

Scope 3 Greenhouse Gas Emissions Criteria

Reporting Boundary

The Greenhouse Gas (GHG) Protocol Corporate Standard defines Scope 3 emissions as those “occur(ring) from sources owned or controlled by other entities in the value chain”.

These emissions are broken down into 15 categories, of which Grafton Group report against 12, namely: Purchased Goods and Services (Goods for Resale and Goods Not for Resale), Capital Goods, Fuel and Energy Related Activities (not included in Scope 1 and Scope 2), Upstream Transportation and Distribution, Waste Generated in Operations, Business Travel, Employee Commuting, Upstream Leased assets, Downstream Transportation and Distribution, Use of Sold Products, End-of-Life Treatment of Sold Products and Downstream Leased Assets.

All Grafton Group subsidiaries are included within the scope of the GHG emissions data. Total Scope 3 GHG emissions are measured in tCO₂e.

The Group has published a base year recalculation policy available at www.graftonplc.com

Methodology

1. Data collection: Primary data is collated in Q1 by Grafton Group for the previous financial year. Where primary data is not available, Grafton Group uses secondary data such as the national average estimated energy use of products and to obtain the appropriate emissions factors.
2. Data calculations: The data is validated, and emissions are calculated across the 12 applicable categories as per the GHG Protocol. For Purchased Goods and Services, both average-based and spend-based methods are used. As per the GHG Protocol, the main methods to quantify emissions are direct measurement and calculation which requires activity data and emission factor data. Activity data is defined in the standard as “a quantitative measure of a level of activity that results in GHG emissions”. Examples include liters of fuels consumed, kilometers of distance travelled, kilograms of waste generated.

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The table below lists and describes the different types of primary data that are collected per GHG category.

Data type	Description
Procurement spend and volume-based data	Company procurement data during the reporting year and weights and materials of purchased assets (where available).
Fuels – Stationary combustion	Scope 1 and 2 data required to calculate Category 3 – Fuels and Energy related activities.
Fuels - mobile combustion	Scope 1 and 2 data required to calculate Category 3 – Fuels and Energy related activities.
Business travel	Spend data and/or distance travelled by flights, local or regional travel, etc.
Employee Commuting	Number of FTE at each location, mode of transport and average return distance journey for commuting to work.
Operational waste	Amount of waste collected for treatment at each facility including, the type of waste collected, the amount collected, and information on the type of treatment.
Teleworking data	Number or proportion of employees at each company facility working from home each month, on average.
Freighting	Quantity (distance, fuel consumption) or spend on the transport of goods from suppliers to company facilities (inbound), between companies' facilities and to customers (outbound).
Sale of products and services	Quantity of products or services sold by the company during the reporting period.
Product use data	Information on estimated life expectancy of sold products and assumed energy usage per year per item.

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Emissions Factors

Emissions factors are taken from the following sources:

- The *Greenhouse gas reporting: conversion factors 2022* - published by the UK Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment Food & Rural Affairs (Defra; BEIS, 2022).
- The *ecoinvent version 9.1.1 life cycle inventory database* published by the ecoinvent Association (the ecoinvent Association, 2022).
- The *EXIOBASE multi-regional environmentally extended input-output (MR EE-IO) model* developed by a consortium of research institutes (Merciai and Schmidt, 2018).
- Grafton Group Plc provided emission factors for different types of paint sold. An average was calculated and applied to all relevant products.
- Environmental Product Declaration on masonry mortars sold by CPI Mortars Ltd was provided Grafton Group Plc.
- Grafton Group Plc provided emissions factors for different products sold by a sample supplier. The factors were applied for relevant products.
- When an appropriate emissions factor was not found from any of the sources above, emissions factors were sourced from third-party published research or academic papers.

Inflation:

When calculating emissions using the spend-based method, Exiobase was used as an emission factor (EF) source and the EFs were adjusted for inflation. This involved converting the currency of the spend to Euros, understanding the exchange rate and adjusting the EFs for the relevant year.

Carbon Emissions Target

In December 2023, Grafton Group submitted reduction targets to the Science Based Targets Initiative and we are currently awaiting validation. Our Scope 3 target is a 42% absolute reduction by 2030 and 90% absolute reduction by 2050 with a commitment to neutralize the remaining 10% to achieve net zero.

Assumptions

Use of Sold Products: Assumptions made for average hours used per day per product, average electricity consumption per item per year, average fuel consumption per item per year, expected lifetime of product in years, average lifetime hours

End of Life Treatment: Assumptions made for average weight per unit sold, % breakdown of recycling, backfill and landfill per item

Employee Commuting: Assumptions made for average weekly hours, number of employees using each mode of transport

Upstream Transport and Distribution: Assumptions made for average number of shipments, weight per shipment