Basis of Reporting 2024

Introduction

This document provides supplementary detail on greenhouse gas (GHG) emissions data for Hill & Smith PLC ("the Group") financial year 2024 (1 January to 31 December 2024). It gives additional transparency to the Scope 1, 2 and 3 emissions figures by explaining the methodology behind each quantified Scope category.

The emissions data covers all relevant Scope 1, 2 and 3 emissions and has been calculated with reference to the following standards:

- GHG Protocol: Corporate Accounting and Reporting Standard
- GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard

The Group will seek to have limited third party assurance of GHG emissions data.

Overview

Hill & Smith PLC is a leading provider of sustainable infrastructure products and services. The Group's operating businesses are organised into three main business segments:

Roads & Security: supplying products and services to support road and highway infrastructure including temporary and permanent road safety barriers, intelligent traffic solutions, street lighting columns and bridge parapets. In addition, the division includes two businesses which are market leaders in the provision of off-grid solar lighting and power solutions. The security portfolio includes hostile vehicle mitigation solutions, high security fencing and automated gate solutions.

Engineered Solutions: supplying engineered steel and composite solutions for a wide range of infrastructure markets including power generation and distribution, marine, rail and housing. The division also supplies engineered pipe supports for the water, power and liquid natural gas markets and seismic protection solutions.

Galvanizing Services: increasing the sustainability and maintenance free life of steel products including structural steelwork, lighting, bridges and other products for industrial and infrastructure markets.

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Operating Units

The Operating Units included in the 2024 GHG emissions data are:

- Hill & Smith PLC Head Office (Solihull) [UK]
- Asset International Structures [UK]
- ATG Access [UK]
- Barkers Fencing [UK]
- Bergen Pipe Supports (India) [India]
- Birtley Group [UK]
- Creative Composites Group [US]
- Hill & Smith Inc [US]
- Hill & Smith Infrastructure [UK]
- Hill & Smith Pty [Australia]
- Joseph Ash Group [UK]
- Lionweld Kennedy Group [UK & Ireland]
- Mallatite [UK]
- National Signal [US]
- Novia [US]
- Parking Facilities [UK]
- Prolectric [UK]
- The Paterson Group [US]
- V&S Galvanizing [US]
- V&S Schuler Utilities Group [US]

Between them, these Operating Units comprise 62 individual site locations across five countries.

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Base Year and Historic Year Recalculations

In accordance with our GHG Emissions Recalculation Policy (see ***Appendix B***), we have recalculated and restated our previous years' emissions to account for the following organisational changes.

Acquisitions

- Enduro Composites, now part of the Creative Composites Group, was acquired in February 2023 and their partial-year data for March-December 2023 was included in the 2023 report; a combination of their March-December 2023 and January-February 2024 data has been used as an estimate for their historic emissions and incorporated into all previous years (2020-2023)
- Korns Galvanizing, now part of V&S Galvanizing, was acquired in March 2023 and their partial year data for March-December 2023 was included in the 2023 report; their full-year 2024 data has been used as an estimate for their historic emissions and incorporated into all previous years (2020-2023)
- United Fiberglass, now part of the Creative Composites Group, was acquired in November 2023, so was not previously included in the 2023 figures; their full-year 2024 data has been used as an estimate for their historic emissions and incorporated into all previous years (2020-2023)
- Capital Steel Service, LLC, now part of the V&S Schuler Utilities Group, was acquired in January 2024; their full-year 2024 data has been used as an estimate for their historic emissions and incorporated into all previous years (2020-2023)
- FM Stainless, LLC, now part of The Paterson Group, was acquired in March 2024; their full-year 2024 data has been captured and used as an estimate for their historic emissions and incorporated into all previous years (2020-2023)
- Whitlow Electric Service Company, now part of the V&S Schuler Utilities Group, was acquired in September 2024 so has not been included in the 2024 figures; their data will be recorded for January 2025 onwards and they will be added to historic year data at the end of 2025.

Other changes

Our software solution provider identified an error in the upstream emission factors applied to biofuels in 2022 and 2023, these have been updated and Scope 3 Category 3 emissions recalculated for those years.

Prolectric identified an error in the transport miles recorded for 2023 and updated them, resulting in a reduction of approximately 550 tCO2e in Scope 1.

Defra updated their spend-based emission factors during 2024 to a 2021 year; these updated factors have been applied to all current year and historic year spend-based data.

The effect of the above changes on our restated historic emissions is set out below:

Scope & source	**GHG emissions (tonnes CO_2e)**			
	2023	**2022**	**2021**	**2020**
Scope 1	38,700.64	38,420.64	39,973.46	40,756.72
Scope 2 (market-based)	10,691.78	10,904.64	11,881.15	15,062.19
Scope 3 - TOTAL	**862,259.07**	**1,007,640.19**	N/A	N/A

• **Category 1** – Purchased goods & services	333,936.58	373,714.4	-	-
• **Category 2** – Capital goods	7,825.08	4,529.52	-	-
• **Category 3** – Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	9,179.94	9,222.67	-	-
• **Category 4** – Upstream transportation and distribution	29,903.4	29,903.99	-	-
• **Category 5** – Waste generated in operations	2,310.49	3,779.19	-	-
• **Category 6** – Business travel	2,266.86	1,508.04	-	-
• **Category 7** – Employee commuting	4,651.6	5,370.65	-	-
• **Category 8** – Upstream leased assets	n/a	n/a	-	-
• **Category 9** – Downstream transportation and distribution	7,874.72	8,415.43	-	-
• **Category 10** – Processing of sold products	14,244.14	8,329.56	-	-
• **Category 11** – Use of sold products	446,806.91	560,032.35	-	-
• **Category 12** – End-of-life treatment of sold products	2,798.33	2,671.56	-	-
• **Category 13** – Downstream leased assets	461	162.82	-	-
• **Category 14** – Franchises	n/a	n/a	-	-
• **Category 15** – Investments	n/a	n/a	-	-

Hill & Smith PLC GHG Emissions 2024

The following table provides a summary of the Group GHG emissions for the 2024 financial year, presented in tonnes of CO_2 equivalent (CO_2e), grouped by scope with a category breakdown for Scope 3.

Scope & source	GHG emissions (tonnes CO_2e)	Contribution (%)
Scope 1	38,600.35	3.62
Scope 2 (market-based)	9,532.33	0.90
Scope 3		
• **Category 1** – Purchased goods & services	393,713.29	36.97
• **Category 2** – Capital goods	7,188.22	0.68
• **Category 3** – Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	9,230.08	0.87
• **Category 4** – Upstream transportation and distribution	25,216.23	2.37
• **Category 5** – Waste generated in operations	2,200.33	0.21
• **Category 6** – Business travel	2,131.71	0.20
• **Category 7** – Employee commuting	4,914.53	0.46
• **Category 8** – Upstream leased assets	n/a	n/a
• **Category 9** – Downstream transportation and distribution	8,153.29	0.77
• **Category 10** – Processing of sold products	13,386.9	1.26
• **Category 11** – Use of sold products	549,268.89	51.58
• **Category 12** – End-of-life treatment of sold products	794.47	0.07
• **Category 13** – Downstream leased assets	536.31	0.05
• **Category 14** – Franchises	n/a	n/a
• **Category 15** – Investments	n/a	n/a
TOTAL:	**1,064,866.93**	

Note that CO_2e emission figures and percentages in the above table have been rounded to two decimal places.

Rationale for excluded Scope 3 categories

The following Scope 3 categories have been assessed and deemed to be not relevant to the Group's activities:

- **Category 8 (Upstream leased assets):** all energy used in leased assets (such as buildings, vehicles and equipment) is captured under Scopes 1 and 2
- **Category 14 (Franchises):** no franchises owned by the Group
- **Category 15 (Investments):** no relevant investments

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Scope of Reporting

Organisational Boundary

For GHG reporting purposes, the Group defines its organisational boundary on an operational control basis and our Scope 1 and 2 emissions are reported on this basis.

Scope 3 emissions are, by definition, the indirect emissions resulting from activities in our value chain but outside of our operational control.

Calculation Tools & Emission Factors

The Group use an online reporting tool, Cority's (previously Greenstone) Enterprise solution, to collate emissions data from all Operating Units across the Group.

Individual Operating Units obtain relevant data from their operations (using financial systems and other information such as supplier documentation) and upload it to the tool, which applies the relevant emission factors for the GHG source and country of operation (using calculation methodologies including DEFRA, EPA, GHG, IEA and NGA).

A full list of emission factors applied to the various Scopes and input data is included in ***Appendix A***.

The Group's base year for its GHG emission reduction targets is 2020 for Scopes 1 and 2 and 2022 for Scope 3. Our methodology for recalculating the base year emissions in the event of a change in circumstances is set out in our 'GHG Emission Recalculation Policy' in ***Appendix B***.

The sections that follow describe in more detail the calculation inputs, exclusions, methodologies and assumptions we have used to calculate an emissions estimate for each relevant Scope and category for 2024. ***Appendix C*** provides an estimation of the percentages of each Scope that are excluded.

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Scope 1 Emissions

Scope 1	
Definition	Direct emissions from owned or controlled sources (fuels such as natural gas, diesel, LPG, gas oil)
Emissions	38,600.35 tonnes CO_2e
Percentage of total emissions	3.62 %
Inputs	• Fuels used in site and office operations including company cars and vans (e.g. natural gas; diesel; petrol; propane; LPG; HVO) • Mileage travelled in company cars (if fuel consumption not known) • Welding gases that contain carbon dioxide (either pure CO_2 or mixtures such as Argoshield / ACM) • Refrigerant gas emissions as reported to the regulator under a permit
Exclusions	One site in the US (TowerTech, part of the Creative Composites Group) is unable to provide fuel consumption used for heating the building as it is included in the rent and no separate meter reading is available
Methodology & assumptions	Fuel consumption was recorded as volume used (units as provided by supplier e.g. therms, BTU, litres) and converted to CO_2e using the relevant emission factors for the fuel type, units of measure and country. If fuel consumption figures were not known for company vehicles, total miles driven were used to estimate fuel use, based on type of vehicle and fuel type and applying relevant EPA (US sites) or DEFRA (non-US sites) emission factors. In the case of one business (Hill & Smith Infrastructure) only mileage claim costs were known so the average price of fuel and average MPG of UK cars was used to estimate miles travelled. For welding gases, the total volume of each type of gas used was gathered; if pure CO_2 the relevant emission factor was applied to 100% of the volume; if a mix (e.g. 25% CO_2, 75% argon) the volume was multiplied by the percentage content of CO_2 prior to the emission factor being applied. No greenhouse gases other than CO_2 are used.
References	*'Greenhouse Gas Inventory Guidance: Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases'* (United States Environmental Protection Agency, November 2014) Conversion factor for LPG lbs to litres: http://tinyurl.com/2fxsswsy Average fuel prices in UK: https://www.gov.uk/government/statistics/weekly-road-fuel-prices Average MPG of UK cars: https://www.nimblefins.co.uk/cheap-car-insurance/average-mpg

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Scope 2 Emissions

Scope 2	
Definition	Emissions from purchased electricity, heat, and steam
Emissions	9,532.33 tonnes CO_2e (market-based)
Percentage of total emissions	0.90 %
Inputs	All grid electricity consumption (no heat or steam purchased)
Exclusions	One site in the US (TowerTech, part of the Creative Composites Group) is unable to provide electricity consumption as it is included in the rent and no separate meter reading is available.
Methodology & assumptions	Electricity consumption in kWh was taken from electricity bills and multiplied by the relevant emission factor for the location of the site. A reduced or zero emission factor was applied where there was contractual evidence of renewably sourced electricity e.g. REGOs. The relevant residual mix emissions factor was applied to all other site locations.
References	

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Scope 3 Emissions

Scope 3, Category 1: Purchased goods and services	
Definition	Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 - 8
Emissions	393,713.29 tonnes CO_2e
Percentage of total emissions	36.97 %
Inputs	Details of all goods and services purchased by the business in the year, including raw materials, consumables, repairs & maintenance, services (e.g. accountancy, IT, legal, marketing, subscriptions, testing), bank fees, insurances, agency labour and subcontractor costs
Exclusions	The following spend was excluded as not relevant to this category (as outlined in the Group's User Guide): spend related to staff (wages, salaries, pensions, benefits etc.); external treatments such as galvanizing / painting (covered in Category 10); waste management services (covered in Category 5); water supply or wastewater removal (covered in Category 5); third party logistics (covered in Categories 4 & 9); leasing costs of equipment (e.g. company cars, forklifts, office premises) (fuel / electricity used in these captured in Scope 1). The purchase of capital goods is captured in Category 2. Transactions between the Operating Units and the Group are also excluded.
Methodology & assumptions	The spend-based method was used to estimate emissions from purchased goods and services, using spend (normalised to GBP using our annual financial reporting FX rates) and the DEFRA spend categories. Each Operating Unit's accounting system was mapped to the most relevant spend categories by either supplier or cost code (or a combination of the two), in accordance with the guidance provided in the Group's User Guide.
References	*'Greenstone Environment Module – User Guide'* (Hill & Smith PLC, March 2023) UK and England's carbon footprint to 2020 - GOV.UK (www.gov.uk) – spend-based emission factors

Scope 3, Category 2: Capital goods	
Definition	Extraction, production, and transportation of capital goods purchased or acquired by the reporting company in the reporting year
Emissions	7,188.22 tonnes CO_2e
Percentage of total emissions	0.68 %
Inputs	Any capital expenditure (not captured in S3 C1 Purchased Goods & Services) e.g. machinery, equipment, furniture, vehicles
Exclusions	As per S3 C1 Purchased Goods & Services
Methodology & assumptions	The spend-based method was used to estimate emissions from capital goods, using spend (normalised to GBP using our annual financial reporting FX rates) and the DEFRA spend categories. Each Operating Unit's accounting system was mapped to the most relevant spend categories by either supplier or cost code (or a combination of the two), in accordance with the guidance provided in the Group's User Guide.
References	*'Greenstone Environment Module – User Guide'* (Hill & Smith PLC, March 2023) UK and England's carbon footprint to 2020 - GOV.UK (www.gov.uk) – spend-based emission factors

Scope 3, Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	
Definition	Extraction, production, and transportation of fuels and energy purchased or acquired by the reporting company in the reporting year, not already accounted for in Scope 1 or Scope 2
Emissions	9,230.08 tonnes CO_2e
Percentage of total emissions	0.87 %
Inputs	These emissions have been calculated using the fuels, mileage and electricity consumption inputs for Scope 1 and 2
Exclusions	None
Methodology & assumptions	These calculations cover three activities: ○ Upstream emissions of purchased fuels ○ Upstream emissions of purchased electricity ○ Transmission and distribution losses from purchased electricity Each type of fuel, mile travelled or electricity consumed has been multiplied by the relevant "well-to-tank" emissions factor for the country, in accordance with the average-data method. Where the country-specific emission factors do not include the "well-to-tank" factors, the DEFRA upstream factors have been applied to the quantity of fuel, electricity or mileage and added to the totals for this Category.
References	

Scope 3, Category 4: Upstream transportation and distribution	
Definition	Transportation and distribution of products purchased by the reporting company in the reporting year between a company's tier 1 suppliers and its own operations (in vehicles and facilities not owned or controlled by the reporting company); and Transportation and distribution services purchased by the reporting company in the reporting year, including inbound and outbound logistics and transportation and distribution between a company's own facilities (in vehicles and facilities not owned or controlled by the reporting company)
Emissions	25,216.23 tonnes CO_2e
Percentage of total emissions	2.37 %
Inputs	• All 3rd party logistics services procured by ourselves (for both import of materials and export of products) • Deliveries of materials from suppliers to ourselves
Exclusions	Customer-arranged collections of products from ourselves (covered in Scope 3 Category 9) Small parcel deliveries (e.g. Amazon / DPD) have been excluded; the majority of transportation related to our activities involves large freight so small parcel deliveries are deemed to be insignificant
Methodology & assumptions	A combination of the spend-based method (for 3rd party logistics companies employed by ourselves) and the distance-based method (for deliveries of materials from suppliers) has been used. It is assumed that delivery has been arranged from a supplier's head office (as it is unknown whether shipped from a temporary storage or distribution facility). Calculations are based on the number of invoices received from a supplier in the year, rather than the number of loads received (our current recording systems do not identify the number of vehicle movements that an invoice relates to). Freight distances have been estimated where not known using online calculators. For sites in the US, the DEFRA emission factors have been applied to ensure that all "well-to-wheel" emissions are captured (as the EPA factors are only for "tank-to-wheel").
References	www.ecotransit.org – calculates the distances travelled by various different modes of transport between two destinations http://ports.com/sea-route/ - calculates the shipping distance between two ports

Scope 3, Category 5: Waste generated in operations	
Definition	Disposal and treatment of waste generated in the reporting company's operations in the reporting year (in facilities not owned or controlled by the reporting company)
Emissions	2,200.33 tonnes CO_2e
Percentage of total emissions	0.21 %
Inputs	• All wastes and materials produced and sent off site for disposal / reuse / recycling elsewhere • Water consumption (from mains supply or licensed abstraction) • Water discharged to the public sewer
Exclusions	Three sites (TowerTech, part of the Creative Composites Group; Asset International Structures; and one of the four Hill & Smith Inc sites) are unable to provide water consumption data as it is included in the rent and no separate meter reading is available. One site (one of the four Hill & Smith Inc sites) is unable to provide waste data as it is included in the landlord services.
Methodology & assumptions	If water is not metered, consumption has been based on an average of 50 litres per employee per working day. If weights of waste removed from site are not known, EPA (US sites) or Environment Agency (non-US sites) volume-to-weight conversion factors have been applied to the size of waste receptacle and waste type The list of waste types for which emission factors are available is limited and not all of the Group's waste streams are listed, so a mapping exercise was carried out to determine the most appropriate, as set out in the Group's User Guide.
References	*'Greenstone Environment Module – User Guide'* (Hill & Smith PLC, March 2023) https://www.south-staffs-water.co.uk/media/1509/waterusebusiness.pdf - provides an estimated water consumption for commercial properties Volume-to-Weight Conversion Factors for Solid Waste | US EPA - EPA volume-to-weight conversion factors for waste uk-conversion-factors-for-waste.xlsx (live.com) – Environment Agency volume-to-weight conversion factors for waste

Scope 3, Category 6: Business travel	
Definition	Transportation of employees for business-related activities during the reporting year (in vehicles not owned or operated by the reporting company)
Emissions	2,131.71 tonnes CO_2e
Percentage of total emissions	0.20 %
Inputs	If it is known or can be calculated, distance travelled by mode of transport is more accurate than spend data for business travel. Spend on business travel, split by mode e.g. flights, trains, taxis (excludes company car mileage / fuel use, which is captured in Scope 1).
Exclusions	Hotel accommodation has not been included in the data as it is currently optional under the GHG Protocol *'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'*.
Methodology & assumptions	Aside from the Group's Head Office (where detailed reports are available from a travel booking company regarding the flights taken by PLC employees), the spend-based method has been used to estimate emissions from business travel. Not all Operating Units' accounting systems have the ability to separate spend out by the type of transport (flights, trains, taxis etc.), where this is the case one of two methods has been applied: 1. All spend has been allocated to the 'most likely' mode (e.g. the majority of business travel for US-based businesses is flights) 2. A period of time has been assessed in detail and the spend splits (%) for that time period have been applied to the full year For sites in the US, the DEFRA emission factors have been applied to ensure that all "well-to-wheel" emissions are captured (as the EPA factors are only for "tank-to-wheel").
References	

Scope 3, Category 7: Employee commuting	
Definition	Transportation of employees between their homes and their worksites during the reporting year (in vehicles not owned or operated by the reporting company)
Emissions	4,914.53 tonnes CO_2e
Percentage of total emissions	0.46 %
Inputs	Employee commuting by all methods (i.e. train, car, motorbike, bicycle, bus, foot)
Exclusions	None
Methodology & assumptions	Three options (using either the distance-based or average-data methods) have been used by Operating Units to estimate employee commuting: 1. Survey carried out of employees to establish typical modes of transport, distances commuted and number of days per year travelled 2. Survey carried out of one site to obtain an average split by distance and mode then applied to other sites within the same Operating Unit 3. Estimates based on census data (links in References section) and the number of employees at a location Where estimates are used, these are based on either UK or US census data for 2021. For sites in the US, the DEFRA emission factors have been applied to ensure that all "well-to-wheel" emissions are captured (as the EPA factors are only for "tank-to-wheel").
References	National Travel Survey 2021: Mode share, journey lengths and public transport use - GOV.UK (www.gov.uk) (UK) – sheet 0409 provides the average distance by purpose (commuting) and mode DP03: SELECTED ... - Census Bureau Table (US) – provides mean travel time to work by state (multiplied by an average of 30mph to obtain an approximate average distance) S0801: COMMUTING CHARACTERISTICS ... - Census Bureau Table (US) – provides percentages of the population by state that commute by different modes of transport

Scope 3, Category 9: Downstream transportation and distribution	
Definition	Transportation and distribution of products sold by the reporting company in the reporting year between the reporting company's operations and the end consumer (if not paid for by the reporting company), including retail and storage (in vehicles and facilities not owned or controlled by the reporting company)
Emissions	8,153.29 tonnes CO_2e
Percentage of total emissions	0.77 %
Inputs	Details of customer-arranged collections of products from ourselves
Exclusions	If the majority (90%+) of an Operating Unit's outward shipments are managed by ourselves (either using owned vehicles or 3rd party logistics companies), we have excluded those minor customer-collected shipments as not being significant, requiring a lot of effort to obtain and having no real benefit as it is not an area that we can easily influence. For those Operating Units that provide galvanising services to customers (Joseph Ash Group; Birtley Group; Barkers Engineering; V&S Galvanising), the delivery and collection of products by customers to be galvanised is not considered in scope as the galvanizing is a service rather than a sold product. For sites in the US, the DEFRA emission factors have been applied to ensure that all "well-to-wheel" emissions are captured (as the EPA factors are only for "tank-to-wheel").
Methodology & assumptions	The distance-based method has been used, split by mode of transport. It is assumed that delivery is to a supplier's head office. Freight distances have been estimated where not known using online calculators.
References	www.ecotransit.org – calculates the distances travelled by various different modes of transport between two destinations http://ports.com/sea-route/ - calculates the shipping distance between two ports

Scope 3, Category 10: Processing of sold products	
Definition	Processing of intermediate products sold in the reporting year by downstream companies (e.g. manufacturers)
Emissions	13,386.9 tonnes CO_2e
Percentage of total emissions	1.26 %
Inputs	Spend on external processing and treatments (e.g. galvanising, painting, powder coating, electroplating, stripping)
Exclusions	None
Methodology & assumptions	The spend-based method has been used to estimate emissions, using the Operating Units' accounting systems to identify spend on suppliers of processing services (typically galvanising, powder coating and painting). This spend has then been multiplied by the DEFRA consumption emission factor for 'Fabricated metal products, excl. machinery and equipment and weapons & ammunition', which was selected as the most appropriate category from the options available.
References	UK and England's carbon footprint to 2020 - GOV.UK (www.gov.uk) – spend-based emission factors

Scope 3, Category 11: Use of sold products	
Definition	End use of goods and services sold by the reporting company in the reporting year
Emissions	549,268.89 tonnes CO_2e
Percentage of total emissions	51.58 %
Inputs	Estimates of the likely electricity and/or fuel consumption over a sold product's expected lifespan.
Exclusions	If a product which consumes energy in use is purchased from another company then sold on as part of a wider package of products (rather than incorporated into a product that we manufacture), this is excluded (as the company that actually manufactured the item should account for its energy-in-use, not the re-seller). If a product can operate under normal conditions solely using integrated renewables (e.g. solar panels), this product is excluded.
Methodology & assumptions	Applies to products that we sell to a customer that use electricity or fuel in their operation (e.g. tower lights, generators). Only six of our Operating Units sold products that consume energy in use during 2023 (ATG Access; Creative Composites Group; Mallatite; National Signal; Parking Facilities; Prolectric). These companies considered each of the products they manufacture and sell which use energy in use and estimated an approximate lifetime energy consumption (kWh of electricity or litres of diesel, depending on the product) based on expected lifespan, likely operational running time per year and energy consumption per operation (based on motor size). These estimated lifetime energy consumption figures were then multiplied by the number of those products sold and the totals multiplied by the relevant country-specific emission factor for electricity or diesel. It has been assumed that the products will use standard grid electricity or diesel rather than renewable sources.
References	Energy consumption calculator | kWh calculator (rapidtables.com) – calculator used by Mallatite business to scale up daily to annual usage

Scope 3, Category 12: End-of-life treatment of sold products	
Definition	Waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life
Emissions	794.47 tonnes CO_2e
Percentage of total emissions	0.07 %
Inputs	A breakdown of the waste types and quantities that will arise from the products sold to customers, based on average estimates by product type multiplied by the number sold
Exclusions	None
Methodology & assumptions	This addresses what happens to the products we have sold once they become waste at the end of their useful life. Operating Units estimated approximate weights of the products they sell, broken down into different material types (e.g. a tower light weighs 2 tonnes and comprises 80% steel, 10% battery, 5% rubber, 3% glass and 2% plastic). This was then multiplied by the number of each of those products sold in the period. If weights of final sold products are not known (because, for example, products tend to be bespoke or there are many variations on a product), the material weights and types are based on raw materials purchased for use in product manufacture instead. For the galvanising businesses, the data used is the quantity of zinc used in the year. The treatment types are selected based on current known likely disposal routes for the material types in the country of manufacture. For example, there is not currently a widely available method for recycling composite materials, so it is assumed it will go to landfill.
References	

Scope 3, Category 13: Downstream leased assets	
Definition	Operation of assets owned by the reporting company (lessor) and leased to other entities in the reporting year, not included in Scope 1 and Scope 2
Emissions	536.31 tonnes CO_2e
Percentage of total emissions	0.05 %
Inputs	Estimates of the likely daily/weekly electricity and/or fuel consumption by a leased product whilst on hire.
Exclusions	If a product can operate under normal conditions solely using integrated renewables (e.g. solar panels), this product is excluded.
Methodology & assumptions	Applies to products that we lease to a customer that use electricity or fuel in their operation (e.g. tower lights, generators). Only one of our Operating Units leased products that consume energy in use to customers during 2023 (Prolectric). This Unit considered each of the products they manufacture and lease out which use energy in use and estimated an approximate daily energy consumption (kWh of electricity or litres of diesel, depending on the product) based on likely usage. These estimated daily energy consumption figures were then multiplied by the number of days those products had been on hire during the year and the totals multiplied by the relevant DEFRA emission factor for electricity or diesel. It has been assumed that the products will use standard grid electricity or diesel rather than renewable sources.
References	

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Appendix A: Emission Factors Applied

The table below summarises the emission factors used to calculate GHG emissions for each of the relevant Scopes and Categories outlined within this Basis of Reporting document.

Scope	Emission Type	Emission Factor Source			
		UK & Ireland	US	Australia	India
1	Fuel	defra 2024	epa 2024	nga 2025-26 (2024-25 data)	ghg protocol 2017
	Fugitives	ipcc			
	Road Business	defra 2024	defra 2024	-	-
2	Grid Electricity	defra 2024 (european residual mixes 2023)	epa 2024 (e-grid 2022) (residual mix green-e 2023)	iea 2024	iea 2024
3	Air Freight	defra 2024	-	-	-
	Marine Freight	defra 2024	defra 2024	-	-
	Road Freight	defra 2024	defra 2024	-	-
	Air Business	defra 2024	-	-	-
	Road Commuter	defra 2024			
	Rail Commuter	defra 2024	-	-	-
	Supply Chain Spend	defra 2024 (2021 data)			
	Electricity	defra 2024 (european residual mixes 2023)	epa 2024 (e-grid 2022)	-	-
	Fuel	defra 2024	-	-	-
	Waste	defra 2024			
	Water	defra 2024			
	Custom (weight of materials)	ICE database	ICE database	-	-

Where we are using spend-based emission factors, these are sourced without any adjustment for annual inflation rates. In addition, updates to spend-based emission factors are applied to all historic years, up until the point where the year is the same as the dataset (i.e. when the Defra 2022 dataset is published in 2025, this will be applied to the 2022 baseline and then will continue to apply to that year's data going forward, even after the 2023 dataset is published).

Appendix B : GHG Emissions Recalculation Policy

Hill & Smith PLC expects to grow its operations through acquisitions and divestments over time. Consequently, total greenhouse gas emissions are likely to change. This policy has been developed with reference to the 'GHG Protocol Corporate Accounting and Reporting Standard: Appendix E - Base year recalculation methodologies for structural changes'.

Basis

To be able to meaningfully compare current emissions with base year and historic year emissions, recalculations of historic data will be needed. This policy sets out the circumstances and thresholds at which a recalculation of the Group's historic emissions will occur and the methodology for carrying out the recalculation.

Principles

The Group has set GHG emission base years to enable comparison of emissions and track performance, using a "fixed base year" approach, as follows:

- Scopes 1 and 2: 2020
- Scope 3: 2022

General Rules

Organic growth or decline does not trigger any base year recalculation. Organic growth is defined as per the GHG Protocol as "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".

Base year adjustments will occur at the end of each financial year (1 January to 31 December) if we identify any changes described in this policy which require us to recalculate historic emissions data.

All recalculations and adjustments shall be documented and transparently reported.

Recalculation circumstances

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

1. Structural changes to organizational boundaries
2. Methodology changes
3. Data errors or other changes

1. Structural changes

Structural changes that significantly impact our base year GHG emissions and may trigger the adjustment of historic emissions include acquisitions, divestments and mergers. Recalculations will be carried out as follows:

Divestments: Following a "same year, all year" approach, the year that an Operating Unit is divested it will not be included in the GHG inventory for that year and, if applicable, will be removed from the base year and other historic years

Example: An Operating Unit is divested in September 2022. The 2022 inventory does not include any of that Operating Unit's data for 2022 and their data is removed from the GHG inventory for all previous years

Acquisitions / mergers: Following a "year after, all year" approach, acquired Operating Units will only be included in the historic GHG inventory after they have been owned, and emission data is available for, one full financial year. In the first partial year that a new Operating Unit is under the Group's operational control, emission data will not be included within that year and base year and historic year emissions will not be recalculated to reflect the partial year.

Instead, they will be recorded from the start of the following year and at the end of that following year, the base year and historic year emissions recalculated.

Example: An Operating Unit is acquired in July 2022. The 2022 GHG emissions data will not include the partial year's data for July to December and base year and other historic emissions will not be recalculated. Instead, the base year and historic years will be recalculated at the end of the 2023 year once a full year of operational data is available for the Operating Unit.

Structural changes will be considered in aggregate for any given year, using the approach outlined above. For example, at the end of 2023, divestments made in 2023 will be considered alongside acquisitions made in 2022 to assess whether their combined impact leads to an increase/decrease in base year emissions of greater than 5%.

For economic intensity targets against 'value added', the operating profit will also be recalculated in accordance with the above methodology to enable a consistent metric. This is in line with the GHG Protocol and Science Based Targets Initiative ('SBTi') methodology.

2. Methodology Changes

Methodology changes include updated emission factors, improved data access or updated calculation methods or protocols.

3. Data Errors or Other Changes

In addition to structural and methodology changes, the Group could potentially recalculate emissions and re-set targets for:

- Discovery of a significant error, or a number of cumulative errors that together are significant.
- Significant changes in our organizational or operational boundaries.

Summary

The Group will recalculate base year and historic emissions in the event of any recalculation circumstances described above, that drive an increase/decrease in base year emissions of greater than 5%.

The Group may also choose to recalculate the base year and/or one or more of its GHG emission reduction targets for changes less than 5%, especially when structural changes occur. The 5% variation is considered as a materiality threshold by the GHG Protocol as well as by the Science Based Targets initiative (SBTi) criteria.

Hill & Smith PLC

Appendix C: Exclusions Assessment

As set out in this document, there are some minor exclusions from the Hill & Smith PLC GHG emissions inventory. The following are estimations of the percentage of each Scope that is excluded from the calculations.

Scope 1

One site in the US (TowerTech, part of the Creative Composites Group) is unable to provide fuel consumption used for heating the building as it is included in the rent and no separate meter reading is available. The facility is similar in size and scope to their Dayton, Ohio facility, which in 2024 used 181 tCO2e of natural gas – on this basis, it is estimated that ***0.469% of Scope 1 emissions are excluded***.

Scope 2

One site in the US (TowerTech, part of the Creative Composites Group) is unable to provide electricity consumption as it is included in the rent and no separate meter reading is available. The facility is similar in size and scope to their Kenway (Augusta, ME) facility, which in 2024 used 54.2 tCO2e of electricity – on this basis, it is estimated that ***0.569% of Scope 2 emissions are excluded***

Scopes 1 & 2 combined

The estimated exclusions from Scopes 1 and 2 combined are 235.2 tCO2e. From the total reported emissions of 48,132.68, this results in an estimated ***0.489% of Scope 1 & 2 emissions are excluded***.

Scope 3

- ***Category 1: Purchased Goods & Services*** – no exclusions
- ***Category 2: Capital Goods*** – no exclusions
- ***Category 3: Fuel- and energy-related activities*** – no exclusions
- ***Category 4: Upstream transportation and distribution***
    - Small parcel deliveries (e.g. Amazon/DPD) have been excluded as the majority of transportation related to our activities involves large freight. www.consumerecology.com estimates the GHG emissions of a package delivery to be 1.19kg CO_2e; if we assume that each of our 62 individual site locations in 2024 received an average of 10 parcels per week, this is the equivalent of 62 x 10 x 52 = 32,240 parcels; multiplied by 1.19kg CO2e = ***38.37 tCO2e***. The total reported emissions for Category 4 was 25,216.23, so it is estimated that ***0.152% of Scope 3 Category 4 emissions are excluded***.
- ***Category 5: Waste generated in operations***
    - 3 sites (TowerTech, Asset IS; H&S Inc Lake City) are unable to provide water consumption data as it is included in the rent and no separate water meter is available. These have been compared to equivalent sites to obtain estimated water emissions as follows:
        - TowerTech = Kenway: 0.129 tCO_2e
        - Asset IS = Nottingham: 0.392 tCO_2e
        - H&S Inc Lake City = H&S Inc Garland: 0.158 tCO_2e

  - For waste, one site (H&S Inc Garland) is unable to provide data as it is included in the landlord-provided services. Using H&S Inc, Lake City as an equivalent, it is estimated that 7.83 tCO_2e is excluded.
  - This is a total of 0.679 (water) and 7.83 (waste) = ***8.509 tCO2e*** excluded from Category 5; from the total reported emissions of 2,200.33, this results in an estimated ***0.387% of Scope 3 Category 5 emissions excluded***
- ***Category 6: Business travel*** – no exclusions
- ***Category 7: Employee commuting*** – no exclusions
- ***Category 8: Upstream leased assets*** – N/A
- ***Category 9: Downstream transportation and distribution***
  - If the majority (90%+) of an Operating Unit's outward shipments are managed by ourselves (either using owned vehicles or 3rd party logistics companies), we have excluded from Scope 3 Category 9 those minor customer-collected shipments as not being significant, requiring a lot of effort to obtain and having no real benefit as it is not an area that we can easily influence
  - The following Operating Units have a minor (estimated as 2-4.3%) of orders collected by customers which have not been captured in their emissions calculations: Barkers; Birtley; H&S Pty; Parking Facilities; H&S Inc; Hardstaff (part of H&S Infrastructure).
  - The combined emissions in Category 4 for these companies is 6,395.9 tCO_2e. Assuming an average of 3.5% customer-collected orders, these would account for approximately ***223.86 tCO2e***, which is ***2.746% of Scope 3 Category 9 emissions excluded***
- ***Category 10: Processing of sold products*** – no exclusions
- ***Category 11: Use of sold products*** – no exclusions
- ***Category 12: End-of-life treatment of sold products*** – no exclusions
- ***Category 13: Downstream leased assets*** – no exclusions
- ***Category 14: Franchises*** – N/A
- ***Category 15: Investments*** – N/A

Scope 3 totals

The estimated exclusions from all of Scope 3 combined is ***270.739 tCO2e***. From the total reported emissions of 1,016,734.25 tCO_2e this results in an estimated ***0.027% of Scope 3 emissions excluded***.