



OSB GROUP PLC

GREENHOUSE GAS REPORTING METHODOLOGY 2024

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INTRODUCTION

Reporting Period – 1st January 2024 to 31st December 2024.

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 the Streamlined Energy and Carbon Reporting regulations (SECR) 2019.

REPORTING BOUNDARIES

See separate Scope 1 and Scope 2 Basis of Reporting and Scope 3 Category 15 Financed Emissions Basis of Reporting.

Scope 3

The Group undertakes a materiality assessment annually on its Scope 3 emissions sources to determine which of the various categories are deemed 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 OSBG:

- 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 Investment*

*A separate basis of reporting is published for this category.

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 - World Resource Institute, WBCSD - World Business Council for Sustainable Development)
- 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).

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 / Other conversion factors
Financial Year: 1st January 2024 to 31st December 2024 (FY24)	UK Government Conversion Factors for UK organisations 2024
Financial Year: 1st January 2024 to 31st December 2024 (FY24)	Exiobase 3 a time series of environmentally extended multi-regional input-output (EE MRIO) tables ranging from 1995 to a recent year for 44 countries (28 EU member plus 16 major economies) and five rest of the world regions.

SCOPE 3 GHG EMISSIONS MEASUREMENT

CONTEXT

Scope 3 covers:

- Category 1: includes emissions calculated based on spend classed as Operational Expenditure that has occurred throughout the year.
- Category 2: includes emissions calculated based on spend classed as Capital that has occurred throughout the year.
- 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-part 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, trans, 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 base year of 2022 has been chosen for categories 1, 2, 3, 5, 6, 7 & 8 consistent with our Scope 1, 2 and 3 Category 15 emissions targets (see please separate basis of reporting for Scope 1 & 2 and Scope 3 Category 15) and allows for internal tracking. As these Scope 3 Categories constitute

¹ Categories 3, 5, 6, 7 & 8 are UK only.

less than 4% of the Group's overall emissions portfolio, no external targets have been set at this point.

EXCLUDED ACTIVITIES

OBSi emissions are only included in Category 1 & 2 as there is limited data available for the remaining categories.

DATA COLLECTION

Category 1&2

Both UK and OSBi data is collected from OSB's procurement systems. Account code names (e.g., 'Training', 'Computer software cost', 'Consultant fees') are matched with the most relevant NACE codes stored in the third-party tool. The tool takes spend per category and classified per geography and sector. The tool uses the Exiobase database to compile a Multi-Regional Input-Output ("MRIO") model for calculating the value chain carbon emissions of an organisation. The Exiobase database estimates how that money passes through the supply chain, including trade linkages to sectors globally and then evaluates how that spend links to economic inputs/outputs across multiple sectors and geographies. Emissions intensities based on environmental accounts by sector and geography (known as extensions) are overlaid onto this output data to produce emissions per line of spend.

Category 3

UK's data is collected using Scope 1 and 2 consumption and then combined with well-to-tank (WTT) electricity and gas as well as Transmission & Distribution electricity emissions factors for electricity and natural gas use, taken from BEIS.

Category 5

Data is collected directly from numerous waste sources – general waste, paper (shredded) and waste electrical and electronic equipment (WEEE) waste. 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 OSB's expenses and travel systems. Where only spend data was available, this has been converted to mileage for calculations as per the assumptions listed.

Category 7

Employee postcode and primary office location data supplied by HR. Distance 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 data numbers for homeworking provided by HR.

Category 8

Data energy usage was not readily available from landlord companies, so approximations have been used based on properties of similar sizes within the portfolio.

ESTIMATIONS

Category 1 & 2

Calculations were performed using a spend-based method. As this uses emissions intensity based on sectors in the economy rather than activity or supplier level information, there is an inherent level of uncertainty within results. Some categories of spend within the OSB data did not neatly align with the model sectors used for the emissions factors; where this was the case, discussions were held to determine the best approximate match.

The emissions threshold was set at 0.01, meaning that any activity or associated activity within the entire supply chain that generated less than 0.01 tCO₂e would be excluded from the total.

The version of Exiobase used in the EEIO tool is calculated in 2022 EUR. As we are using spend in 2024 GBP, spend data was inflated and converted to EUR based on exchange rates to the outputs of the model. We used an inflation rate of 0.911 and exchange rate of 1.73.

Category 5

Where tonnage 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 accurate 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 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 has been used for business mileage claim figures.
4. Average flight distance is used for unknown journeys. Average km has been taken from the known flight distances from 2024's data.
5. An average of all European hotel emissions factors in the BEIS emissions factor dataset has been used in absence of a specific city.

Category 7

As employee commuting patterns are not yet known, the office of national statistics is used to provide 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

Data energy usage was not readily available from landlord companies, so approximations have been used based on properties of similar sizes within the portfolio.

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 (e.g., investment, divestment, outsourcing, insourcing etc), methods or other relevant factors (i.e., the discovery of errors or change in emission factors), 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.

VERIFICATION

In accordance with ISO 14064-1:2018 requirements, Categories 3, 5, 6, 7, and 8 within Scope 3 were verified to a limited level of assurance by Interface-NRM, an ISO 14064-1 accredited verification and certification body. The third-party verification was conducted in compliance with ISO 14064-3:2019 standard.