

Scope 1 & 2 location-based greenhouse gas emissions criteria

General

This Greenhouse Gas (GHG) criteria has been developed to ensure Group wide consistent and transparent measurement and reporting.

Grafton Group's Key Reporting Drivers

- Managing GHG risks and identifying reduction opportunities
- Public reporting and participation in voluntary GHG programs
- Participating in mandatory reporting programs

Reporting Boundary

All Grafton Group subsidiaries are included within the scope of the GHG emissions data (Scope 1 and 2 as per the Greenhouse Gas Protocol) reported within the Annual Report and Accounts.

The Grafton Group defines its GHG footprint as the amount of GHGs (reported as tCO₂e) emitted as a result of its direct, financially controllable operations i.e. those emissions where it has financial control of the company and pays for the fuel/electricity associated with those emissions.

These Grafton Group GHG Reporting Criteria set out in detail the scope and sources included in the Grafton Group GHG footprint as follows:

- The energy sources where the Grafton Group is the counter party to the contract to supply.
- Use of electricity and fuels to heat, light, operate buildings and run manufacturing processes.
- Fuels used to operate company owned vehicles, plant and machinery.
- Fuels purchased with a company fuel card. Where exact mileage is unknown an assumption is adopted whereby two thirds of fuel is allocated as business use.
- Expensed mileage claims from company owned vehicles.
- New acquisitions are included from the date of completion. Divestments are included up to the date of disposal. Prior year comparatives are not updated to reflect these changes in the current period location-based calculations.

Emission Source Classification

Scope 1

Direct: Onsite Fuel Use

- Fuels purchased and consumed for heating or process activities – such as oil, gas, kerosene, LPG, etc.

Direct: Company Transport

- Petrol, diesel and other fuels paid for directly to run trucks, vans, cars, loaders, shunters, forklift trucks or similar transport. This could be via fuel cards, credit cards, onsite tanks with regular deliveries or other direct payment routes.

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Scope 2

Indirect: Electricity

- Electricity purchased directly to run buildings, for manufacturing processes and electric forklift trucks, including owned and leased sites. This includes electricity that is paid for by the Grafton Group.

Indirect: District Heating

- District heating purchased directly to heat buildings that is paid for by the Grafton Group.

Energy Data

The Grafton Group measures and reports its GHG emissions based on activity data during the reporting period multiplied by publicly available emissions factors. Activity is measured using actual consumption of electricity, natural gas or other fuel where readily available and accurate or using actual volumes of fuel procured where the fuel is stored in bulk on company premises. The following data sources are acceptable:

Energy Use Data sources For Electricity and Heating

- Meter readings (automatic)
- Invoices from utility suppliers (based on meter readings where readily available, otherwise based on supplier estimates)

Vehicles, Plant and Machinery

- Invoices for delivery to onsite tanks
- Fuel card invoices

When data is missing and efforts to obtain actual data from a 3rd party have failed, usage is estimated rather than omitted, based on data from the previous reporting cycle. Significant estimates are replaced with real data when received.

Emissions Factors

Regional emissions factors are used where possible, if regional emissions factors are not available then national emissions factors are used. Conversion factors used in the Ecometrica platform (<https://ecometrica.com/>) are taken from the relevant published data from each jurisdiction. The following list are the organisations and government departments that are the source for the relevant emission factors:

- United Nations (UN)
- Intergovernmental Panel on Climate Change (IPCC)
- Sustainable Energy Authority of Ireland (SEIA)
- Department for Business, Energy and Industrial Strategy (BEIS)
- Euroheat & Power (Finland)
- CE Delft (Netherlands)
- CO2 emissiefactoren (Netherlands)

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Carbon Metrics

- Total Scope 1 and Scope 2 location-based greenhouse gas emissions intensity (tCO₂e per £m Revenue)
- Scope 1 greenhouse gas emissions (tCO₂e)
- Scope 2 location-based greenhouse gas emissions (tCO₂e)

Scope 1 and 2 location-based greenhouse gas emissions

GHG emissions = activity data x emission conversion factor

Total Scope 1 and Scope 2 location-based greenhouse gas emissions intensity (tCO₂e per £m Revenue)

All sites and operations where the Grafton Group has direct financial control.

Methodology:

- Data collection: Data is collated by the Grafton Group on a quarterly basis for majority of business units. Some business units collate data monthly for some activities.
- Location-based emissions intensity ratio = Total Scope 1 and location-based Scope 2 (tCO₂e) / £m Revenue

Current Carbon Emissions Target

A 2% reduction in tCO₂e emissions per million of revenue from continuing operations of the Group from the 100% baseline of 24.5 tonnes per £m in 2021. (minimum 2% in 2022 and cumulative 2% each subsequent year.)

SBTi Target Proposal (Grafton Group are currently in the process of setting targets)

Near-term target: By 2030 Grafton Group will reduce absolute scope 1 & 2 emissions by 42% vs 2021 baseline. This target will be based on market-based methodology and be subject to base year recalculation policy. The associated methodology will be published once the targets have been validated.