



OSB GROUP PLC

GREENHOUSE GAS REPORTING METHODOLOGY 2023 (Scope 3 categories 3, 5, 6, 7 & 8)

07/03/2024

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INTRODUCTION

Reporting Period – 1st January 2023 to 31st December 2023.

This document summarises the reporting methodology for OSB Group PLC's (the Group's) consolidated greenhouse gas (GHG) reporting for the above reporting period. This methodology is aligned with the GHG Protocol, and compliant with the GHG emissions and energy consumption reporting requirements of the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, and with Streamlined Energy and Carbon Reporting Regulations (SECR) 2019.

REPORTING BOUNDARIES

Scope 3

The Group undertook an assessment of its 2022 Scope 3 emissions sources to determine which categories are deemed relevant and material. Relevance is determined based upon size (contribution to total emissions); degree of influence the Group has; the risk presented by the emissions; stakeholder interest; whether the service is outsourced; and sector specific guidance. From this, it was determined the following categories are material to the Group:

- category 1 Purchased goods and services*
- category 2 Capital goods*
- category 3 Fuel and energy-related activities
- category 5 Waste
- category 6 Business travel
- category 7 Employee commuting
- category 8 Upstream leased assets
- category 15 Investments**

*Emissions were estimated in 2022 to determine relevance and materiality. Improvements to data collection and analysis will be made in 2024 with the intention of disclosing these categories in the future.

**A separate basis of reporting is published for this category (see below).

Scopes 1, 2 and 3 (category 15)

[See separate Scope 1 and Scope 2 Basis of reporting and Scope 3 category 15 Financed Emissions Basis of reporting.](#)

EXCLUDED ACTIVITIES

OBSi emissions are included in Category 1 & 2 as there is limited data available for inclusion in other categories.

REPORTING FRAMEWORK

The Group have identified and developed a suite of energy, GHG and core ESG key performance indicators (KPIs) in line with its ESG strategy, business reporting requirements, ESG Ratings agents' methodologies, Corporate Sustainability surveys, and the latest UK guidelines, including:

- The Greenhouse Gas (GHG) Protocol (WRI, WBCSD)
- Streamlined Energy and Carbon Reporting (SECR)
- Energy Savings Opportunities Scheme (ESOS)
- Task Force on Climate-related Financial Disclosure (TCFD)
- Partnership for Carbon Accounting Financials (PCAF)

GREENHOUSE GASES

In accordance with the Kyoto Protocol, the Group measures and reports emissions arising from the seven main greenhouse gases that contribute to climate change, namely carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃).

The effect of these emissions is reported as a single figure, carbon dioxide equivalent (CO₂e), which represents their combined global warming potential (GWP). This is in accordance with SECR and Task for Climate Related Disclosures (TCFD).

EMISSIONS FACTORS

Greenhouse gas emissions are reported in line with the UK Government's 'Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting (SECR)', March 2019 and the Group has used the GHG emission factors outlined in the latest version of the Department for Environment Food & Rural Affairs/Department for Business, Energy & Industrial Strategy (DEFRA/BEIS) 'UK Government Conversion Factors for Company Reporting' described below.¹

Company Reporting Period	Defra / BEIS UK Government Conversion Factors
Financial Year: 1st January 2023 to 31st December 2023 (FY23)	UK Government Conversion Factors for UK organisations 2023

SCOPE 3 GHG EMISSIONS MEASUREMENT

CONTEXT

Scope 3 covers:

- Category 3: includes well-to-tank and transmission and distribution emissions from electricity production as well as well-to-tank emissions associated with natural gas.
- Category 5: including emissions from third-party disposal and treatment of waste generated in company's owned or controlled operations, as well as disposal of solid waste.
- Category 6: including emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, included aircraft, trains, tube, buses and passenger cars.
- Category 7: including emissions from the transportation of employees between their homes and their worksites. Emissions from employee commuting may arise from: automobile travel, bus travel, rail travel, air travel, tube travel, walking or cycling.
- Category 8: including emissions from the operation of assets that are leased but not already included in Scope 1 and 2 inventories. Emission sources included stationary and mobile combustion as well as fugitive emissions.

BASE YEAR

The Group have used 2022 as the base year. The base year of 2022 has been chosen for categories 3,5,6,7 & 8 for internal tracking and target setting, and is consistent with our Scope 1, 2 and 3 - category 15 emissions base years. As categories 3, 5, 6, 7 and 8 make up less than 4% of the Group's overall emissions portfolio, no formal targets have been set at this point.

¹ All in Scope locations are based in the UK.

DATA COLLECTION

Category 3

Purchased electricity and natural gas consumption data is collected for locations under operational control. The appropriate emissions factors are applied for well-to-tank (WTT) electricity and gas, as well as Transmission & Distribution emissions factors for electricity and natural gas use, taken from the BEIS database.

Category 5

Data is collected directly from waste reports where available for general waste, paper (shredded) and waste electrical and electronic equipment (WEEE). The type of waste, tonnage and treatment has been combined with the relevant BEIS emissions factors. Where tonnage data was not available, maximum bin weight has been assumed. UK only.

Category 6

Data was obtained from the Group's expenses and travel systems. Where only spend data was available, this has been converted to mileage for calculations as per the estimations listed below.

Category 7

Employee postcode and primary office location data is supplied by Human Resources (HR). Distance is calculated and then combined with the statistical split of commute types for each office location obtained from the Office for National Statistics. UK only.

Employee numbers for homeworking are also obtained from HR.

Category 8

Actual energy usage data was not readily available from landlord companies, so approximate usage based on properties of similar sizes within the portfolio is used.

ESTIMATIONS

Category 5

Where the actual weight of waste data was not available, maximum bin weight has been assumed.

Category 6

Estimations are used when calculating travel via trains, buses, and planes. The following assumptions have been used in the absence of actual travel data:

1. Average cost per mile for taxi has been assumed at £3 per mile.
2. London underground trips have been assumed to be zone 1 (i.e., travelling from major London stations to the Group's London office). This assumes a cost of £2.50 per journey and a journey distance of 2 miles (based on distance from Paddington, Kings Cross, and Waterloo to Whitfield St) - i.e., £1.25/mile or £0.78/km.
3. Average car, unknown fuel conversion factors have been used for business mileage claims.
4. Average flight distance is used for unknown journeys. Average km has been taken from the known flight distances from 2023's data.
5. The average for European hotel emissions factors in the BEIS emissions factor dataset has been used in absence of a specific location.

Category 7

As employee commuting patterns are unknown, Office of National Statistics data is used to provide a percentage breakdown of average commuting patterns to estimate how employees commute to their main office or branch.

Home working of two days a week and annual leave of 28 days are also considered when calculating commuting emissions.

Category 8

Actual energy usage data was not readily available from landlord companies so approximate usage, based on properties of similar sizes within the portfolio was used.

RESTATEMENT POLICY

Whilst the Group's methodology is aligned with the GHG Protocol, maturity in implementation of the Protocol continues to evolve in order to deliver consistent and comparable reporting. The Group may therefore further refine its approach in future periods. When this happens, details will be provided in the notes associated with the data to support and explain this.

If there are significant changes to the data, inventory boundary, methods or other relevant factors, then relevant comparative period information will be updated where available. The Base year will be restated if it is no longer representative of the company's typical GHG profile.

VERIFICATION

Interface NRM Ltd ("Interface") has been contracted by OSB Group PLC ("OSB") for the independent third-party verification of Scope 3 Carbon Dioxide equivalent emissions (CO₂e) in accordance with ISO 14064-1, 'Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals'.