Modulaire Greenhouse Gas emissions data and Group Greenhouse Gas Reporting Principles and Methodologies

Reporting period 1st January 2021 to 31st December 2021 and rebaselined period 1st January 2020 to December 2020

Introduction

This document outlines the criteria and supporting methodologies that have been adopted to prepare a greenhouse gas ('GHG') emissions baseline for Modulaire Group ('Modulaire') based on data for the 2020 and 2021 calendar years. 'Modulaire Group' is defined as the legal entity 'BCP V Modular Services Holdings III Limited' and its subsidiaries.

Our Responsibility:

As the Directors of Modulaire we confirm that we are solely responsible for the preparation of the 'Sustainability and ESG Report' and for reporting the selected greenhouse gas emissions metrics for the years ending 31 December 2020 and 2021 in accordance with the reporting criteria set out on our website. The Directors of Modulaire are responsible for:

- determining appropriate reporting topics and selecting or establishing suitable criteria for measuring or evaluating the underlying subject matter;
- ensuring that those criteria are relevant and appropriate to Modulaire and the intended users of the Report;
- the preparation of the Subject Matter Information in accordance with the Reporting Criteria including designing, implementing and maintaining systems, processes and internal controls over information relevant to the evaluation or measurement of the Subject Matter Information, which is free from material misstatement, whether due to fraud or error, against the Reporting Criteria; and
- producing the Report, including underlying information and a statement of Directors' responsibility, which provides accurate, balanced reflection of Modulaire's performance in this area and discloses, with supporting rationale, matters relevant to the intended users of the Report.

GHG emissions data for the reporting period of 1st January 2021 to 31st December 2021

We engaged PricewaterhouseCoopers LLP ('PwC') to provide limited assurance over our 2020 (rebaselined/restated) and 2021 greenhouse gas emissions data, in accordance with the ISAE3000 and ISAE3410 standards. The numbers subject to assurance are shown by the symbol 'Δ' in the table below.

	Units	1st January 2020 – 31st December 2020	1st January 2021 - 31st December 2021
Scope 1 Greenhouse Gas Emissions	TCO2e	15,345 Δ	16,111 Δ
Scope 2 Greenhouse Gas Emissions - location based method	TCO2e	10,927 Δ	11,663 Δ
Scope 2 Greenhouse Gas Emissions - market based method	TCO2e	12,801 Δ	13,781 Δ

Reporting Criteria and Methodology

1. Organisation Boundary and Scope of Emissions

a) Emissions & Sources

Modulaire includes Scope 1 and 2 greenhouse gas emissions, as defined in Section 92 of the Climate Change Act 2008 [carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6)], within its annual greenhouse gas report.

The following sources of emissions are included within the report:

Scope 1 Direct emissions: includes the combustion of natural gas, petrol, diesel or LPG for either:

- Stationary equipment e.g. gas boilers, cranage
- Transportation devices: company-owned vehicles and long-term leased vehicles (leases over 14 days)

Refrigerant use is excluded from the emissions reporting scope but will be included in future years once a consistent approach to data collection has been implemented for this source.

Scope 2 In-direct emissions: emissions from the generation or purchase of electricity and district heating that is consumed in owned or controlled equipment. Scope 2 emissions are reported under both market-based and location-based methods.

b) Organisational boundary

Modulaire adopts an Operational Control boundary approach in its annual greenhouse gas reporting. This includes all sources of emissions over which Modulaire has the full authority to introduce and implement its operating policies at the operation.

Under the Operational Control approach, 100% of the calculated impact arising from Group companies and subsidiary entities over which Modulaire has operational control is included.

On an annual basis the organisational boundary is reviewed to ensure that any new operations are included where necessary. This is completed using the organisational structure from the Company Secretary.

From this a review of sites is completed to identify what, if any, new sites fall within the scope of the emissions reporting (e.g. the property assets associated with a company acquisition, the opening of a new facility etc), and also sites which are no longer within the reporting scope (e.g. site closures, divested entities etc). The updated organisational and property records are then reconciled to determine the boundary for the reporting year, after which the emissions source data is requested from the appropriate site contacts.

Emissions from entities acquired will be incorporated into the annual greenhouse gas report of the financial year when they are acquired (reporting emissions for the full 12 month period) and in

accordance with the scope and boundary criteria set out in this document, exclusion are based on lack of data availability and the relative minor size of the acquisition. No entities acquired during 2021 have been excluded from the 2021 GHG report and none excluded from the 2020 rebaselined figures.

Emissions from entities disposed of during the year are included up to the date of disposal within the respective annual reporting year unless otherwise indicated in our reporting.

c) Operational control

To determine the operational boundary of the GHG inventory, a site will be considered under our control when energy supplied to the premises occupied by Modulaire is metered and billed based on actual amount consumed, for example:

i. Where we have a contract directly with the electricity supplier - the site is considered under our control
ii. Where electricity is paid by the landlord and re-charged to us based on the actual amount we have consumed (i.e. metered amount) - the site is considered under our control
iii. Where we pay a fixed fee for energy as part of our rental payments (i.e. regardless of the amount actually consumed) then the site is considered **NOT** under our control and therefore emissions associated with this energy usage would be Scope 3.

2. Reporting Format

a) Period

Modulaire produces its Annual Report and Accounts for the 12 months to 31 December, and the greenhouse gas emissions reporting also aligns to this period. These are presented in absolute values.

b) Emission Factors

We adopt the conventional approach in calculating our carbon emissions through the collection of primary source data in their appropriate units (e.g. kilowatthours (kWh), litres (L), kilograms (kg), kilometres (km) etc.) and converting into the associated carbon emissions using the relevant emission factors

Modulaire has used the following factors to calculate the emissions for the 12 months to 31 December 2021.

i. Scope 1

The *UK Government Greenhouse gas reporting: conversion factors 2021* (Defra 2021 factors[1]) have been used for fuel consumed in all countries to determine Scope 1 emissions.

ii. Scope 2 (electricity)

[1] Available at https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021

Under the location-based method, Defra 2021 factors have been used for the UK operations and *IEA Emission Factors 2021 Edition* (IEA 2021 factors including international trade adjustment) have been used for all other countries.

Under the market-based method, the most precise emission factor has been used following the hierarchy below in line with the GHG Protocol Scope 2 Guidance:

- **Supplier-specific emissions rate** that meets the Quality Criteria provided by the GHG Protocol Scope 2 Guidance (Quality Criteria).
- **Residual mix factor for relevant country**, taken from AIB's European residual mix 2020 (AIB 2021[2]).
- **Grid average factor for relevant country**, taken from the sources as described above for the location-based method.

When a site is engaged in a specific renewable electricity contract, supplier specific emissions rates will be requested from the supplier on an annual basis and assessed against the Quality Criteria. Renewable energy claims will only be made when exclusivity and traceability can be confirmed, ensuring that the relevant Energy attribute certificates have been appropriately retired on Modulaire's behalf (REGOs /GO in Europe, RECs in Australia, I-RECs in China).

In 2021 no sites sourced renewable energy that met the GHG Protocol Quality Criteria for market-based reporting. As we operate in numerous markets for which AIB residual mix factors are available, the emissions reported in 2021 under the market-based method are higher than the emissions reported under the location-based method.

iii. Scope 2 (district heating)

Defra 2021 factors are used for conversion of district heating consumption data in all countries.

Modulaire has used the following factors to calculate the rebaselined emissions for the 12 months to 31 December 2020.

i. Scope 1

The *UK Government Greenhouse gas reporting: conversion factors 2020* (Defra 2020 factors[3]) have been used for fuel consumed in all countries to determine Scope 1 emissions.

ii. Scope 2

Under the location-based method, Defra 2020 factor has been used for the UK operations and *IEA Emission Factors 2020 Edition* (IEA 2020 factors) have been used for all other countries.

Under the market-based method, the most precise emissions factor has been used following the hierarchy below in line with the GHG Protocol Scope 2 Guidance:

[2] Available at https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results_1_1.pdf
[3] Available at https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020

- **Supplier-specific emissions rate** that meets the Quality Criteria provided by the GHG Protocol Scope 2 Guidance (Quality Criteria).
- **Residual mix factor for relevant country**, taken from AIB's European residual mix 2019 (AIB 2020).
- **Grid average factor for relevant country**, taken from the sources as described above for the location-based method.

When a site is engaged in a specific renewable electricity contract, supplier specific emissions rates will be requested from the supplier on an annual basis and assessed against the Quality Criteria. Renewable energy claims will only be made when exclusivity and traceability can be confirmed, ensuring that the relevant Energy attribute certificates have been appropriately retired on Modulaire' s behalf (REGOs in Europe, RECs in Australia, I-RECs in China).

Sites in Germany and Norway were sourcing energy through green tariffs in 2020; however, the review of the contracts and associated documentation revealed that they do not meet the Quality Criteria. Therefore, the residual mix factors have been used to calculate market-based emissions for Germany and Norway, along with all other countries who do not meet the Quality Criteria.

Since in 2020 there were no sites sourcing renewable energy that meets the Quality Criteria, and we operate in numerous markets for which AIB residual mix factors are available, the emissions reported in 2020 under the market-based method are higher than the emissions reported under the location-based method.

3. Emissions Data

For 2020 and 2021, data collection templates were issued to relevant regional contacts across the Group in Q1 2022. The completed templates were consolidated by Verco, a specialised advisor employed by the Group to quantify and calculate the Greenhouse Gas (GHG) emissions associated with the Company's operations.

Where information is available, we will restate prior year's figures using the latest available data to make data as comparable between years as possible. Where restatements have been made for specific indicators, these will clearly be outlined in our Annual Report. Restatements may be considered necessary where there is a change of greater than 3% of the reported data.

We expect significant structural changes due to acquisitions over the coming years and we will recalculate the baseline accordingly applying an 'all-year' approach and using the following hierarchy. In the first instance, prior year actual emissions data will be used to adjust prior years up to the base year, where available. Where actual emissions data for an acquisition is not available, the prior year restatements will be estimated. The approach used for estimations will be to assume that energy consumption in prior years is the same as for the current year and then apply the appropriate emissions factors for each prior year.

a) Scope 1 Emissions Sources

i. Stationary use of natural gas

The majority of gas consumption data for the reporting period is evidenced by monthly, quarterly or annual utility bills.

If gaps in the period for natural gas data are identified a pro-rata estimation technique is adopted whereby data from a comparable period (e.g. days/weeks either side of the gap, accounting for weekends) is used to estimate consumption for the missing days.

ii. Stationary use of liquid fuels

Liquid fuels used for stationary applications such as diesel generators is collected using the relevant reporting templates as issued by Verco.

The liquid fuels source data is primarily volumes purchased taken from supplier statements, invoices and other relevant internally maintained records.

Where fuels are purchased on a bulk basis and actual consumption data is not available, delivered volume over the reporting period will be assumed to represent consumption over the reporting period. In the absence of records of delivered volumes, invoiced volumes will be assumed to represent consumption.

If gaps in the period for stationary liquid fuels data are identified a pro-rata estimation technique is adopted whereby data from a comparable period (e.g. days/weeks either side of the gap, accounting for weekends) is used to estimate consumption for the missing days.

iii. Transport

Scope 1 transport emissions across the Modulaire Group extend to the following:

- Fuel used in vehicles owned or leased long-term (leases over 14 days) by Modulaire. Consumption associated with personal use of company vehicles will be included if the fuel has been paid for by Modulaire.

The following activities are excluded from Scope 1 transport emissions:

- Fuel used for business travel in employee-owned or hired vehicles (leases under 14 days) which fall within Scope 3 emissions sources which are currently not reported.
- Fuel consumption associated with personal use of company owned or leased vehicles when the fuel has been paid for by the employee

Scope 1 emissions are calculated by applying the most appropriate emission factor (taken from the sources described in Section 3) to the data provided which could be either litres of fuel or mileage entered into the data collection template with the data provider selecting the relevant vehicle type from a dropdown list.

Each data provider maintains a record of fuel used based on fuel cards, fuel supplier invoices or pump records. Distances from odometer records or cost to mileage conversions using typical fuel prices will only be used where fuel volume data is not available or collection is unviable.

b) **Scope 2 Emissions Sources**

i. Electricity

A hierarchy is used for electricity data, with supplier invoices taking the highest priority, followed by automatic meter readings, manual meter readings, and finally a pro-rata estimation technique whereby data from a comparable period e.g. days/weeks either side of the gap (accounting for weekends) is used to estimate consumption for the missing days.

Where invoices only show cost (i.e. amount of energy consumed is not displayed on the invoice), the conversion from cost to energy consumed will be based on the pricing list from the supplier. Average market rates for commercial users will be used where a supplier's price list is not accessible.

The electricity consumption data is then converted into GHG emissions using the appropriate emission factors as described in Section 2.

ii. District Heating

The approach to district heating data is aligned with that for other utilities as described above. All district heating data is provided in units of energy taken from supplier invoices or meter readings. The district heating consumption data is then converted into GHG emissions using the appropriate emission factors as described in Section 2.