

# Science Based Targets Initiative Base Year Recalculation Policy – 2023

## Introduction

According to the GHG Protocol\* and SBTi Criteria\*\*, in order to consistently track emissions over time, “companies shall recalculate fixed base year emissions when significant changes in company structure or inventory methodology occur. In such cases, recalculating fixed base year emissions for the entire year is necessary to maintain consistency and enable meaningful comparisons of the inventory over time.”

A significance threshold must be determined by each individual company itself, but the GHG Protocol expects a company to recalculate base year emissions when any of the following changes occur and have a significant impact on the emissions:

1. Structural changes in the reporting organisation, such as mergers, acquisitions, divestments, new joint ventures, outsourcing, and insourcing.
2. Changes in calculation methodologies, improvements in data accuracy (including emissions factors), or discovery of significant historical errors.
3. Changes in the operational or organisational boundaries of the inventory (including changes in the categories or activities included in the Scope 3 inventory or future changes to how emissions are consolidated)

## Grafton Group Approach to Recalculation of the Base Year

If any structural, methodological or boundary changes result in the Group’s Scope 1 and 2, or Scope 3 emissions changing by 5% or more, then the base year inventory must be re-calculated and restated automatically in accordance with the GHG and SBTi protocols.

If any structural, methodological or boundary changes result in the Group’s Scope 1 and 2, or Scope 3 emissions changing by less than 5% then Grafton Group may choose to recalculate and restate the base year to support the consistent and meaningful comparison of the inventory over time. This decision will be taken by the CEO, CFO and the Executive Sustainability Committee.

Necessary changes will be made at the end of each financial year. The company will restate updated base year emissions and reported previous years when it reports its latest greenhouse emissions.\*\*\*

\* The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard

\*\* SBTi CRITERIA AND RECOMMENDATIONS FOR NEAR-TERM TARGETS Version 5.1 April 2023

\*\*\* The Methodology Hierarchy used to calculate the updated emissions following a required recalculation will ideally be actual data for the base year; if only partial data is available for the base year, representative data from the subsequent year will be used to supplement; if no data is available for the base year, the next available year’s data will be used; if no historical data is provided, an estimation will be made using mean data from similar sites in the Group’s businesses.