

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 ESG Report 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 other proxies. The reported environmental metrics for Financial Year (FY) 2022/2023 (August 1st, 2022 – July 31st, 2023) are:

Greenhouse Gas (GHG) emissions (tCO₂e)

- (i) Absolute GHG emissions from:

Scope 1

- Generation of heat (natural gas)
- Transportation of materials, products, and employees (diesel, gasoline, LPG)
- Fugitive emissions (refrigerants)

Scope 2

- Generation of purchased electricity

Scope 3

- Category 3: Fuel- and Energy-Related Activities (Transmission Losses)
- Category 4: Upstream Transportation and Distribution
- Category 5: Waste Generated in Operations
- Category 6: Business Travel

- (ii) Scope 1 + 2 GHG emissions intensity per \$m revenue

This intensity metric is calculated by the ESG team using published accounts data and currency figures provided by the Investor Relations team.

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's financial reporting year (August 1st – July 31st), at the half fiscal year (August 1st – January 31st) and the full year (February 1st – July 31st).

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 ESG metrics, significant is defined as greater than 5% of company revenue. 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 VP of ESG. Narrative is provided in the ESG Report to explain adjustments to prior year numbers.

2. Scope of Reporting

Ferguson is a North American business that employs around 36,000 people. Ferguson directly owns or leases its operations. 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

Several small sourcing offices (or registered addresses) are excluded from the reporting boundary as they have less than 100 associates. The excluded facilities include:

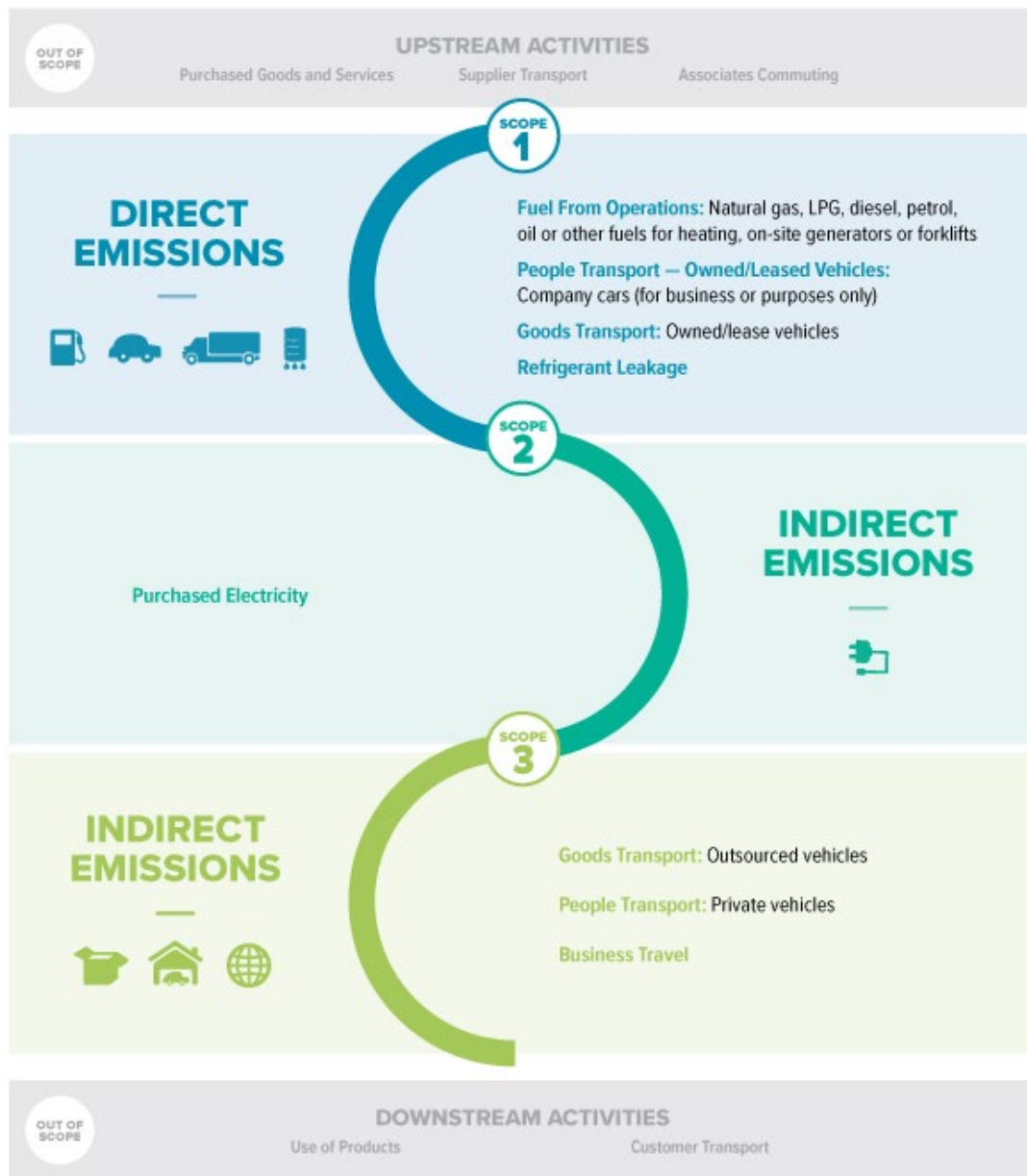
Small operations and sourcing offices in:

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

The headcount 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 intermodal-based transportation of goods is currently within scope. Goods transport emissions are calculated in alignment with EPA guidance: [“Vehicle-mile factors are appropriate to use when the entire vehicle is dedicated to transporting the reporting company's product. Ton-mile factors are appropriate when the vehicle is shared with products from other companies”](#).



Scope 3 people-transport includes emissions from employee vehicles and rental cars when used for business purposes, not including the commute to and from work. Business travel data includes air 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 regulated and non-regulated waste produced by the Ferguson businesses and headquarters within the reporting boundary. Data is collected from invoices where available, however, [EPA Volume-to-Weight Conversion Factors](#) are used for non-regulated front end waste, assuming full container usage.

3. Reporting Criteria

Environmental data preparation and reporting happens in three phases:

(i) Ferguson businesses and headquarters report activity data twice a year to the ESG team, 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). Activity data is then loaded in to our GHG emissions software platform where it is mapped to emission factors from the EPA, DEFRA, and other credible sources as needed. These emission factors are maintained by our software provider.

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, CH₄, and N₂O 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.

Dashboards are set up to calculate the intensity measures (per \$m revenue for carbon). Revenue data is provided by the Investor Relations team in USD for the equivalent reporting period and organizational scope. 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 our Annual ESG Report.

For questions on this Basis of Reporting, or to request additional detail, please contact investor@fergusonplc.com.