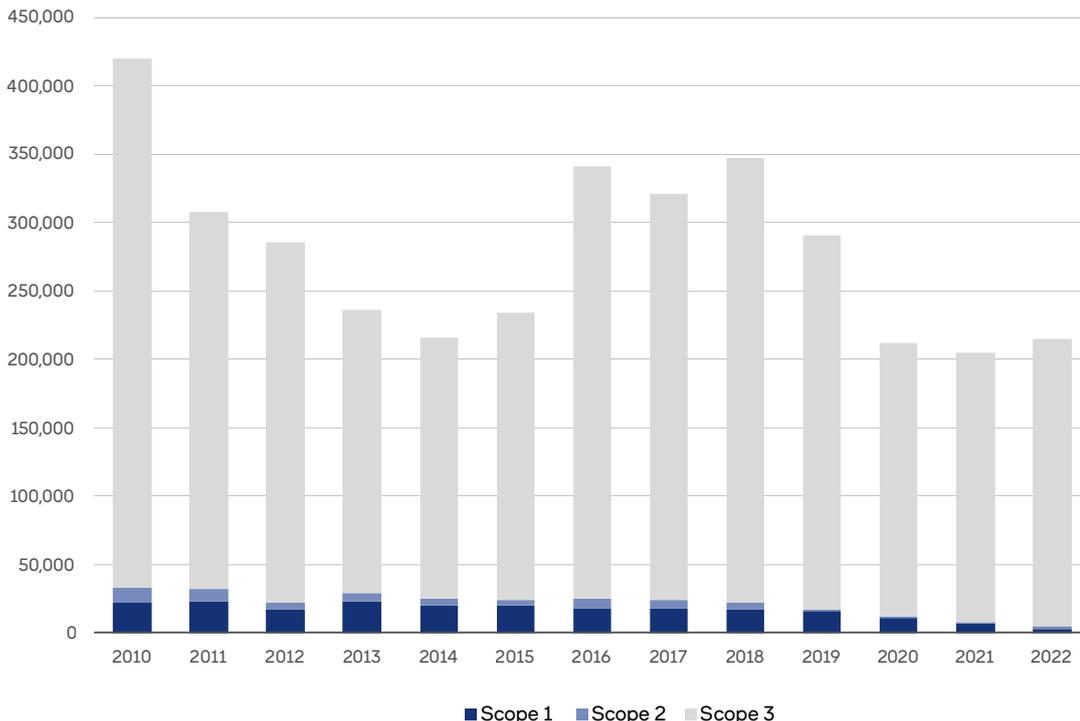
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Direct	33,169	31,785	22,075	28,878	24,919	24,429	24,933	24,458	21,746	17,415	12,286	8,050	4,634
Supply chain	386,274	275,768	263,349	207,250	191,332	50	316,187	296,769	324,979	273,136	199,559	196,669	210,283
Total	419,443	307,553	285,424	236,129	216,251	24,479	341,120	321,226	346,726	290,551	211,845	204,719	214,917

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

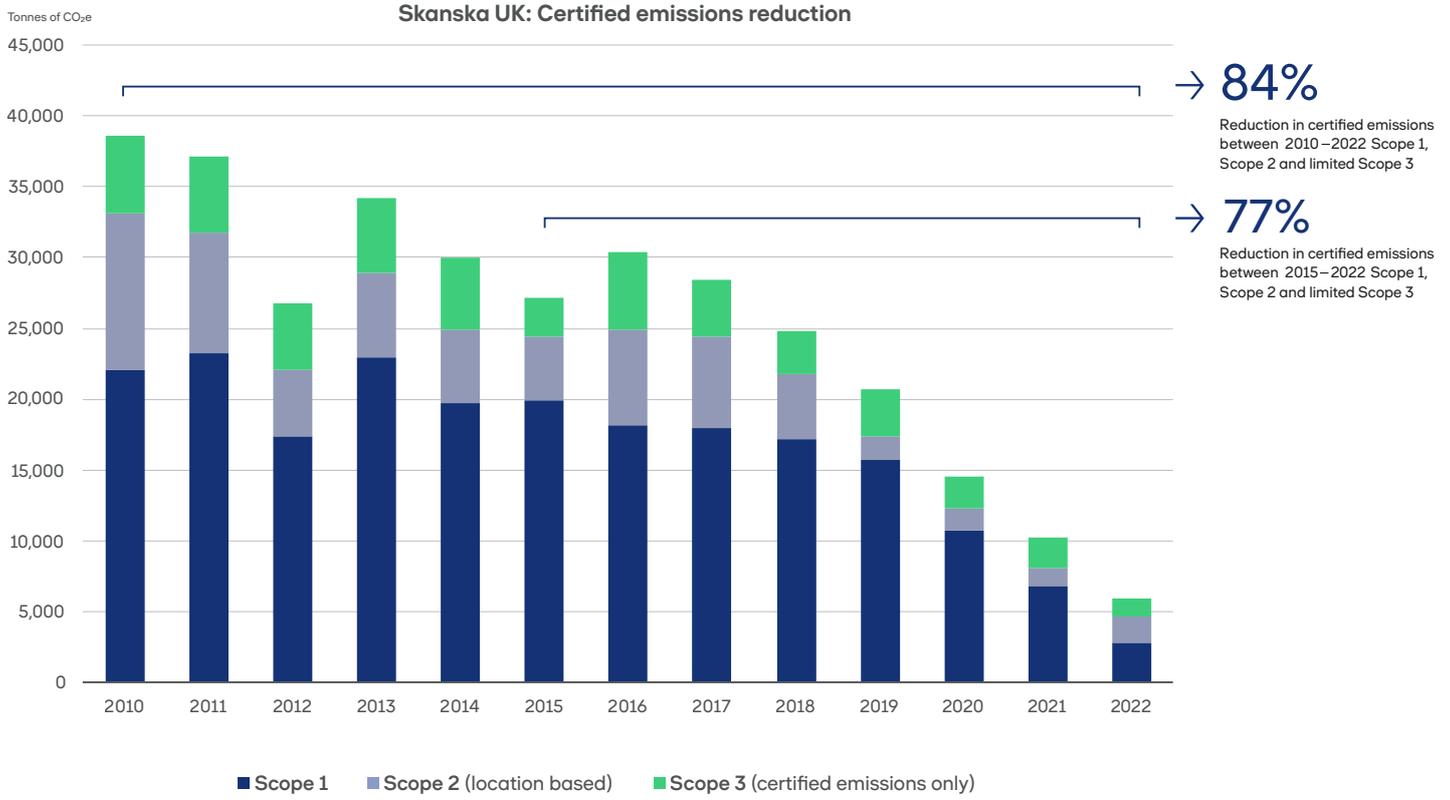
This chart shows the importance of estimating all Scope 3 emissions. Existing approaches focus mainly on reporting direct emissions. However, where most of the work is done by the supply chain, this is not such a good fit for large construction companies.

This chart breaks down our emissions into the scopes used by the greenhouse gas protocol, the international standard for measuring emissions.

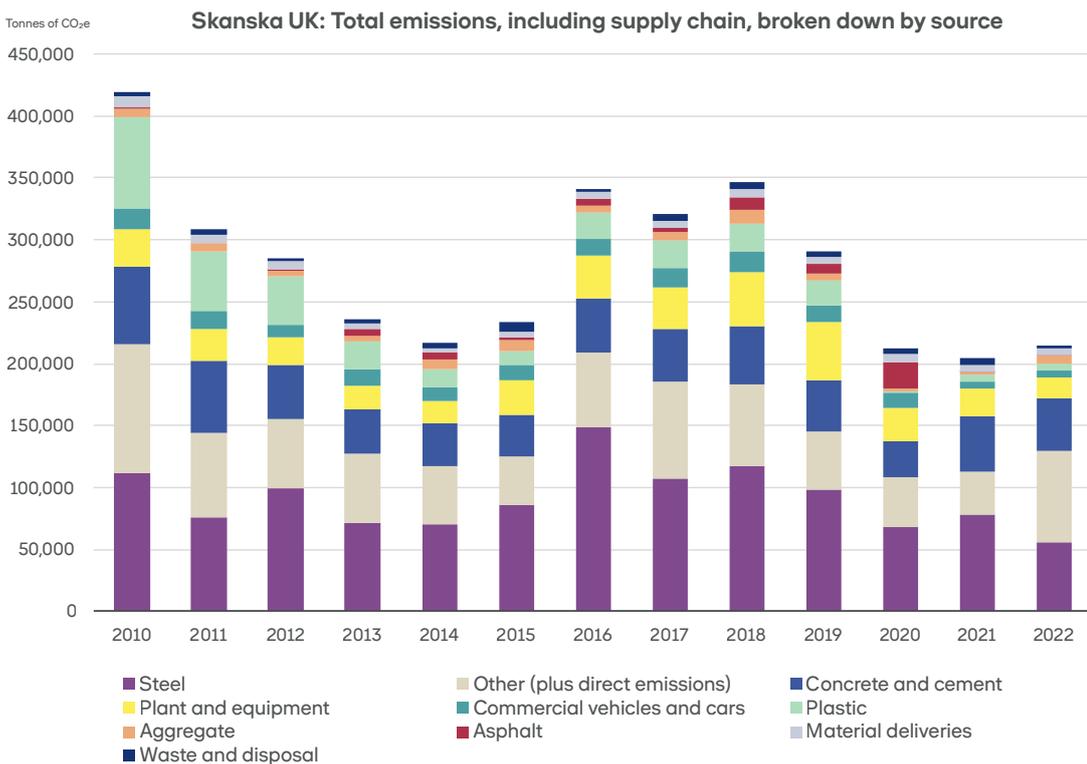
Tonnes of CO₂e Skanska UK: Total carbon emissions, including supply chain, broken down by GHG scope



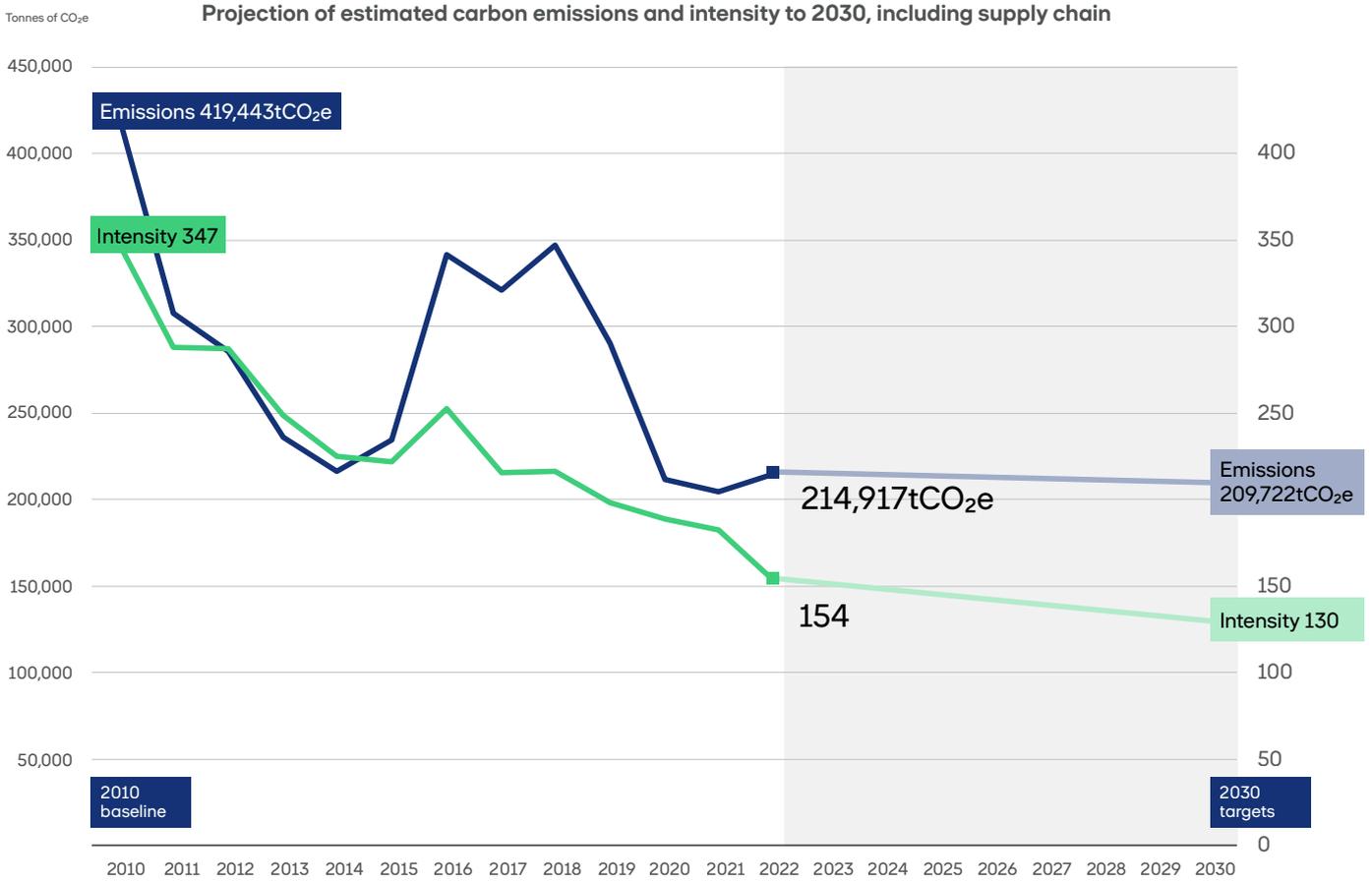
This chart shows our Scope 1, Scope 2 and mandatory Scope 3 emissions as reported through the CarbonReduce scheme, and is useful for comparison with our total carbon emissions above, i.e. what is reported as mandatory via CarbonReduce is only a small percentage of our full emissions.



Our estimates show that over 75 per cent of our emissions are related to the materials that we use in our projects, where we look at total emissions by source. Steel, concrete and cement, together with the use of plant and equipment, are all significant contributors to the total level of emissions.



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



Rolling rate carbon emissions, with supply chain

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.

