SMS Leading the smart energy revolution

Basis of reporting

SMS 2024 Greenhouse Gas Emissions Data

Written by: Caitlin Scarfi, ESG & Sustainability Manager

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SMS Sustainability Department:

Caitlin Scarfi
ESG & Sustainability Manager

Charlotte Gregory
Head of Sustainability

1. Introduction

To comply with the Streamlined Energy and Carbon Reporting (SECR) regulations, all UK quoted companies are required to report on their global energy use and greenhouse gas emissions in their annual Directors' Report. This document details the methodology used to collate and calculate this, and additional voluntary data, which is disclosed in our 2024 Sustainability Report.

The scope of our environmental reporting covers our most material datasets as defined in our Materiality Assessment. The materiality of emissions resulting from owned and controlled sources (scope 1 and 2) emissions resulting from activities across our value chain (scope 3) is dependent on the following factors:

- Minimum requirement of SECR regulations
- Availability and quality of data, emissions factors, and calculation methodologies
- Magnitude of emissions
- Scope of influence
- Risk exposure
- Significance for our stakeholders

1.1. Changes since last reporting year

Notable changes since last years reporting are as follows;

- 2023: There is no longer any scope 1 burning oil present in the SMS estate
- 2023: The properties; Oaktree and Merlin have been off-leased and removed from the SMS estate
- 2024: There has been the addition of 2 new battery sites; Berkeley and North Tawnton
- 2024: We now have data available for Scope 3 Business travel by rail and air.

2. Greenhouse Gas Emissions Reporting

2.1. Definition

We report GHG emissions across four areas:

1. Scope 1: Direct GHG emissions from operational activities, including burning fossil fuels at our offices, warehouses and training centres, fugitive gas emissions from air conditioning systems, and use of petrol and diesel fuel to power our fleet.
2. Scope 2 Location Based (UK Grid Average): Indirect GHG emissions from the consumption of purchased electricity.
3. Scope 2 Market Based (accounting for purchased electricity generated from renewable energy): Indirect GHG emissions from the consumption of purchased electricity, where purchase of renewable electricity results in zero emissions.
4. Scope 3: Other indirect emissions from our value chain.
5. GHG per £m revenue intensity ratio includes scope 1,2 and 3 emissions. This indicator shows the amount of emissions that are generated to achieve the revenue realised.

2.2. Scope of reporting

Scope 1 and 2 GHG reporting covers 12-month calendar year and includes all operational sites that are considered material, found in Appendix 1.

Scope 3 GHG emissions data covers 12-month calendar year and includes emissions generated within our value chain from operational impacts considered to be material to our environmental footprint, as per the factors listed in section 1.

2.3. Materiality

We have set a materiality threshold of 1%, this applied across combined scope 1 and 2 emissions, and total scope 3 emissions as per process specified below. Applying materiality thresholds enables prioritisation and supports the addressing of significant aspects alongside communicating and allocating resources efficiently.

Materiality for reported emissions has been calculated by:

1. Aggregating all available sources of business emissions in year:

Scope 1	**Scope 2**	**Scope 3**
Petrol	Building Elec	Water supply
Diesel	Battery Elec	Diesel upstream WTT
Gas	EV Fleet Veh	Petrol upstream WTT
F-Gas		Gas WTT
		T&D distribution
		Generation of sold electric
		Waste
		Water treatment
		Veh business travel
		Employee tele working
		Leased buildings

2. Including all mandatory Streamlined Energy and Carbon Reporting (SECR) emissions included across scope 1, 2 and 3.

3. Setting a materiality threshold of 1% of total Scope 1 & 2 emissions, and applying this to scope 1 and 2 emissions sources.
4. Setting a materiality threshold of 1% of total Scope 3 emissions, and applying this to scope 3 emissions sources

2.4. Data inventory, calculation methodology, source, and exclusions

Scope 1

Fleet

Methodology
These are company owned vehicles. GHG emissions generated from fleet vehicles are calculated by converting the amount of diesel or petrol purchased (litres) to kgCO2e using the 2023 DESNZ conversion factors (a link to this source is included in Appendix 2) .

Source of Data
SMS' engineering workforce purchase diesel and petrol using fuel cards. The fuel vendors reporting platform is used to generate monthly transaction reports, which include the amount and type of fuel purchased.

Exclusions
Fuel purchased with personal cards and recharged are excluded from emission calculations if the amount of fuel purchased does not breach the threshold of 1% of total fuel purchased. Fuel purchased for vehicles that operate under the salary sacrifice scheme are also excluded as these are employee-owned vehicles and are captured under Scope 3 business travel.

Natural Gas

Methodology
Natural gas is used for heating six of our properties. Carbon emissions resulting from the combustion of natural gas are calculated by converting the amount of natural gas energy consumed (kWh) to kgCO_2e using the DESNZ conversion factors.

Source of Data
Gas consumption data is captured from invoices and from half hourly (HH) meters. We are able to analyse HH meter reads on our energy management platform, Smart Vision Pro. This platform gives us the capability to inspect consumption patterns, track KPIs and identify energy exceedances. Invoice data is validated using a bill validation software, Systems Link. Where data is not available, we estimate the consumption by extrapolating data of previous known periods of consumption. Benchmarks used in the extrapolation process include kWh/day and kWh/m².

Exclusions
No data has been excluded from the calculation.

Refrigerant Gas

Methodology
Refrigerants are used within mechanical cooling systems which serve office spaces and server rooms across eight of our sites. Refrigerant emissions are calculated from the amount of fugitive gas lost to the atmosphere each year. These are converted to emissions based on the Global Warming Potential (GWP) of the gas.

Source of Data
Gas leakage (kg) is recorded on annual maintenance reports. Where this information is not available, we estimate based on the annual leakage rate, following the methodology stated in the HM Government (2019) Environmental Reporting Guidelines: including Streamlined Energy and Carbon Reporting guidance.

Exclusions
No data has been excluded from the calculation.

Scope 2 (Location and Market Based)

Electricity

Location Based Methodology
Electricity is consumed in properties leased or owned by SMS and battery sites operated by SMS. Emissions are calculated by converting the total amount of electrical energy consumed within properties and the net amount of electrical energy consumed by the battery sites (kWh) to kgCO2e. The grid average DESNZ conversion factor for electricity is used to calculate indirect emissions generated from SMS properties and battery sites.

Market Based Methodology
Market based emissions consider the purchase of electricity from renewable energy contracts. Electricity consumption at sites with REGO electricity contracts amount to zero emissions, whist the emissions for non-REGO sites are calculated using residual grid mix factor published by the AIB (link to source included in Appendix 2).

Source of Data
Consumption data for electricity is captured from invoices and meters in the form of HH, Automated Meter Reading (AMR) and manual meter reads. We are able to analyse HH meter reads on our energy management platform, Smart Vision Pro. This platform gives us the capability to inspect consumption patterns, track KPIs and identify energy exceedances. Invoice data is validated using a bill validation software, Systems Link. In some instances, SMS only occupies an area of a building and if sub metering is not available, SMS is apportioned a percentage of the total consumption based on the percentage of the total floor area occupied. Where data is not available, we estimate consumption by extrapolating data of previous known periods of consumption. Benchmarks used in the extrapolation process include kWh/day and kWh/m^2.

Exclusions
No data has been excluded from the calculation

Scope 3

Water (Purchased Goods and Services)

Methodology
Water is consumed for sanitation services at properties used and controlled by SMS. Emissions for the supply and treatment of water are calculated by converting the amount of water consumed (m^3) to $kgCO_2e$ using a DESNZ conversion factor.

Source of Data
Data for water consumption is captured from water invoices. Invoice data is validated using a bill validation software, Systems Link. Where data is not available, we estimate consumption by extrapolating data of previous known periods of consumption or we use actual data from a similar site to provide an estimate of water consumption. Benchmarks used in the extrapolation process include m^3/floor area and m^3/day.

Exclusions
No data has been excluded from the calculation.

Upstream emissions of purchased fuels (Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2)

Methodology

Energy and fuel related activities not covered in scope 1 & 2 emissions include the emissions related to the extraction, production, and transportation of fuels consumed by the reporting company. Well to tank (WTT) emissions are disclosed for the following fuels reported under scope 1:

- Natural Gas
- Diesel consumed by fleet
- Petrol consumed by fleet

WTT emissions are calculated by converting the amount of fuel consumed to $kgCO_2e$ using the relevant DESNZ conversion factors.

Source of Data

Data on the fuel consumed by the fleet is captured in monthly fuel vendor transactions reports. Data for the consumption of natural gas at our sites comes from HH metered data or monthly invoice data. Business travel is taken from employee expense reports. Where data is not available, we estimate consumption by extrapolating data of previous known periods of consumption.

Exclusions

Fuel purchased with personal cards and recharged are excluded if the amount of fuel purchased does not breach the threshold of 1% of fuel purchased.

Transmission and distribution (T&D) losses (Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2)

Methodology

Emissions associated with electricity grid losses are not included in scope 2 and are therefore disclosed under scope 3 transmission and distribution losses. We report the emissions associated with energy losses by taking the total amount of electricity consumed by our sites and the net consumption of electricity of our battery sites and covert to emissions using the T&D emission factor.

Source of Data

Consumption data for electricity is captured from invoices and meters in the form of HH, Automated Meter Reading (AMR) and manual meter reads. In some instances, SMS only occupies an area of a building and if sub metering is not available SMS is apportioned a percentage of the total consumption based on the percentage of the total floor area occupied. Where data is not available, we estimate consumption by extrapolating data of previous known periods of consumption. Benchmarks used in the extrapolation process include kWh/day and kWh/m^2. Exclusions

No data has been excluded from the calculation.

Generation of purchased electricity that is sold to end users (Exported Electricity)

Methodology
Emissions associated with the electricity that is exported from our battery energy storage sites and sold to end users are disclosed under scope 3. Emissions are calculated by subtracting the net electricity from the total supplied electricity, to give the total energy sold from the battery sites (kWh), which is then converted to kgCO2e. The grid average DESNZ conversion factor for electricity is used to calculate indirect emissions generated from sold electricity.

Source of Data
Export data is captured from meters in the form of HH reads.

Exclusions
No data has been excluded from the calculation.

Waste

Methodology
Waste is generated across all our sites and includes general, recycling, WEEE, confidential paper, metals, and sanitary waste. Emissions are calculated based on the amount of waste collected and the disposal method specified by waste suppliers. The amount of waste disposed is converted to kgCO2e using the DESNZ conversion factors.

Source of Data
Waste data is taken from supplier waste reports. Where data is not available, we estimate the amount of waste generated by extrapolating the data of a similar site with actual data. The benchmark used in the extrapolation process is kg/m².

Exclusions
No data has been excluded from the calculation.

Business Travel

Methodology
Journeys that are made by SMS employees in vehicles which are not owned or controlled by SMS, and are not for commuting purposes, are categorised as Business Travel. These vehicles are either owned by the employee and the employee claims a personal allowance per mile travelled, or these are hire vehicles and employees claim back the cost of purchasing fuel. Emissions from business travel are calculated using three data points:

- Mileage recorded on an expense report (miles)
- the amount expensed for fuel purchases (£)
- the amount expensed using the SMS personal allowance for distance travelled (£)

In 2024 we were able to access air and rail travel emissions. The data for this is pulled from the travel booking system CTM UK.

Assumptions:

- Vehicle type is estimated as 50% diesel and 50% petrol
- Vehicle size is assumed as average
- The ppL cost is estimated using the monthly average for Diesel and Petrol (source: DESNZ Energy Prices Road Fuels and Other Petroleum Products Report)
- The personal allowance is forty-five pence per mile

Source of Data
Data is exported from expense reports.

Teleworking

Methodology
Emissions associated with the energy used by employees working from home to power office equipment and space heating. This is calculated by estimating the number of full-time working hours worked from home within the reporting year and is converted to kgCO2e using a DESNZ conversion factor. The number of hours worked from home is calculated by using the number of full time and part time office-based employees employed by SMS at the end of the reporting year, and the number of days per week they were instructed to work from the office.

Assumptions:

- Part time employees are contracted to work 7.5 hours a day and 3 days per week.
- Full time employees are contracted to work 7.5 hours a day and 5 days per week.
- In 2024 full time employees worked 3 days a week and part time employees worked 2 days a week from home.
- All employees registered as home based are calculated to be 100% WFH

Source of Data
The number of full-time employees and part time employees were provided by the HR department.

Exclusions
Field based employees have been excluded from this calculation as they are not expected to work from home.

Leased Assets

Methodology
Emissions associated with the energy use and f-gas losses from office spaces leased by SMS. In the absence of reported data, this is estimated by extrapolating the data of a similar site. Benchmarks used in the extrapolation process include kWh/m² and kWh/day, and kg/m² and kg/day.

Source of Data
Source data includes floor area of the leased site and the number of days leased.

Exclusions
No data has been excluded from the calculation.

2.5. External standards and guidance

SMS use the following external standards and guidance to report greenhouse gas emissions:

- Greenhouse Gas Protocol Corporate Accounting and Reporting Standard
- HM Government (2019) Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance.

3. Operational Energy Consumption

3.1. Definition

Operational energy consumption includes:

- Electricity consumed within properties occupied by SMS
- Net electricity consumption by BESS operated by SMS
- Fuels consumed specifically to provide operational sites or assets with power or heat. These include diesel, petrol and natural gas.

These are converted into a common unit of energy use; kilowatt-hours (kWh) or megawatt-hours (MWh) using DESNZ conversion factors.

3.2. Scope of reporting

Operational energy consumption covers 12-month calendar year and includes all operational sites considered as material. These include office, warehouse, training centres and battery sites.

3.3. Data inventory

- Electricity
- Natural Gas
- Petrol
- Diesel

4. Criteria for re-stating and re-baselining

We will restate data previously reported if an error has been identified or if more accurate data becomes available which results in a material difference. The difference is material if the amendment alters the originally reported figure by five percentage points or more.

5. Appendix

1. Buildings and battery sites considered material to SMS's environmental reporting

Material to Scope 1, 2 and 3	
• Floor 2 and 3, 48 St Vincent Street, Glasgow	• Office
• Prennau House, Cardiff	• Office
• Trydan House, Cardiff	• Office
• Stadium House, Bolton	• Office
• Swan Mill, Bolton	• Training Centre
• Hoyland, Barnsley	• Warehouse
• Floor 3 Icon Centre, Doncaster	• Office
• Bullrush	• Office and warehouse
• Lynx, Newmarket	• Office
• Burwell 1	• Battery Energy Storage Site
• Barnsley	• Battery Energy Storage Site
• Brook Farm	• Battery Energy Storage Site
• Newtonwood	• Battery Energy Storage Site
• Brentwood	• Battery Energy Storage Site
• Berkeley	• Battery Energy Storage Site
• North Tawton	• Battery Energy Storage Site
Material to Scope 3 only	
• Theale	• Office
• Evergreen	• Office

2. 2023 Green House Gas Conversion Factors

- Department for Energy Security and Net Zero (DESNZ) - The 2024 Conversion Factors: full set. Greenhouse gas reporting: conversion factors 2024 - GOV.UK
- AIB Residual Mix - Ref: Table 2: Residual mix from AIB Fuel Mix Disclosure 2023. European Residual Mixes 2020

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For more information, please contact:

Charlotte Gregory
Head of Sustainability
E: Charlotte.Gregory@smsenergy.com

www.sms-plc.com