



OSB GROUP PLC

GREENHOUSE GAS REPORTING METHODOLOGY 2023 (Scopes 1 and 2)

05/02/2024

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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 1 and Scope 2

The Group reports within its Annual Report and accounts, supplementary Sustainability reports and on the corporate website, 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 organisation 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 several of its leased and owned buildings, both in the UK and India, these are not included in the Scope 1 and Scope 2 boundary and are included in Scope 3. This is determined based on a contract review of the buildings. Acquisitions are accounted for at the point when the condition of operational control is met, and disposals are excluded from inventory when no longer within operational control.

Scope 3

[See separate Basis of reporting for Scope 3.](#)

EXCLUDED ACTIVITIES

None.

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 and GHG Protocols, 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).

OSB does not have any GHG trades.

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 Energy Security & Net Zero (DEFRA/DESNZ) 'UK Government Conversion Factors for Company Reporting' described below.¹

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

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 FY2023.

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

Employee data for the UK is provided by the Human Resources (HR) team and is taken from the Group's 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 used 2022 as the base year. The Group's 2022 GHG baseline figures has been used to set carbon reduction targets.

The base year has been selected in line with Science Based Targets initiative (SBTi) guidance on selecting a baseline year which identifies three determining criteria:

- 1) verifiable data on Scope 1 and 2 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.

DATA COLLECTION

Data is collected and collated by the ESG team. On a monthly basis the amounts of natural gas and electricity consumed (in kWh) are collected from third party suppliers' utility invoices. Monthly gas invoices are based on actual meter readings sent to gas suppliers monthly, this process began in August 2023. Prior to August 2023, consumption figures were taken directly from the invoices received. Electricity invoices are based on automatic meter readings sent to third party utility suppliers every half hour. Refrigerant losses are recorded and reported by appointed contractors to the Property Services team as required by regulatory requirements. Any losses are reported in full at the point a maintenance report is provided. Additionally, diesel usage (in L) is reported directly from invoices received from fuel suppliers.

Mobile combustion emissions produced by liquid fuels used to run company owned vehicles are nil for 2023, as the group has no owned or leased vehicles powered by petrol or diesel engines.

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 ensure alignment with Annual Reporting and Accounts data.

The data collection and review processes are as follows:

- Data is collected from utility 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.

Due to a technical issue with the electricity meter at one Kent Reliance Building Society branch, consumption has been apportioned equally across the period July '22 to April '23 based on total invoiced consumption for that period. It has been apportioned from the point the utility company fixed the meter (July '22) till the date of the first invoice (April '23). From May '23 onwards consumption data was taken directly from invoices. This constitutes less than 1% of the total Scope 2 emissions.

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 renewable 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.

Two new buildings acquired by the Group are in scope for the reporting period. Both locations were moved to the group's chosen renewable energy contract post contract completion. The transition from existing utility supplier, to the Group's appointed supplier took a period of time and as such the periods stated below are not covered by REGO certificate and therefore market-based emissions have been calculated to reflect this. Emissions were calculated using the electricity consumption in kWh for the period not covered by REGO certification multiplied by the utility supplier's individual fuel mix supply emissions factors for the reporting year. The fuel mix supply for each supplier is noted below:

- EDF Energy (Exchange Court supplier): 82 g/kWh sourced directly from invoice.
- British Gas (Bricklayers Chatham): 88 g/kWh sourced from British Gas website.

RESTATEMENT POLICY

Whilst the Group's methodology is aligned with the GHG Protocol, maturity in implementation of the Protocol continues to evolve 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.

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).

If there are significant changes to the data, inventory boundary (e.g., investment, divestment, outsourcing, insourcing etc), methods or other relevant factors (i.e., the discovery of errors), then relevant comparative period information will be updated where available. The Base year will be restated if it is no longer representative of a company's typical GHG profile.

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. Variations are determined quantitatively material if they impact a reported metric by more than 5% of the reported number.

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"):

- 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: [2023 Greenhouse gas emissions basis of reporting \(Scope 1 and Scope 2\)](#)