Greenhouse Gas Reporting Criteria

General

These Greenhouse Gas (GHG) criteria have been developed to assist readers of the DCC Annual Report, the Sustainable Business Report and the DCC website in understanding the basis for the calculation of all scopes of GHG emission. The criteria also ensure Group wide consistency and transparency in measurement, reporting and the annal third party assurance process.

Reporting Boundaries

Scopes 1 & 2

All DCC plc subsidiaries are included within the scope of the greenhouse gas (GHG) emissions data (Scope 1 and 2 as per the Greenhouse Gas Protocol) reported within the Sustainable Business Report Section of DCC plc Annual Report and Accounts. New acquisitions are included from the date of completion and divestments are included up to the date of disposal. Prior year comparatives are not updated to reflect acquisitions or divestments in the current period.

DCC defines its GHG footprint as the amount of GHGs (reported as tCO_2e) emitted as a result of its direct, financially controllable operations i.e., those emissions where it has financial control of the company and pays for the fuel/electricity associated with those emissions.

These DCC GHG Reporting Criteria set out in detail the scope and sources included in the DCC Group GHG footprint as follows:

- the energy sources where DCC is the counter party to the contract to supply. Electricity and gas purchased and recharged to subtenants is included
- use of electricity and fuels to heat, light and operate buildings
- fuels used to operate company owned vehicles, plant and machinery
- fuels purchased with a company fuel card or credit card, irrespective of business or personal use and whether the vehicle is owned by the group or not
- any new acquisitions from the date of purchase completion
- any divestments up to the point of disposal.

Emission sources are classified into the following categories for reporting purposes:

Scope 1

Direct: On site fuel use
Fuels purchased and consumed for heating or process activities – such as oil, gas, kerosene, LPG, etc. It does not include fuel that is purchased for resale, such as bottled gas. Natural gas recharged to subtenants on shared sites where DCC pay the supplier for that usage and then recharge costs are included.

Direct: Company Transport
Petrol, diesel and other fuels paid for directly to run trucks, vans, cars, loaders, shunters, forklift trucks or similar onsite transport. This could be via fuel cards, credits cards, onsite tanks with regular deliveries or other direct payment routes, such as direct payment to the refinery.

Direct: Fugitive Emissions
Fugitive emissions from the handling and bottling of refrigerant gases which have a Global Warming Potential are calculated annually, considering the type and number of gas transfer operations and the gas type.

Scope 2

Indirect: Electricity
Electricity paid for directly to run buildings, electric forklift trucks and light outdoor areas, including owned and leased sites. This includes electricity that is paid for by DCC and recharged to subtenants, either directly or via a service charge.

Scope 3

Approximately 90% of DCC's total value chain emissions are generated from the energy products sold to DCC Energy customers (primarily transport fuels, heating fuels and electricity). These Scope 3 emissions are classified under Category 3: upstream emissions associated with the extraction, refining, storage and distribution of products (often called well-to tank emissions) and downstream Category 11: emissions from the use of sold products by customers.

Scope 3 emissions associated with energy products sold are calculated using revenue generating product sales volumes multiplied by emissions factors from UK BEIS, GHG Protocol and, where available, government data on national biofuel blends. An emissions factor of zero is applied to sales of renewable electricity. In line with the GHG Protocol, biogenic CO_2 emissions are not included in Scope 3.

Futher information on emissions for all 15 Categories within Scope 3 are provided in DCC's annual submission to CDP.

Calculating Scope 1 & 2 emissions

DCC measures and reports its Scope 1 & 2 GHG emissions based on activity data during the reporting period multiplied by publicly available emissions factors. Activity is measured using actual consumption of electricity, natural gas or other fuel where readily available, although the following data sources are acceptable:

Energy use	Data sources
Electricity and Heating	● Meter readings (manual or automatic) ● Invoices from utility suppliers (based on meter readings where readily available, otherwise based on supplier estimates) ● Annual statements from energy suppliers
Vehicles, Plant and Machinery	● On site fuel tank readings ● Invoices for delivery to onsite tanks ● Fuel card invoices ● Credit cards ● Invoices for fuel supply at refineries/depots based on consumption. If consumption data is not available purchase data is used (e.g. heating oil with no tank gauge)

When data is missing and efforts to obtain actual data from a 3rd party have failed, usage is estimated rather than omitted. Several approaches are used, depending on specific circumstances:

- Seasonal change or site activity varies, an estimate can be taken using an average daily usage of the periods either side of the missing data (or just of the previous period if necessary).
- Where possible, if the missing data is electricity or gas usage (or similar) for the middle of the year, the invoices either side may be used if they have start and end estimates of usage.
- If the site activity has remained static during the year and does not have significant seasonal fluctuations, an estimate based on the average energy usage per day for up to 6 months either side of the missing data can be used.
- Significant estimates are replaced with real data when received.

Estimated data is reconciled to actual data where possible. Relevant adjustments are made when required within the reporting period.

Basis for inclusion/exclusion and significance

Significant is deemed to be greater than 1% of total Group emissions (not on a divisional basis).

Conversion Factors

Conversion factors used in the Accuvio reporting tool (https://eco.accuvio.com) are taken from the relevant published data from each jurisdiction. The following list are the organisations and government departments that are the source for the relevant emission factors:

IEA
UK BEIS
GHG Protocol
EPA (US)
SEAI (Ireland)
IPCC
Swedish Environment Agency
Green-e.org (residual-mix factors for the US)
Association of Issuing Bodies (European residual-mix factors)

Emissions = activity multiplied by emission factors

Both location based and market based approaches are used as the basis for Scope 2 emissions reporting. Supplier specific emissions factors are used when available to individual business to report their actual market based emissions. In the US, Green-e® certified Renewable Energy Credits are purchased to match total MWh electricity use by DCC businesses. In the absence of supplier specific emissions factors, a market based Scope 2 emissions total is calculated using country specific residual-mix emissions factors.

Metrics and Targets

Scopes 1 & 2

DCC has set a 50% reduction target for Scope 1 & 2 absolute emissions by 2030 against a 2019 baseline. The baseline year is adjusted to account for acquisitions or divestments which increase/decrease annualised emissions of the DCC business by greater than 5% or 1,000 tCO_2e of the acquiring/divesting business.

Adjustments are calculated using actual energy data from 2019 where available, extrapolated from current emissions or estimated by reviewing business activity.

Scope 3

DCC has set a target of net zero for Scope 3 emissions by 2050.

In addition to absolute Scope 3 emissions, DCC also reports two intensity metrics:

i. Carbon intensity metric of energy products sold.

Given the material emissions associated with energy products these have been selected to generate this metric which is commonly used in the oil & gas sector. The carbon intensity metric (gCO_2e/MJ) is calculated as follows:

$$\mathbf{CI} = \frac{[\mathbf{Scope\ 3, category\ 3} - (\mathbf{Scope\ 1} + \mathbf{Scope\ 2})] + \mathbf{Scope\ 3, category\ 11}}{\mathbf{Energy\ \ sold}}$$

For the numerator, Scope 3 emissions from energy products sold are calculated as described in the section above. DCC's own Scope 1 and 2 emissions associated with the sale and distribution of energy products are subtracted from the Scope 3, category 3 total to avoid double counting.

For the denominator, the energy content of sold products is calculated using standard energy conversion factors to convert volume units for different fuel types into energy units (MJ).

ii. Renewable energy sources as a percentage of total energy sold.

The metric is calculated by dividing the energy content from renewable products sold by the total energy content from all products sold in the DCC Energy division.

Renewable energy sources include the biofuels and renewable electricity sold to customers. As part of the transition to a low carbon economy it is expected that this % will increase due to increased sales of biofuels and renewable energy solutions such as heat-as-a-service (solar, heat pumps, renewable power).