

## **Modulaire Greenhouse Gas emissions data and Group Greenhouse Gas Reporting Principles and Methodologies for data subject to Independent Limited Assurance**

**Reporting period 1st January 2022 to 31st December 2022**

### **Introduction**

This document outlines the criteria and supporting methodologies that have been adopted to prepare a greenhouse gas ('GHG') emissions report for Modulaire Group ('Modulaire') based on data for the period of 1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022. '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 Group we confirm that we are solely responsible for the preparation of the ESG Report including this Directors' Statement and for reporting the ESG performance metrics in accordance with the reporting criteria set out within this document.

We confirm, to the best of our knowledge and belief, that we have:

- designed, implemented and maintained internal controls and processes over information relevant to the measurement, evaluation and preparation of ESG performance metrics that is free from material misstatement, whether due to fraud or error;
- established objective reporting criteria for preparing and presenting the ESG performance metrics, including clear definition of the entity's organisational boundaries, and applied them consistently;
- presented information, including the reporting criteria, in a manner that provides relevant, complete, reliable, unbiased/neutral, comparable and understandable information; and
- reported the ESG performance metrics in accordance with the reporting criteria.



James Odom  
Group General Counsel

For and on behalf of The Board of Directors of BCP V Modular Services Holdings III Limited

## Reporting Criteria and Methodology

### I. 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 (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF<sub>6</sub>)), 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, red diesel, HVO, biofuel, propane, coal, fuel oil, hybrid or LPG for either:

- Stationary equipment e.g. gas boilers, cranes
- 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 follows the GHG protocol and 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 emissions from operations over which Modulaire or one of its subsidiaries 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 maintained by the Company Secretary.

Using the information maintained by the Company Secretary as a basis, a review of sites is completed to identify which, if any, new sites fall within the scope of the 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 scope of the reporting (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 emissions 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, exclusions are based on lack of data availability and the relative minor size of the acquisition. No entities were acquired during our reporting period 2022.

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 operational control when energy supplied to the premises occupied by Modulaire is metered and billed based on actual amount consumed, and where:

- i. We have a contract directly with the electricity supplier.; or
- ii. Electricity is paid by the landlord and re-charged to us based on the actual amount we have consumed (i.e. metered amount).

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 will be reported as Scope 3.

## **2. Reporting Format**

### **a) Period**

Modulaire produces its Annual Report and Accounts for the 12 months 1<sup>st</sup> January to 31<sup>st</sup> December, and the greenhouse gas emissions reporting, in the ESGS Report 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. kilowatt hours (kWh), litres (L), kilograms (kg), kilometres (km) etc.) and converting into the associated carbon emissions using the relevant emission factors, as defined below

Modulaire has used the following factors to calculate the emissions for the 12 months to 31 December 2022.

#### **i. Scope I**

The *UK Government Greenhouse gas reporting: conversion factors 2022* (Defra 2022 factors<sup>1</sup>) have been used for fuel consumed in all countries to determine Scope I emissions.

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<sup>1</sup> Available at <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>

## ii. Scope 2 (electricity)

Under the location-based method, Defra 2022<sup>2</sup> factors have been used for the UK operations and *IEA Emission Factors 2022 Edition*<sup>3</sup> (IEA 2022 factors including international trade adjustment) have been used for all other countries.

Under the Market-based method, the emissions factors are applied using the following hierarchy in accordance with Table 6.3 in the GHG Protocol Scope 2 Guidance below:

- Energy attribute certificates or equivalent instruments (unbundled, bundled with electricity, conveyed in a contract for electricity, or delivered by a utility).
- Contracts for electricity, such as power purchase agreements (PPAs) and contracts from specified sources, where electricity attribute certificates do not exist or are not required for a usage claim.
- Supplier/Utility emission rates, such as standard product offer or a different product (e.g., a renewable energy product or tariff), and that are disclosed (preferably publicly) according to best available information.
- Residual mix (subnational or national) that uses energy production data and factors out voluntary purchases. Taken from AIB's European residual mix 2021 (AIB 2021<sup>4</sup>).
- Other grid-average emission factors (subnational or national) – see 'Location-based method' above.

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 GHG Protocol 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 (RECs /GO in Europe, RECs in Australia, I-RECs in China).

## iii. Scope 2 (district heating)

Defra 2022<sup>5</sup> factors are used for conversion of district heating consumption data in all countries.

### 3. Restatement Policy:

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 ESGS Report. Restatements are considered necessary where there is a change of greater than 3% of the reported data.

Restatements may be needed as a result of:

- Structural change: Where we experience a structural change (e.g., due to an acquisition) in future periods, we will recalculate the baseline accordingly applying an "all-year" approach to this recalculation (data for all years between the base year and the reporting year will be

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<sup>2</sup> Available at <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>

<sup>3</sup> <https://www.iea.org/data-and-statistics/data-product/emissions-factors-2022>

<sup>4</sup> Available at [https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB\\_2021\\_Residual\\_Mix\\_Results\\_1\\_1.pdf](https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2021/AIB_2021_Residual_Mix_Results_1_1.pdf)

<sup>5</sup> Available at <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2022>

updated). This will be done 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 energy consumption in the prior years will be assumed to be the same as the consumption in the current year.

- Changes in calculation methodology or improvements in the accuracy of emission factors or activity data that result in a significant impact on the emissions data.
- Discovery of significant errors, or a number of cumulative errors, that are collectively significant.

## a) **Scope I 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 one of the following methods for estimation is applied:

- For existing meters<sup>6</sup>, a pro-rata estimation technique is adopted taking a daily average using data from the previous reporting period for this specific meter and multiplying this by the number of missing days to estimate consumption for the missing days.
- For new meters<sup>6</sup>, a pro-rata estimation technique is adopted taking a daily average using data reported in the current reporting period for this specific meter and multiplying this by the number of missing days to estimate consumption for the missing days.

### ii. **Stationary use of liquid fuels**

Liquid fuels are used for stationary applications such as diesel generators. The liquid fuels source data is primarily volumes purchased taken from supplier statements, invoices and other relevant internally maintained records (such as meter reads).

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 fuels data are identified, one of the following methods for estimation is applied:

- For existing meters<sup>7</sup>, a pro-rata estimation technique is adopted taking a daily average using data from the previous reporting period for this specific meter and multiplying this by the number of missing days to estimate consumption for the missing days.

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<sup>6</sup> 'Meters' refers to an individual emission source on an individual site such as natural gas used for heating.

<sup>7</sup> 'Meters' refers to an individual source on an individual site such as diesel for a generator.

- For new meters<sup>7</sup>, a pro-rata estimation technique is adopted taking a daily average using data reported in the current reporting period for this specific meter and multiplying this by the number of missing days to estimate consumption for the missing days.

Fugitive emissions (fluorinated gases) from the leakages of cooling liquid used for air conditioning or other sources have been excluded from Scope 1 stationary emissions in this reporting year due to lack of data across locations and will be included once a consistent approach to data collection has been implemented for this source

### **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 - with fuel that has been paid for by Modulaire - will be included.

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) these emissions would typically 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).

Each data provider maintains a record of fuel use 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 an estimate (please refer below).

Where a site has Electric Vehicles, if the electric car has been charged on site this will be included in the site's electricity purchased. Where the electric vehicle is charged off site, a receipt/invoice with the kWh consumed will be used and will be reported as Transport Fuels under Scope 2.

If gaps in the period for electricity data are identified, one of the following methods for estimation is applied:

- For existing meters<sup>8</sup>, a pro-rata estimation technique is adopted taking a daily average using data from the previous reporting period for this specific meter and multiplying this by the number of missing days to estimate consumption for the missing days.
- For new meters<sup>8</sup>, a pro-rata estimation technique is adopted taking a daily average using data reported in the current reporting period for this specific meter and multiplying this by the number of missing days to estimate consumption for the missing days.

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

Electricity used in employee-owned or rented electric and plug-in hybrid vehicles (leases over 14 days) is excluded from Scope 2 emissions where the charging of these vehicles has taken place at an employee's home or similar location.

## 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.

If gaps in the period for district heating data are identified, one of the following methods for estimation is applied:

- For existing meters<sup>9</sup>, a pro-rata estimation technique is adopted taking a daily average using data from the previous reporting period for this specific meter and multiplying this by the number of missing days to estimate consumption for the missing days.
- For new meters<sup>9</sup>, a pro-rata estimation technique is adopted taking a daily average using data reported in the current reporting period for this specific meter and multiplying this by the number of missing days to estimate consumption for the missing days.

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<sup>8</sup> 'Meters' refers to an individual emission source on an individual site such as electricity purchased.

<sup>9</sup> 'Meters' refers to an individual emission source on an individual site such as purchased district heating.