

Basis of Reporting: Environmental Data

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1. Overview

This Basis of Reporting document provides detail on the scope of reporting and the reporting criteria against which Ferguson plc prepares and reports environmental data for the Group Annual Report and Accounts and the corporate website. As in previous years, reported figures includes estimates where actual data is unavailable. Estimates are based on historical data, spend data or proxies. The reported environmental metrics for Financial Year (FY) 2019/20 (1 August 2019 – 31 July 2020) are:

Greenhouse Gas (GHG) emissions (tCO_{2e})

(i) Absolute GHG emissions from:

- | | |
|--|---------|
| • fuel consumption for operations* | Scope 1 |
| • vehicle fuel use: Goods transport (owned/leased vehicles) | Scope 1 |
| • refrigerant leakage | Scope 1 |
| • vehicle fuel use: People transport (company owned/leased vehicles) | Scope 1 |
| • electricity use** | Scope 2 |
| • vehicle fuel use: Goods transport (outsourced transportation) | Scope 3 |
| • vehicle fuel use: People transport (private/hired vehicles) | Scope 3 |
| • business travel: Rail, Air, and Rental Car | Scope 3 |

*this includes natural gas, liquefied petroleum gas (LPG), diesel, petrol, and heating oil (Scope 1) unless not applicable or deemed insignificant. Fuels for operation are used for heating, emergency generators (as needed) and on-site mobile sources (e.g., forklifts).

** Ferguson does not currently collect direct data on a business' renewable electricity purchases. Businesses are requested to indicate the percentage of their total electricity that is certified by such an agreement and provide a copy of the green electricity contract/certificate. This data is used for internal purposes and is not currently reported.

(ii) GHG emissions per \$m revenue

This intensity metric is calculated by the Sustainability Team using published accounts data and constant currency figures provided by Ferguson Group Finance.

Waste (US Tons)

- (i) Absolute waste tonnage, split by disposal fate:
- Waste: Incinerated
 - Waste: Landfilled
 - Waste: Recycled

- (ii) Waste per \$m revenue
This intensity metric is calculated by the Sustainability Team using published accounts data and constant currency figures provided by Ferguson Group Finance.
- (iii) Recycled waste as a % of total waste

Overall

It is the responsibility of each Ferguson business (see table below) to ensure that appropriate procedures are in place to provide data in line with this Basis of Reporting document.

Data is reported in line with Ferguson Group’s financial reporting year (01 August – 31 July), at the half year (to include 01 August to 31 January data) and the full year (to include 01 August to 31 July data). Data is reported by month at a half-year frequency.

Acquisitions, as aligned with the reporting boundary, are included as soon as the data becomes available but no later than 12 months after acquisition, unless otherwise stated.

Divestments are removed from the data from date of divestment and retrospectively where a full business is divested. In alignment with the GHG Protocol, organic site closures are not retrospectively removed from the data.

The measuring and reporting of environmental performance data involves a degree of estimation and the use of assumptions. For Ferguson’s Sustainability data, material is defined as greater than 5% of the total group number for each of the metrics disclosed in the report. Historic data is restated where material changes are made due to data improvements (e.g., refined estimation or calculation methodologies). All restatements are approved by the Group Director of Sustainability. Narrative is provided in the Annual Report to explain adjustments to prior year numbers.

2. Scope of Reporting

Ferguson is a global business that employs around 35,000 people. Ferguson directly owns or leases its operations and a full list of the Group’s subsidiary undertakings is available in our Annual Report of Accounts.

The organizational boundary and the operational boundary of Ferguson’s environmental data reporting are detailed below. Ferguson uses the Operational Control reporting boundary as delineated by the Greenhouse Gas Protocol.

(a) Organizational boundary

Ferguson’s collected data includes all fully and majority owned operations (including distribution businesses and the Ferguson plc and Ferguson Group Services headquarter locations). The businesses and locations from which environmental data is calculated represent 99% of Ferguson Group’s total employee numbers.

Company or headquarters	Location
Ferguson Enterprises LLC	USA
Wolseley Canada Incorporated	Canada
Wolseley UK	UK

Ferguson plc and Ferguson Group Services	UK
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Several small sourcing offices (or registered addresses) are excluded from the reporting boundary as they have less than 100 FTEs (Full Time Equivalent employees). The excluded facilities include:

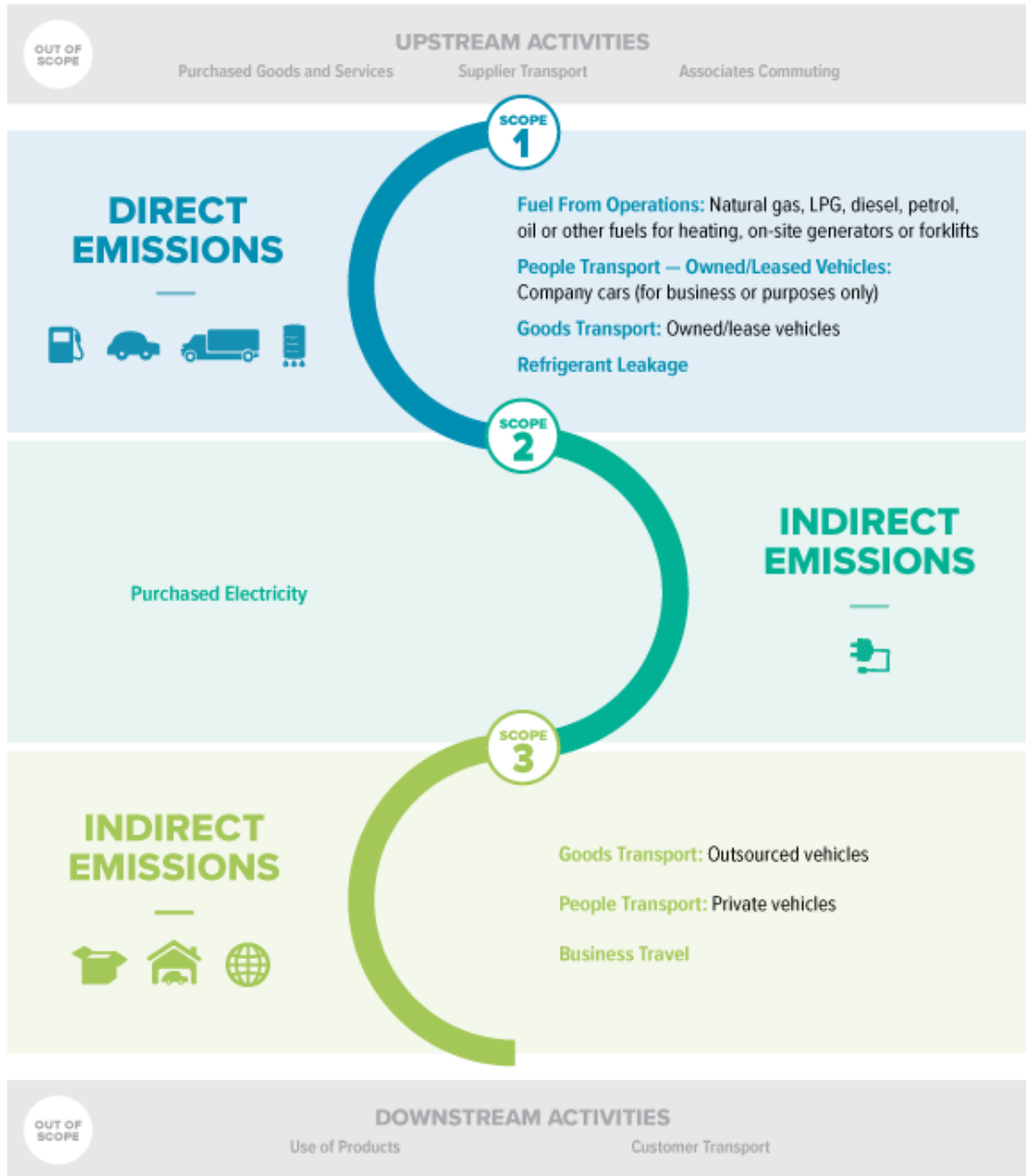
Small operations and sourcing offices in:

- Barbados
- Trinidad and Tobago
- Panama
- Puerto Rico
- Mexico
- Netherlands
- Canada
- Taiwan
- China

The FTEs for each above listed location will be assessed annually to ensure their exclusion from the reporting boundary remains appropriate.

(b) Reporting boundary

For GHG emissions reporting, the activities outlined in the diagram below are included in the operational reporting boundary. For global scope 3 goods transport emissions, fuel related to road, ocean, air, and rail-based transportation of goods is currently within scope. Where actual data is available for goods transport, emissions are estimated using a fuel-based method. When actual data on transportation is not yet available, emissions are estimated based on the mode of transport and averages from historical data.



Scope 3 people-transport includes emissions from employee vehicles or rental cars when used for business purposes, not including the commute to and from work. Business travel data is limited to air travel, rail travel, and rental car data booked through Ferguson's corporate travel department. Limited travel is booked outside of these approved systems, which is confirmed annually. Ferguson is looking to close the possibility of direct-booking via administrative controls. Other forms of travel are less common and therefore not included (for example, coach travel or sea travel or chartered flights).

Waste and recycling data includes all hazardous and non-hazardous waste produced by the Ferguson businesses and headquarters within the reporting boundary. Data is collected from invoices where available, however, estimates are assumed for non-hazardous front end waste, assuming full container usage. Hazardous waste definitions differ for each business according to their own national environmental regulations. For EU countries the definition of hazardous waste is defined by an EU directive ([European Waste Catalogue](#)). For the US, the definition of hazardous waste is defined by the Environmental Protection Agency (EPA) ([EPA Waste Types](#)).

3. Reporting Criteria

Environmental data preparation and reporting happens in three phases:

(i) Ferguson businesses and headquarters report activity data twice a year to Ferguson Group Services, for example kWh of electricity and litres of fuel.

(ii) The data is aggregated by activity (for example, the standard unit of measure for electricity is kWh) using conversion factors to achieve standard units of measure across all operating companies. Next, the appropriate emissions factor is selected to calculate the Group metric tons of CO₂ equivalent (tCO₂e). Ferguson uses emissions factors provided by the Greenhouse Gas Protocol's 'Emissions Factors from Cross-sector Tools (March 2017) and IEA CO₂e Emissions from Fuel Combustion. Greenhouse gas emissions are reported as tCO₂e based on the 100-year time horizon global warming potentials (GWP) relative to CO₂ from the IPCC Fifth Assessment Report, 2014 (AR5), specifically incorporating CO₂, N₂O and CH₄ in all direct calculations. Emissions data provided by third parties incorporates other GWPs to varying degrees and, in some cases, may not include N₂O and CH₄.

Reports are set up to calculate the intensity measures (per \$m revenue for carbon and waste). Revenue data is provided by Ferguson Group Finance in local currency for the equivalent reporting period and organizational scope. Exchange rates are provided by Ferguson Group Finance for the equivalent reporting period and are applied to current and prior period revenues to remove the impact of currency fluctuations from the reported performance. All financial data undergoes an annual financial audit by a third-party firm.

(iii) The data is audited internally by a member of the group Finance team, and externally by a third-party firm annually. The data is then reported in the Ferguson plc Annual Report of Accounts.

For questions on this Basis of Reporting, or to request additional detail, please contact sustainability.team@ferguson.com.