

OSB GROUP PLC

GREENHOUSE GAS REPORTING METHODOLOGY 2022

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INTRODUCTION

Reporting Period – 1st January 2022 to 31st December 2022.

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 1 and Scope 2

The Group reports within its Annual Report and Accounts and corporate website on Scope 1 and 2 GHG emissions and underlying energy use using the GHG protocol's operational control approach when defining reporting boundaries. Operational Control is defined as per the GHG protocol as "the organization or one of its subsidiaries has the full authority to introduce and implement its operating policies at the operation". As the Group does not have operational control within a number of its leased and owned buildings, both in the UK and India, these are excluded from the Scope 1 and Scope 2 boundary, and included in Scope 3. This is determined based on a contract review of the buildings.

Scope 3

The Group has undertaken a materiality assessment on its 2022 Scope 3 emissions sources to determine which of the various categories are deemed material. Certain Scope 3 emissions will be reported where relevant. 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.

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 Companies Act 2006
- 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)

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).

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 2022 to 31st December 2022 (FY22)	UK Government Conversion Factors for UK organisations 2022

INTENSITY METRICS

To allow for suitable and normalised comparison the Group report both absolute and intensity metrics.

To normalise year-on-year comparisons in line with business performance, the Group disclose an intensity metric of emissions per million pounds of total income expressed as tCO₂e per £m annual total income (tCO₂e/£m).

The income figure is in line with the audited total income figure to be disclosed in the Annual Report and Accounts and covers FY2022.

For further comparison the Group also disclose an intensity metric of emissions per Full Time Equivalent (FTE). The FTE is the average for the entire year. This is expressed as CO₂e tonnes per full time employee (tCO₂e/FTE)².

Employee data for the UK is provided by the Human Resources Team and is taken from the Dayforce HR Management system.

SCOPE 1 AND 2 GHG EMISSIONS MEASUREMENT

CONTEXT

Scope 1 covers:

- Stationary Combustion: combustion of fuels in stationary equipment such as boilers, furnaces, burners and generators at locations where the Group has operational control;
- Mobile Combustion: combustion of fuels in transportation devices such as cars and vans owned by the company;
- Fugitive Emissions: intentional and unintentional releases such as equipment leaks from joints, seals, packing, and gaskets.

Scope 2 covers:

- Indirect emissions associated with the consumption of energy from purchased electricity.

¹ All in Scope locations are based in the UK.

² UK FTE figure used for tCO₂e/FTE calculations.

BASE YEAR

The Group have reset 2022 as the base year. It is evident from data collected during 2022 that emissions data from the year will provide a more accurate representation of the Groups footprint post COVID impacts and a more robust reference point from which to set reduction targets. The Group's 2022 GHG baseline figures will be used to set OSB's SBTi targets.

This is in line with SBTi guidance on selecting a baseline year which identifies three determining criteria:

- 1) verifiable data on Scope 1, 2, and 3 emissions should exist for the base year
- 2) the base year should be representative of a company's typical GHG profile
- 3) the base year should be chosen such that the target has sufficient forward-looking ambition.

EXCLUDED ACTIVITIES

None.

DATA COLLECTION

Data is collected and collated by the ESG team. On a monthly basis the amounts of natural gas and electricity (in KWh) are received on monthly reports published by our contracted third party energy broker who report the figures from utility invoices. Refrigerant losses are recorded and reported by appointed contractors to the Property Services team as required by regulatory requirements. Additionally, diesel usage (in L) is reported directly from invoices received from suppliers topping up the backup generators.

Mobile combustion emissions produced by liquid fuels used to run company owned vehicles will be disclosed as nil for 2022, as two leased vehicles were returned in January 2022. Additionally, emissions from two leased electric vehicles are accounted for in Scope 2 Purchased Electricity.

Total income data is collected from the Investor Relations team to ensure alignment with Annual Reporting and Accounts data.

Full Time Equivalent employee data is collected directly from the Human Resources Team to also ensure alignment with Annual Reporting and Accounts data.

The data collection and review process is as follows:

- Data is collected from energy broker reports, invoices and Property Services Team
- Data is checked and inputted into the Data Set Workbook by the ESG Team
- Emissions data is calculated using source data and emissions factors
- Data is verified by the ESG Team and is the basis of GHG emissions calculations

ESTIMATIONS

If no data is available for a location in a given period, yet the site is still known to be active within the Group's portfolio, consumption data reported in the equivalent period of the previous year with added trend forecast as an approximation will be used.

No estimations have been used for 2022.

CALCULATIONS RELATING TO SCOPE 2 GHG EMISSIONS

The Group's Scope 2 GHG emissions are calculated and reported using both the location and market-based methods.

LOCATION BASED METHOD³

All electricity consumption by the Group occurring in the UK is multiplied by the UK average grid electricity emission factor for the reporting year to calculate the emissions.

MARKET BASED METHOD⁴

The Group is purchasing electricity under renewable energy tariffs. Renewable Energy Guarantees of Origin (REGO) is proof of renewable origin for electricity consumption under such tariffs. REGOs are recognised as the sole guarantee of renewable supply in the UK, mediated by Ofgem, the regulator of the UK energy industry. Owing to the nature of renewable supply that qualifies for these certificates, per GHG Protocol guidance, the associated carbon is zero within Scope 2 market based method.

To evidence that electricity purchased from a green tariff is indeed 100% renewable electricity, all electricity purchased within the reporting period must be backed by REGOs covering the same period. It is possible that the Group's reporting period and REGO certificate coverage will not align directly, given a mismatch between the REGO certificate date and OSB's reporting period. If this is the case, a reasonable assumption may be made that the period not covered by the REGO certificate is assumed to be 100% percent renewable energy, on the basis that REGO certificate coverage for the remainder of the Group's reporting period is in place and that the corresponding supplier contractual commitment is for 100% of the supply to be REGO backed. Where REGO certificates are unavailable at the date of reporting, but the corresponding supplier contractual commitment is for 100% of the supply to be REGO backed, the relevant usage is reported as REGO-backed.

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.

For Scope 1 and 2 the Group considers any variances that would significantly alter stakeholders' interpretations of information presented (i.e. if that variance could be reasonably expected to influence decisions that would be made on the basis of the information presented) to be considered qualitatively material.

ASSURANCE

Deloitte LLP was engaged to provide independent limited assurance over the following metrics under the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 (Revised)") and the International Standard on Assurance Engagements 3410 Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410"):

³ A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). In the UK, this would be sourced from the BEIS UK Government conversion factors for Company Reporting.

⁴ A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).

- Greenhouse Gas (“GHG”) emissions:
 - o Total direct (Scope 1)
 - o Total indirect (Scope 2) emissions – Market-based
 - o Total indirect (Scope 2) emissions - Location-based
- GHG Intensity
 - o Metric tonnes of CO2e per FTE employee
 - o Metric tonnes of CO2e per £m turnover

Our Assurance Statement and criteria for reporting is publicly available on the OSB GROUP corporate website: [2022 Greenhouse gas emissions basis for reporting](#)