

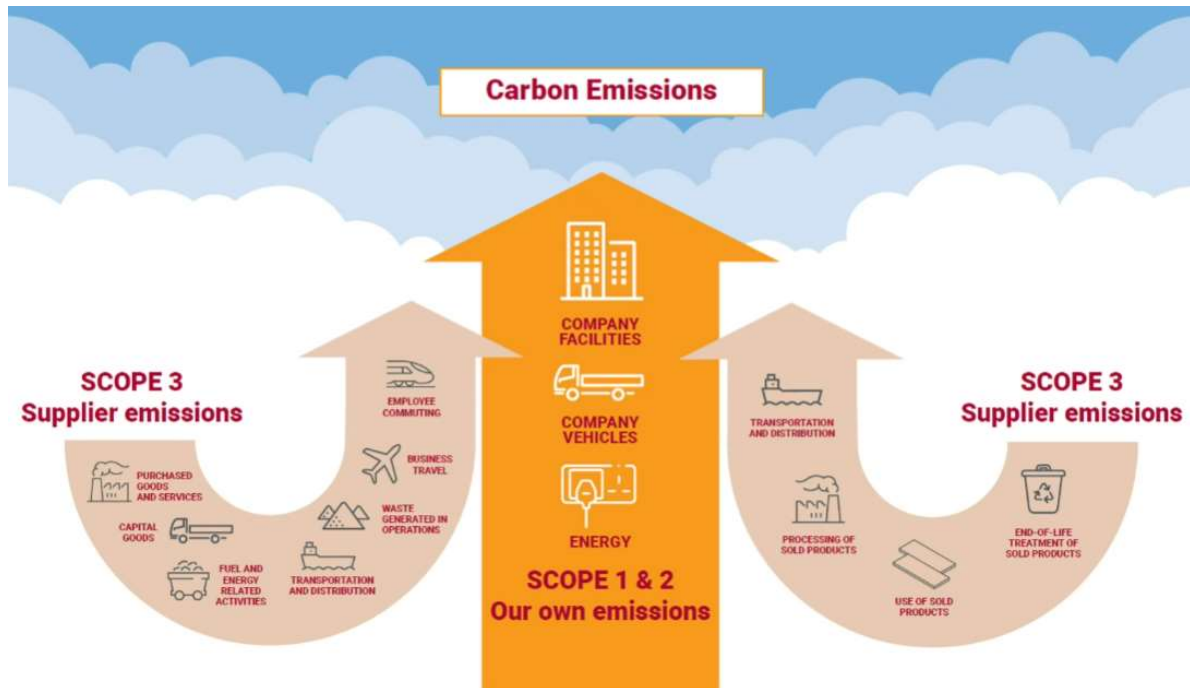
Basis for Reporting Guide

Background

As part of our commitment to disclosing our climate-related financial information according to the Task Force on Climate-related Financial Disclosures (TCFD) and Climate-related Financial Disclosures (CFD), we report our ESG data in our Annual Report & Accounts. This Basis for Reporting Guide accompanies our disclosures and gives more information on scope, methodology, data collection and exclusions (if appropriate).

Contents

This second iteration of the guide contains information about our Scope 1, 2 and 3 greenhouse gas (GHG) emissions. It is our intention to evolve this to include more metrics in the future.



Restatements of information

The expectation is that all Marshalls data is reported accurately, completely and in a timely manner. However, there are complexities within some of the data collection processes. Estimates and assumptions are made, and there can be instances where reported data has to be restated. Restatements to data reported may be due to improved quality of available data, errors, or change in data collection processes. Marshalls will make restatements of information within a 5% accuracy boundary either side and will comment with explanation.

Introduction

Marshalls has a mandatory duty to report annual GHG emissions under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. We use The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition) and the latest Department for Energy Security and Net Zero published conversion factors to measure GHG emissions.

In accordance with the Streamlined Energy and Carbon Reporting (SECR) framework, we report annual Scope 1 and 2 GHG emissions, energy use (including self-generated energy from renewables), a five-year trend disclosure of data, intensity ratios for both emissions and energy, details of methodology used and information on energy reduction activities. We also voluntarily report our Scope 3 emissions for all relevant categories.

Marshalls' approach to the Energy Savings Opportunity Scheme (ESOS) legislation is to submit an assessment every four years, which calculates our total energy consumption across our buildings, processes and transport. This assessment also helps to identify our areas of significant energy consumption and calculates our energy intensity ratios for each of the areas listed above.

Through a combination of direct site observations and supplier-based observations, we identify and categorise opportunities which save energy and achieve carbon and cost savings. As part of our compliance with ESOS, Marshalls tracks identified and completed opportunities and reports these as Action Plans and Annual Progress Reports. Our ESOS assessment is verified by a certified ESOS lead assessor prior to submission every four years.

This document sets out how Marshalls prepares its reporting for Scope 1, Scope 2 (location-based), Scope 2 (market-based) and Scope 3 GHG emissions. For our 2025 reporting, Marshalls has for the first time used a carbon accounting software platform, Envizi, to help collate, calculate and report our GHG emissions.

Data collection – Scope 1 and 2

In building Marshalls' Scope 1 and 2 carbon emissions footprint, internal carbon reporting procedures are followed to capture and collate data. Data is collected across the business and aggregated within our new platform to provide a group-wide carbon footprint. All underlying data is collated using consistent methods of collection.

Using an ERP system, data is captured from invoices, manual readings from sites and automated meter readings. The system has been further developed to now include statement lines for supplier-specific verified data as opposed to invoices for all Marshalls sites. This covers data for all utilities and fuels, solar, production and water to enable a streamlined connection with our new data platform. Queries are raised with suppliers to address any billing queries and with sites to understand any consumption anomalies.

Marshalls' approach is to use actual data where it is practical and feasible to do so. In some instances, it may be necessary to use estimated data or extrapolated data that is based on data from other parts of the business or industry benchmarks. For example, we use estimates or averages where we do not have access to metered or invoiced data within the period.

To further improve our measurement of our liquid fuel use (diesel/LPG/kerosene), Marshalls introduced an annual stock take exercise. Firstly, all sites are asked to confirm the fuel tank set up on site by mid-December each year. Then sites are asked to record fuel tank level reading on the first working day of the new year. This ensures that any remaining fuel in the tank are appropriately logged and carried over into the next reporting year.

GHG emissions conversion factors

GHG emissions are calculated using current and publicly available emissions conversion factors to enable conversion of kWh or litres of fuel into carbon (tCO₂e). Our new platform automatically manages emissions factors and uses the latest Department for Energy Security and Net Zero published conversion factors to measure GHG emissions.

For Scope 2 market-based methodology, carbon emissions are determined by contractual engagements which Marshalls has purchased or entered into such as Renewable Energy Guarantees of Origin (REGO), power purchasing agreements and utility contracts which stipulate renewable supply tariffs. Any recorded consumption covered by one of these engagements means a GHG emission factor of zero.

There is a period for which electricity purchased on a renewable tariff cannot be evidenced as REGO-backed, because the REGO and Marshalls reporting periods do not align; therefore REGO certificates allocated in a given year may not cover all electricity consumption within that reporting period. In this instance, a reasonable assumption is made for those months of consumption, that the electricity consumed is on a renewable tariff, as it is within the same contract period. Where REGO certifications are unavailable at the date of reporting, but the corresponding supplier contractual commitment is for 100% of the supply to be REGO-backed, the relevant usage is reported as REGO-backed.

Data collection – Scope 3

For Scope 3 Marshalls uses a range of data sources including:

- Individual supplier volumes
- Primary in-house logistics data
- Secondary data
- In-house customer collection data
- In-house value chain data

We also use a range of emissions calculation methodologies, as appropriate:

- Supplier-specific method
- Supplier-specific hybrid method
- Spend-based method
- Average data method
- Distance-based method
- Asset-specific method

Scope of reporting

Marshalls discloses its Scope 1, 2 and 3 emissions annually for the whole of the Marshalls Group and its subsidiaries and applies the operational control methodology as set out in the Greenhouse Gas Protocol.

Carbon emissions reporting is aligned with the Group's financial reporting year, 1 January to 31 December.

Any newly acquired businesses are included in reporting as soon as is appropriate and we will explain our plans and timescales in our reporting. Data from disposed businesses are included as appropriate and we will explain any exclusions from reporting.

The baseline year is 2018 and this has been approved by the Science Based Targets initiative (SBTi).

Reporting standards

Marshalls' reporting disclosures follow the Greenhouse Gas Protocol, the UK's SECR framework, TCFD and CFD disclosure requirements, and voluntary reporting.

- Scope 1 refers to fuel usage, including diesel, petrol, liquefied petroleum gas (LPG), heating oil, kerosene and natural gas, and is measured through invoices and site tank meter readings. This scope also includes process emissions captured under UK Emissions Trading Scheme (ETS) reporting.
- Scope 2 refers to indirect emissions which is purchased electricity. Marshalls reports Scope 2 emissions as market-based (using supplier emission factors) and location-based (using Government emissions factors).
- Scope 3 is reported for the following categories
 - Category 1a: Purchased goods and services (product)
 - Category 1b: Purchased goods and services (non-product)
 - Category 2: Capital goods
 - Category 3: Fuel and energy related activities
 - Category 4: Upstream transportation and distribution
 - Category 5: Waste generated in operations
 - Category 6: Business travel
 - Category 7: Employee commuting
 - Category 9: Downstream transportation and distribution
 - Category 11: Use of sold products
 - Category 12: End-of-life treatment of sold products
 - Category 13: Downstream leased assets

The following omitted categories are deemed not relevant or de minimis:

- Category 8: Upstream leased assets
- Category 10: Processing of sold products
- Category 14: Franchises
- Category 15: Investments

Past reporting

In 2025 (for 2024 data), we reported Scope 1, 2 and 3 emissions for the enlarged Group for the first time. In order to ensure we were able to give a meaningful year on year comparison, the data we reported was adjusted to reflect the acquisition of Marley and the move of our logistics from Scope 1 to Scope 3 (following the Wincanton outsourcing implemented in the first half of 2024).

Cautionary statement

Any data reported relating to Scope 1, 2 and 3 actual GHG emissions is correct at time of publication and the basis for reporting is outlined in this document. The quantification and reporting of Marshalls' Scope 1 and 2 data, as well as waste and water consumption data, is independently verified annually by BSI. The verification activity is carried out in accordance with ISO 14016:2020. Any science-based targets published have been approved by the SBTi.

Any other metrics and targets are subject to change, given the uncertainty relating to climate change and any potential changes in business activity such as acquisitions.

Methodologies for calculating Scope 3 emissions can be partly based on estimations and assumptions, which can vary.

Any statements relating to climate-related risks and opportunities may rely on estimates, judgements and assumptions about climate change, climate change scenarios, local and/or global policies, and technologies that are not certain or known at time of reporting.