

# Carbon Emissions

## – Scope 3 Overview

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### Our Scope 3 Journey

As a leading supplier of specialist insulation and building products, SIG plays a central role in the building products supply chain, connecting manufacturers with our specialist contractor customers.

Our carbon footprint consists of the emissions from sources we own or control directly, known as Scope 1 emissions. This category includes the fuel used in our fleet and equipment. Scope 2 emissions include the electricity we purchase and use in our buildings. Scope 3 emissions go beyond this, covering indirect emissions related to our activities. This includes emissions from business travel, third-party delivery providers, and the production and delivery of the products we sell. Although we do not have direct control over these emissions, they represent a significant portion of our overall carbon footprint.

Our 2023 Scope 3 assessment provided our baseline on which we have developed engagement plans and informs our work with our supply chain partners around decarbonisation.

The GHG Protocol provides the most widely recognised accounting standards for greenhouse gas emissions, and it categorises GHG emissions into three 'Scopes'. Scope 3 includes all indirect emissions that occur in the upstream and downstream activities of an organisation.

The GHG Protocol's Corporate Value Chain (Scope 3) Standard identifies 15 categories, including purchased goods and services, business travel, employee commuting, waste disposal, use of sold products, up and downstream transportation and distribution, investments and leased assets and franchises.



# Key Categories

The results of our 2023 Scope 3 emissions study were in line with our industry, with Scope 3 accounting for 97.7% of our total emissions (Scope 1, 2 and 3). The largest contributor to our Scope 3 emissions by far, at 86%, is emissions associated with our purchased goods and services, which represent emissions along the whole supply chain – from mining raw materials, processing of materials, manufacturing of the goods and their transportation to our branches.

The table summarises the approach taken to calculate the emissions for categories contributing at least 1% of the total footprint.

## Category 1: Purchased goods and services

The emissions associated with operational expenditures, goods for resale, and other purchased goods and services are determined using a spend-based approach. This involves using a cradle-to-gate emission factor, which is then adjusted for factors like currency, inflation, and interbranch transfers. While the spend-based methods recognised under the GHG protocol, it may not be as precise as using supplier-specific emission factors.

## Category 11: Use of sold goods

Category 11 includes emissions from products sold by SIG that consume energy when our customers use the products. Energy consumption is estimated based on the expected lifetime of these products.

## Category 12: End of life emissions from sold goods

Category 12 includes the end-of-life treatment of construction materials and packaging. It is assumed that all non-packaging waste is treated as construction waste. We use the appropriate emission factor from the UK government.



86.2%

### Purchased goods and services

Emissions from the production of goods and services purchased or acquired by SIG



3.8%

### Use of sold products

Emissions from the use of goods and services sold by SIG



3.3%

### End of life treatment of sold products

Emissions from the disposal and treatment of goods sold by SIG, at the end of their life

6.7%

### Other

All other scope 3 categories as defined by the GHG Protocol

