

Basis of Preparation

1 January – 31 December 2025

Sustainability Metrics and Methodologies

1. Purpose of this document

This document sets out the methodologies, assumptions, definitions and reporting boundaries used in the preparation of Bodycote's sustainability metrics and disclosures.

It is intended to support transparency and comparability of sustainability data for investors, customers, ESG ratings agencies and other stakeholders.

This document should be read alongside Bodycote's Sustainability Report and ESG Supplement, which provide narrative context on the Group's strategy, governance and sustainability performance.

2. Reporting frameworks and standards

We continue to strengthen our reporting using recognised international sustainability reporting frameworks such as GRI, SASB, ESG ratings methodologies and, increasingly, the European Sustainability Reporting Standards (ESRS) to guide the preparation and presentation of our disclosures.

The Group continues to monitor developments in global sustainability reporting frameworks and regulatory requirements and we will adapt disclosures as appropriate.

Greenhouse gas emissions are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard and external assurance is conducted in accordance with ISO 14064-3:2019.

3. Reporting boundary

Unless otherwise stated, sustainability data is reported using an operational control approach, consistent with the methodology used for greenhouse gas emissions reporting under the GHG Protocol.

The reporting boundary therefore includes:

- operational facilities
- assets under Bodycote's operational control (e.g., vehicles)

Where reporting boundaries differ for specific metrics (for example UK statutory carbon reporting requirements under SECR), these differences are explained in the relevant disclosure.

4. Reporting period

Unless otherwise stated:

- Sustainability metrics cover the period 1 January to 31 December 2025
- Comparative data is provided for previous reporting periods where available

Environmental metrics are collected monthly at site level for internal insight and management purposes and consolidated annually for external reporting purposes.

5. Organisational changes

Where acquisitions, disposals or structural changes materially affect the reporting boundary, data may be restated and rebaselined to maintain comparability between reporting periods.

Historical data may be adjusted where:

- newly acquired entities are incorporated into the reporting boundary
- sites are divested or closed
- improved data availability or methodological updates leads to refinement of previously reported figures

Where material restatements occur, these are disclosed in the relevant sections of the Sustainability Report.

The assessment of whether historical data should be recalculated occurs once a year, prior to the consolidation and reporting of environmental performance data. .

Bodycote has selected a cut-off date of 31 March each year. Emissions relating to all potential trigger events that occur in the 12 months prior to the cut-off date are calculated.

Target base year emissions are recalculated when any trigger event occurs. There is no minimum threshold that would need to be met. For example, that would mean Bodycote would recalculate base year emissions in the event of any acquisition, regardless of the size.

All other years (years excluding the base year) must be recalculated if trigger events meet a significance threshold of 5%; i.e. any change or cumulative changes in emissions that are collectively equal to or greater than 5%, either positively or negatively. Bodycote may also, at its discretion, consider recalculating emissions following trigger events even if this threshold is not met, to ensure meaningful comparison/presentation of emissions over time. This is assessed on a case-by-case basis.

6. Data collection and management systems

Environmental, health and safety data is captured through Bodycote's Groupwide Environmental, Health and Safety (EHS) information management platform, which provides a centralised system for monitoring environmental and safety performance across the Group.

Data collection is supported by:

- site-level reporting processes
- metered utility data
- supplier invoices
- operational monitoring systems
- internal validation procedures.

Data is reported by operational sites on a monthly basis and consolidated centrally.

The Group Sustainability team reviews reported data for completeness, consistency and methodological alignment.

7. Internal controls and governance

Sustainability-related matters are integral to Bodycote's business model and strategy. The Board oversees the management of sustainability-related issues as well as their integration into corporate strategy. For more information on our governance framework for climate and sustainability topics, please see page 71 of our 2025 Annual Report.

8. Data estimation and hierarchy

Bodycote prioritises the use of primary measured data wherever possible.

Where direct measurement is not available, data may be estimated using recognised methodologies. Estimation methodologies are applied consistently across reporting periods where possible.

The Group applies the following hierarchy for sustainability data:

1. Direct measurement (metered data or verified operational data)
2. Supplier-reported data
3. Calculated estimates using activity data and emission factors
4. Industry average emission factors
5. Spend-based data

9. External assurance

Bodycote obtains independent third-party assurance over selected environmental metrics. For the reporting period, the following have been independently assured:

- Scope 1, Scope 2, and Scope 3 greenhouse gas emissions
- Energy consumption data

Assurance is conducted in accordance with the ISO 14064-3:2019 standard and has been carried out for Scope 1 and Scope 2 data for the last three reporting years (2023, 2024, and 2025), and Scope 3 data for the last two reporting years (2024, 2025). See www.bodycote.com for the assurance statements.

10. Greenhouse gas accounting methodology

Bodycote reports greenhouse gas (GHG) emissions using operational control approach. Emissions are categorised and reported as:

- Scope 1: Direct emissions from owned or controlled sources
- Scope 2: Indirect emissions from the generation of purchased electricity, heat, steam or cooling consumed by the Group
- Scope 3: Other indirect emissions occurring across the value chain

Emissions are reported in tonnes or kilotonnes of carbon dioxide equivalent (CO₂e).

Bodycote's emissions calculation methodology is based on well-established international frameworks such as the UK Government Environmental Reporting Guidelines and the WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard.

Greenhouse gas emissions are calculated using global warming potential (GWP) factors from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5).

11. Scope 3 emissions

For the period FY2019–FY2022, the Group used the spend-based method for the calculation of estimated Scope 3 emissions.

In 2023, we revised our methodology and adopted an activity-based approach to calculate emissions associated with process gas use in Scope 3 Category 1 (purchased goods and services), as well as for Scope 3 Category 3 (fuel- and energy-related activities) and Scope 3 Category 7 (employee commuting), to improve the accuracy of emissions calculations.

Independent third-party assurance of the Group's Scope 3 emissions data commenced in 2024, with FY2024 and 2025 Scope 3 emissions data now externally verified.

In 2025, we adopted Eurostat emission factors and have restated prior year data where necessary to ensure comparability across reporting periods.

Further details of the Group's greenhouse gas emissions calculation methodology are available at:

[Emissions-Calculation-Methodology.pdf](#)

12. Emissions factors and global warming potentials

Emission factors used in greenhouse gas calculations are sourced from recognised public datasets.

These include:

- UK DEFRA emission factors
- IEA electricity emissions factors
- US EPA emission factors
- IPCC AR5 GWP factors
- Eurostat Greenhouse Gas Emission Footprints (CO₂ equivalent) dataset based on the FIGARO application.
- IPCC Guidelines for National Greenhouse Gas Inventories
- Ecoinvent database
- Other internationally recognised sources where appropriate.

Emission factors are updated periodically when new datasets become available.

13. Emissions intensity

Emissions intensity is calculated as total tonnes CO₂e divided by Group revenue (£ million) and is presented for both normalised and non-normalised currency rates.

14. Energy consumption

Energy consumption includes electricity, natural gas and fuels used in Bodycote's operations.

Energy use is measured in kilowatt-hours (kWh) and is calculated using:

- site-level energy meter data
- utility invoices
- fuel purchase records.

Total energy consumption includes:

- electricity
- natural gas
- LPG
- fuel oil
- diesel
- petrol.

15. Energy intensity

Energy intensity is calculated as:

Total energy consumption (kWh) / Group revenue (£ million)

This metric enables the Group to track energy performance relative to business growth. Revenue is presented on a non-normalised basis.

16. Renewable energy

Renewable electricity includes electricity sourced from:

- renewable electricity tariffs
- on-site renewable energy generation (such as solar installations).

The renewable electricity share is calculated as:

Renewable electricity consumption / total electricity consumption

17. Water withdrawal and consumption

Water withdrawal comprises water sourced from municipal suppliers for operational processes.

Water data is based on:

- water meters
- supplier billing data
- site-level estimates where direct measurement is not available.

Water intensity is calculated as:

Total water withdrawal (m3) / Group revenue (£m)

The calculation uses revenue as the denominator on a non-normalised basis.

18. Waste generation

Waste data includes both:

- hazardous waste
- non-hazardous waste.

Waste quantities are reported in **tonnes** and are based on:

- waste contractor records

- site-level waste tracking systems.

Waste classification follows local regulatory definitions.

19. Waste intensity

Waste intensity is calculated as:

$$\text{Total waste generated (tonnes) / Group revenue (£m)}$$

The calculation uses revenue as the denominator on a non-normalised basis.

20 Health and safety metrics

Health and safety performance is monitored using both leading and lagging indicators. All H&S metrics cover both employees and contractors working under our operational control.

21. Total Recordable Incident Rate (TRIR)

TRIR is calculated as:

$$(\text{Total recordable incidents} \times 200,000) / \text{total hours worked}$$

A total recordable incident is defined as any lost time incident (>1 day or shift, not including the day of the accident); any restricted work case (where the injured person was placed on restricted duties); or any medical treatment case (where the injured person received treatment above and beyond first aid).

22. Lost Time Injury Rate (LTIR)

LTIR is calculated as:

$$(\text{Lost time injuries} \times 200,000) / \text{total hours worked}$$

A lost time injury is defined as a work-related injury or illness resulting in at least one full day away from work.

23. Safety Cards performance

Safety Cards provide a mechanism for employees, contractors and visitors to report identification of potential hazards or diversions from correct practices and procedures, which, if ignored, could lead to a near miss or incident. Safety cards are recorded as the total number raised; numbers are collected on a monthly basis.

24. Job Safety Analysis (JSA)

A JSA is a formal process to identify the hazards of specific tasks, in order to reduce the risk of injury to workers. It involves breaking down the steps of performing a job, identifying hazards at each step, and creating controls to keep workers safe while performing that task. Sites are expected to complete all JSAs and completion is calculated as:

$$\text{Average JSA completion (\%)} \text{ across each site / number of sites}$$

25. Gemba Walks

Gemba walks involve managers and supervisors visiting work areas to observe processes, engage with employees, and identify safety risks, to enhance risk awareness and strengthen workplace relationships. This is reported as number of Gemba walks and is recorded on a monthly basis.

26. Workforce metrics

Bodycote reports workforce metrics to provide transparency on the size and composition of its global workforce.

Employee data is based on information recorded in the Group's human resources information systems and reflects headcount data and employees directly employed by the Group, including full-time, part-time, permanent and temporary employees.

Unless otherwise stated, workforce metrics are reported as of 31 December of the reporting year.

Contractors and agency workers are excluded from headcount metrics unless otherwise specified.

27. Employee characteristics and diversity

Bodycote reports workforce diversity metrics to provide insight into the composition of its workforce and leadership.

Reported employee characteristics may include:

- gender
- employment type (full-time or part-time)
- job category (for example management or non-management roles)

Gender diversity metrics are based on employee records maintained in the Group's HR systems.

Leadership diversity metrics typically include representation at:

- Board level
- Executive Committee
- Senior management levels.

These metrics support monitoring of progress against diversity and inclusion objectives.

28. Gender pay gap

Bodycote has voluntarily reported UK gender pay gap data for several years, despite none of our UK entities individually meeting the statutory threshold.

For UK operations, gender pay gap reporting is prepared in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

The gender pay gap represents the difference between the average earnings of male and female employees, expressed as a percentage of male earnings. A negative gender pay gap means that, on average, women are earning more than men (based on an hourly rate).

Gender pay gap metrics are calculated using payroll data for relevant employees in the reporting population for the period April to March, unless otherwise stated. Our full Gender Pay Gap report is on our website www.bodycote.com

29. Employee training and development

Bodycote tracks employee training to support workforce capability development, operational safety and regulatory compliance.

Training data is captured through the Group's learning management system.

Training data currently reflects compliance training and, where reported, training metrics may include:

- average training hours per employee
- training participation rates.

Training hours are typically calculated based on recorded participation in formal training programmes and, where completed, reflect the official course duration time.

Completion rate is calculated as number of completed courses / total mandatory assigned courses.

30. Employee turnover

Employee turnover provides an indicator of workforce stability and employee retention.

Turnover metrics are calculated using HR data for employees who leave the organisation during the reporting period.

Employee turnover is calculated as:

$$\frac{\text{Number of employees (headcount) leaving during the reporting period}}{\text{total number of employees at year end}}$$

The metric is reported separately for both voluntary and involuntary departures.

Turnover calculations exclude agency workers.

31. Avoided emissions

Bodycote has developed a proprietary methodology to estimate avoided emissions enabled through customers outsourcing thermal processing services to the Group.

Avoided emissions are estimated by comparing:

- Emissions from batch IQ heat treatment of customer parts carried out at Bodycote facilities
- Emissions that would occur if the same parts were treated in the customer's own batch IQ furnaces

This comparison is only made for customers that already have in-house batch IQ capability. Customers without any in-house heat-treatment capability are not included in the assessment.

To date, our results have not been verified by a third-party; however, the calculation model that underpins our annual calculation methodology has been independently reviewed by an external

partner (SLR Consulting) and is validated as being aligned to the World Business Council for Sustainable Development (WBSCD) Guidance on Avoided Emissions. Our methodology is available at www.bodycote.com

32. Sustainable revenue

Sustainable revenue reflects the total revenue generated from services supporting sustainable end-use markets such as low-carbon transport or renewable energy, classified using internal framework aligned with recognised green taxonomies, including FTSE Russell Green Revenues Classification System and EU Taxonomy. This is calculated as a percentage of total revenue, presented on a non-normalised basis.

33. Scope 3 emissions targets

- ***To reduce absolute Scope 3 GHG emissions from fuel and energy-related activities by at least 45% by 2030 vs 2019.***

This is reported as emissions from fuel and energy related activities as a percentage change from our 2019 base year. See 'Scope 3 emissions' for more information.

- ***For 30% of suppliers (by emissions) of purchased goods and services to have science-based or other carbon reduction targets by 2030.***

This goal relates to Scope 3, Category 1 (purchased goods and services) and the reported metric reflects the proportion of our supplier-related emissions that come from suppliers with SBTi-validated or SBTi-aligned targets. Because process gases represent the largest share of our spend and associated emissions, the calculation is based on emissions from the purchase of these gases (see Section 10: Greenhouse Gas Accounting Methodology). Emissions for each gas are calculated and normalised to an emission-per-pound-spent value, which are then applied to supplier spend to estimate emissions by supplier. We then assess the SBTi target status of all process-gas suppliers to determine the percentage reported.