

# GHG RECALCULATION POLICY

“ Delivering more sustainable solutions for our people, our customers and the wider community and environment in which we work and live ”

Severfield has used FY23 (2022/2023) as the base year for our greenhouse gas (GHG) emission calculations related to our near-term and net zero target.

In order to accurately track progress towards our carbon reduction targets, we will adjust our base year emissions inventory to account for significant changes, described below, if the changes drive an increase/decrease in emissions of greater than 5%. We may also choose to recalculate our baseline and/or one or more of our GHG emissions reduction targets for changes less than 5%, especially when structural changes occur.

The 5% variation is considered as a materiality threshold for GHG emission by the GHG Protocol as well as by the Science Based Target initiative (SBTi) criteria.

Severfield is committed to ensuring that any future targets remain in line with 1.5°C trajectory for scopes 1, 2 and 3, and will obtain SBTi validation of any new targets set.

For the avoidance of doubt, and in line with the GHG Protocol, baseline year and historic data are not recalculated for organic growth or decline. Organic growth/decline refers to “increases or decreases in production output, changes in product mix, and closures and openings of operating units that are owned or controlled by the company”<sup>1</sup>.

## RECALCULATION CIRCUMSTANCES

The following circumstances could trigger the recalculation of base year and historic data emissions.

- Structural changes
- Methodology changes
- Other changes



## STRUCTURAL CHANGES

Such changes that significantly impact our base year GHG emissions and may trigger the adjustment of the baseline include acquisitions, investments, considerable change in equity shares in joint ventures or partnerships, mergers of businesses or facilities that existed during FY23. Those include (but are not limited to):

- **Acquisitions/mergers**

A ‘year-after, all year’ approach is selected, and emission should be added to the base year only after one full calendar year of data is available for the facility and we’ve had a full operational control that year.

We will NOT recalculate previous years of historic data for new acquisitions/mergers.

Where an acquisition/merger is carried out during the fourth quarter of a year, their partial GHG emissions will not be included within that year. They will be recorded from the start of following year with the recalculation policy outlined above applied at the end of the following year.

- **Divestments**

The year that an operating unit is divested it will not be included in the GHG inventory for that year end. If applicable, the GHG emissions for the facility in question will be removed from the base year and all subsequent years after a facility is sold.



<sup>1</sup> GHG Protocol Corporate Standard and GHG Protocol Value Chain (Scope 3) Standard <https://ghgprotocol.org>

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## METHODOLOGY CHANGES



Methodology changes that significantly impact our base year GHG emissions and may trigger the adjustment of the baseline include updated emission factors, improved data access from suppliers or updated calculation methods or protocols. We follow the DESNZ (Department for Energy Security & Net Zero) guidance on how to recalculate previous years' emissions after new emission factors have been released.

## OTHER CHANGES



In addition to structural and methodology changes, we will recalculate our emissions for the following:

- Discovery of a significant error, or a number of cumulative errors.
- Significant change in our organisational boundary (consolidation approach) or operational boundary.

## TIMELINE/PROCESS



In line with SBTi guidance, we will review our targets annually. Baseline and/or GHG emissions reduction target(s) adjustments will occur at the end of each financial year, if we identify any changes described above that occurred in the reporting period which may require us to recalculate our base year.

We publicly disclose our baseline when we report the latest carbon footprint for the previous financial year. Any baseline/GHG emissions reduction target(s) will be directly reported to the SBTi.

**We will review this policy annually or if anything significant changes.**



Alan Dunsmore,  
Chief Executive Officer  
8th Feb 2024

