

VOLVO CONSTRUCTION EQUIPMENT HAULERS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Employees

Employees are a key asset. Their engagement in the business is key to delivering our products and services. Employee engagement is maintained through regular briefings and updates. We have also established a Most Admired Employer project through which employees can suggest changes to employment terms, suggesting environmental improvements in the workplace or set up community projects. Numerous projects and initiatives have been launched benefitting employees, the local community, the environment and the Company.

High Standards of Business Conduct

Maintaining high standards of business conduct is imperative. The Company is subject to the full range of compliance policies and procedures developed by the Volvo AB group by and the Company itself. Whistleblower procedures are in place. All policies are regularly reviewed and updated. The Modern Slavery Statement is reviewed and approved by the board each year.

Shareholders

As a wholly owned subsidiary the Company is committed to openly engaging with our shareholders in two way dialogue regarding the strategic objectives of both the Company and with wider Volvo group.

Environment

Care for the environment is a core value of the Volvo group. Our products, properties and policies are all developed with environments considerations at the forefront. In 2020 the Volvo Group demonstrated a clear commitment to a sustainable future by signing up to the Science Based Targets Initiative, with the following targets:

- Reduce Scope 1 & 2 CO2 emissions from factories by 50% by 2030, from 2019 levels
- Reduce Scope 3 emissions from products by 30% by 2030

This is in addition to ongoing environmental care and sustainability programs, a commitment to the UN Global Compact and participation in WWF Climate Savers. The Company's operations are part of this future and our environmental and energy management systems reflect this. Volvo Construction Equipment Haulers Limited are certified to ISO 14001: 2015 and ISO 50001:2018 and are committed to the continual improvement of these systems.

To this end we have identified the significant energy users on site with a view to reducing energy consumption. These have been identified as:

- Natural gas for the heating of company premises
- Electricity for light, power, compressed air and HVAC
- Natural gas for the operation of paint booth bake cycles and,
- Diesel used in product testing

As part of the Volvo Group's participation in the WWF Climate Savers, Volvo Construction Equipment Haulers Limited are committed to saving 2GWh of energy by 2025, based on a baseline year of 2018 and the site is on target to achieve this. Additionally, 100% of the electricity used on site is purchased from renewable sources and projects are ongoing to reduce natural gas usage. By the end of 2021 all gas purchased on site will be green gas, generated from renewable sources

A full energy review is conducted every three years to establish an energy baseline and to review significant energy users and measure progress in energy reduction.

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Energy Consumption

Table 1 – direct energy consumption in kWh

	2020
Natural Gas	7,377,264
Electricity	2,209,741
Diesel	92,130
LPG	153,000
Total	9,968,297

Table 2 – associated emissions in kg CO₂e

	2020
Natural Gas	1,357,417
Electricity	514,870
Diesel	23,309
LPG	32,742
Total	1,953,391

Table 3 – energy intensity

	2020
Total Plant Floorspace (square metres)	39,390
KWh/Square metre	253.07
KG CO ₂ e/Square metre.	37.48

Energy efficiency actions taken during the period

All gas and electricity supplied are metered through smart meters and the half hourly data is accessed via an online platform. Prior to 2020, Volvo Construction Equipment Haulers Limited made a number of investments on site including the replacement of all lighting with smart LED lights and the replacement of gas-powered heating in some areas with electrically powered heating and cooling systems. There has also been a rolling program of compartmentalisation within the main fabrication building to reduce natural gas use. During 2020 the first of 2 robotic welding cells was installed on site. It is calculated that these systems will reduce electricity use related to welding dumper bodies and frames by approximately 47%, this will be verified once the cell enters full production mode. Additional energy reduction projects are planned however implementation was hindered in 2020 by the Covid-19 pandemic.

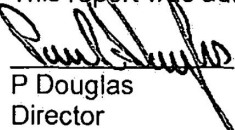
Renewable energy sourcing and generation

Since 2019 all electricity has been purchased from renewable sources via a Renewable Energy Guarantee of Origin backed contract from our energy supplier. This guarantees that our supplier will procure sufficient electricity that meets the WRI GHG Protocol Scope 2 Guidance from renewable wind sources with zero carbon emissions to match the expected electricity demand for our site. Emissions have been discounted accordingly.

Verification

Energy use is monitored and controlled through an ISO 50001:2018 energy management system, certified by Lloyd's Register, certificate number 10235360, with the initial certification date of 3rd December 2019 and an expiry date of 2nd December 2022. The site is subject to annual surveillance audits to maintain certification.

This report was authorised by the Board of Directors on 21st December 2021 and signed on its behalf by:


P Douglas
Director