Ferguson plc - Climate Change 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Ferguson plc (NYSE: FERG; LSE: FERG) is a leading value-added distributor in North America providing expertise, solutions and products from infrastructure, plumbing and appliances to HVAC, fire, fabrication and more. We exist to make our customers' complex projects simple, successful and sustainable. Ferguson is headquartered in the U.K., with its operations and associates solely focused on North America and managed from Newport News, Virginia. For more information, please visit corporate.ferguson.com or follow us on LinkedIn https://www.linkedin.com/company/ferguson-enterprises.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date
August 1 2021

End date
July 31 2022

Indicate if you are providing emissions data for past reporting years
Yes

Select the number of past reporting years you will be providing Scope 1 emissions data for
2 years

Select the number of past reporting years you will be providing Scope 2 emissions data for
2 years

Select the number of past reporting years you will be providing Scope 3 emissions data for
2 years

C0.3

(C0.3) Select the countries/areas in which you operate.
Canada
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.
USD

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.
Financial control

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, a Ticker symbol	FERG

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Chief Executive Officer (CEO)	Our CEO serves as an Executive Director on the Board and is a member of the Executive Committee. He holds ultimate responsibility in respect to performance on climate-related issues. He communicates on climate-related issues and projects to Ferguson's Board of Directors. An example of an action that our CEO took to advance Ferguson's commitment to climate-related issues was to publicly support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Following the recommendations from TCFD, Ferguson has convened subject matter experts from across the business to examine the specific risks and opportunities to the business posed by climate change. Ferguson began these disclosures in 2018/19 and signed on as a supporter of the TCFD recommendations in 2019/20. Our CEO is also a member of Corporate Executives for Corporate Purpose (CECP), a coalition of leading CEOs committed to building long-term sustainable value.
Chief Financial Officer (CFO)	The sustainability team at Ferguson reports into the Chief Financial Officer. He serves as an Executive Director on the Board and is a member of the Executive Committee (https://www.corporate.ferguson.com/about-us/our-leadership/#executive). The CFO reviews metrics including carbon performance, responds to shareholder inquiries regarding climate change and regularly receives project updates from the sustainability team. He is actively engaged in assessing risk related to climate change and alongside the management-level Finance Committee, approves all capital expenditures.
Board-level committee	Ferguson's Board of Directors (Board) has a vested interest in improving Ferguson's environmental, social, and governance (ESG) performance. The Board and its committees have structured their annual program to receive updates on sustainability progress from our Vice President of ESG, with ESG on scheduled Nominations & Governance Committee agendas. Topics such as reviewing project implementation and performance, progress against targets, and opportunities to integrate sustainability measures into capital expenditures are discussed at scheduled Nominations & Governance Committee meetings. Our corporate governance documents, including Committee charters, can be found on the Corporate Governance page of the Investor tab of our website at corporate.ferguson.com under Governance Documents. The Nominations & Governance Committee is responsible for providing oversight of our ESG disclosure framework, which includes climate-related issues and relevant public disclosures, including our ESG Report.

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Scope of board-level oversight	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Overseeing the setting of corporate targets Monitoring progress towards corporate targets Reviewing and guiding the risk management process	<Not Applicable>	The Board has structured their agenda to receive updates on sustainability progress from our Vice President of ESG with ESG on scheduled Nominations & Governance Committee agendas. Topics such as reviewing project implementation and performance, progress against targets, and opportunities to integrate sustainability measures into capital expenditures are discussed at scheduled Nominations & Governance Committee meetings. The Chief Executive ("CEO") and Chief Financial Officer may recommend additional agenda items for Board consideration as needed. The Board also receives updates on developments in climate-related reporting through the CEO Board Report.

C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues	Primary reason for no board-level competence on climate-related issues	Explain why your organization does not have at least one board member with competence on climate-related issues and any plans to address board-level competence in the future
Row 1	Yes	Directors possess strong and diverse experience that is relevant to the sector in which Ferguson operates and aligns with Ferguson's business strategy. Board members have led companies and been involved in decision making around their carbon reduction goals and projects. Several board members have experience overseeing environmental policy regulation, risk and understanding of best practices.	<Not Applicable>	<Not Applicable>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee
Chief Executive Officer (CEO)

Climate-related responsibilities of this position
Integrating climate-related issues into the strategy
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing value chain engagement on climate-related issues

Coverage of responsibilities
<Not Applicable>

Reporting line
Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
Our CEO holds ultimate responsibility with respect to performance on climate-related issues.

Position or committee
Chief Financial Officer (CFO)

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Managing major capital and/or operational expenditures related to low-carbon products or services (including R&D)
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
CEO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
Our CFO is actively engaged in assessing risk related to climate change and alongside the management-level Finance Committee, approves all capital expenditures above a pre-approved financial threshold.

Position or committee
Other, please specify (Vice President ESG)

Climate-related responsibilities of this position
Managing annual budgets for climate mitigation activities
Integrating climate-related issues into the strategy
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities
Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
Finance - CFO reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
The Board has structured their agenda to receive updates on sustainability progress from our Vice President of ESG with ESG on scheduled Nominations & Governance Committee agendas. Topics such as reviewing project implementation and performance, progress against targets, and opportunities to integrate sustainability measures into capital expenditures are discussed at scheduled Nominations & Governance Committee meetings.

Position or committee
Sustainability committee

Climate-related responsibilities of this position
Conducting climate-related scenario analysis
Setting climate-related corporate targets
Monitoring progress against climate-related corporate targets
Managing value chain engagement on climate-related issues
Assessing climate-related risks and opportunities

Managing climate-related risks and opportunities

Coverage of responsibilities
<Not Applicable>

Reporting line
Corporate Sustainability/CSR reporting line

Frequency of reporting to the board on climate-related issues via this reporting line
More frequently than quarterly

Please explain
The VP of ESG chairs the Environmental, Social & Governance Steering Committee (the "ESG Steering Committee"), a cross-functional committee that includes leaders responsible for the ESG Framework and ESG subject matter experts (SMEs) from across the business. The purpose of the ESG Steering Committee is to assist the Executive Committee in overseeing the company's ESG-related key risks and opportunities, including climate-related risks and opportunities, that may have a significant impact on the company and its ability to sustain trust with associates, customers, suppliers, and the investment community. The ESG Steering Committee supports Ferguson's on-going commitments to ESG and guides the evolution of the company's ESG Framework and priorities.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Our executive compensation framework is built on the principle that executives are only rewarded for delivering strong financial results and that executive pay is aligned with the broader stakeholder experience. Beginning in FY23, Ferguson's executive compensation framework will incorporate ESG considerations that align with the company's sustainability commitments for members of our Executive Committee.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive
Chief Executive Officer (CEO)

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Progress towards a climate-related target

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)
Our executive compensation framework incorporates ESG considerations that align with the company's sustainability commitments for members of our Executive Committee. It is based on an assessment of overall ESG performance.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan
Our management-level Executive Committee members are incentivized to position the company to achieve our carbon reduction targets and climate-related goals.

Entitled to incentive
Chief Financial Officer (CFO)

Type of incentive
Monetary reward

Incentive(s)
Bonus - % of salary

Performance indicator(s)
Progress towards a climate-related target

Incentive plan(s) this incentive is linked to
Short-Term Incentive Plan

Further details of incentive(s)

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	5	Short-term is described as 0-5 years
Medium-term	6	10	Medium-term is described as 6-10 years
Long-term	11	30	Long-term is described as more than 10 years

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Substantive financial or strategic impact when identifying or assessing climate-related risks are defined in the context of time horizon, likelihood, and magnitude of impact. Climate-related risks are assessed as having substantive financial or strategic impact if they could potentially cause financial impacts greater than 5% of our operating profit.

"Substantive" as used in this report is different than the definition in the context of filings with the Securities and Exchange Commission, and issues deemed substantive for purposes of this report may not be considered substantive or material for SEC reporting purposes.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

Annually

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

Ferguson is committed to maintaining an Enterprise Risk Management (ERM) Program that considers and manages opportunities, risks and uncertainties that may impact achievement of Ferguson's strategic objectives. The ERM Program establishes collaborative risk management processes that are designed to proactively identify, assess, mitigate, and monitor business risks and that facilitate the associated reporting about such risks to both internal and external stakeholders. Our Vice President & Deputy General Counsel provides centralized oversight of the ERM program and works with key risk owners across the company.
The Board oversees the ERM Program and receives periodic reports from:
• the Audit Committee on the guidelines and policies that govern the process by which risk assessment and management is undertaken by the Executive Committee, including review of the company's risk appetite and criteria;
• the Executive Committee (or designees) on existing and emerging enterprise risks, including review of the effectiveness of the mitigation and controls; and
• the Chief Legal Officer (or designee) on the ERM Program, including Operational Assurance Statement (OAS) process results.

In addition, the Nominations & Governance Committee is responsible for providing oversight of our ESG disclosure framework and related public disclosures, including our ESG Report.

The primary responsibility for identifying, assessing, and managing risks belongs with Company management. The Vice President of ESG is responsible for daily climate-related issue management, monitoring, and integration into business strategy and operations. Climate-related risks are identified and assessed across short-term, medium-term, and long-term time horizons through the following process:
• Climate-related risks and opportunities, including existing and emerging regulatory requirements, were initially identified by the ESG team based on industry research, advancements in technology, and other sustainability trends.
• Impacts are explored further through interviews and document review with subject matter experts within the Company including Fleet, Facilities, Investor Relations, Legal, Business Continuity and Finance.
• Climate-related risks and opportunities are categorized using the Climate-Related Risks and Opportunities Taxonomy (Section B) as defined by TCFD.
• Each identified climate-related risk is mapped to a Ferguson risk area based on impact to: income before tax, market cap, reputation, dividend payment, strategy, and operations.
• The climate-related risks and opportunities were qualitatively prioritized based on their identified time horizon, probability rating, impact rating, and mitigation status.
• Impacts of the most relevant climate risks and opportunities are further analyzed and quantified through scenario analysis.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	The Company's operations are affected by various statutes, regulations and standards in the countries and markets in which it operates, including the United States and Canada. The amount of such regulation and the penalties for any breaches can vary. While the Company is not engaged in a highly regulated industry, it is subject to the laws governing businesses generally, including laws relating to competition, product safety, data protection, labor and employment practices, accounting and tax standards, international trade, fraud, bribery and corruption, land usage, the environment, health and safety, transportation, payment terms and other matters. We do not currently expect compliance with these laws and regulations to have a material effect on our capital expenditures, results of operations, or competitive position as compared to prior periods.
Emerging regulation	Relevant, always included	In addition, changing laws, regulations and standards relating to corporate governance, ESG matters, and public disclosure are creating uncertainty for public companies in the United States, increasing legal and financial compliance costs and making some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We have invested, and expect to continue to invest, resources to comply with evolving laws, regulations and standards, and this investment may result in increased operating expenses and a diversion of management's time and attention from sales-generating activities to compliance activities. If our efforts to comply with new laws, regulations and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business, financial condition, results of operations and cash flow could be adversely affected.
Technology	Relevant, always included	Ferguson considers climate-related technology risks such as substitution of existing products and services with lower emissions options, and costs to transition to lower emissions technology.
Legal	Relevant, always included	Ferguson considers climate-related policy and legal risks including enhanced emissions reporting obligations, mandates on and regulation of existing products and services, and exposure to litigation. Our legal team monitors new regulations that could impact our business and flags them in the internal risk management process as appropriate. In the US in particular, we monitor the Federal Register and any related alerts from law firms and other third-party resources. The Company ensures our climate-related risk disclosures meet regulatory and shareholders standards and are informed by standards set forth by institutional shareholders. Such disclosures are reviewed thoroughly to reduce exposure to any shareholder litigation risk. With growing public scrutiny on corporate ESG disclosures, we've integrated more with our legal team to ensure consistency across public disclosures. The failure to disclose or manage climate-related risks could result in potential shareholder litigation. However, we continue to strengthen our alignment with our legal team in an effort to mitigate this risk. We also use third-party external assurance services for our Greenhouse Gas Accounting data to ensure our methodologies and controls are appropriate.
Market	Relevant, always included	Ferguson considers climate-related market risks including changing customer behavior, uncertainty in market signals, and increased cost of raw materials. Ferguson is also monitoring the transition market risk associated with a shift in products demanded by consumers to ensure warming is limited below business as usual levels. The gas water heaters, HVAC units, and appliances that Ferguson markets and sells today might be replaced with alternatives in the future such as heat pumps, electric water heaters, and more efficient appliances. As climate change and warmer temperatures continue to impact water availability, we expect to see more consumer demand for water efficient products as well. While the production risk of these new products will be managed by our upstream manufacturing partners, Ferguson still needs to prepare associates to be able to market and sell these new types of products. Ferguson has begun tracking the proportion of sales that come from products with Sustainability certifications in alignment with the Sustainability Accounting Standards Board (SASB).
Reputation	Relevant, always included	Ferguson considers climate-related reputation risks such as shifts in consumer preferences, stigmatization of sector, and increased stakeholder concern or negative stakeholder feedback. Ferguson is exposed to reputational risk if the company is perceived as not effectively addressing issues regarding sustainability and climate change. Additionally, as Millennial and Generation Z individuals comprise more of our workforce and customer base, we may face higher expectations regarding the role of businesses in addressing climate change. Many investment funds focus on positive ESG business practices and sustainability score when making investments and may consider a company's ESG or sustainability scores as a reputational or other factor in making an investment decision. We may face reputational damage in the event our corporate responsibility initiatives or objectives, including with respect to board diversity, do not meet the standards set by our regulators, investors, shareholders, lawmakers, listing exchanges or other constituencies, or if we are unable to achieve an acceptable ESG or sustainability rating from third-party rating services. While the Company is not engaged in a highly-regulated industry, it is subject to laws governing businesses generally, including laws related to land usage, the environment, and transportation. A breach of any legal or regulatory requirement could result in damage to the Company's reputation with our customers and wider stakeholders.
Acute physical	Relevant, always included	The frequency and severity of extreme weather events has increased considerably in recent years. This trend is expected to continue to worsen in the future as the climate continues to warm and could have a significant impact on a multitude of factors impacting Ferguson's business. Ferguson's Corporate Security and Business Continuity Department has plans covering localized disasters causing short-term business disruptions (i.e., natural weather events), nationwide disruptions, and singular incidents which have potential to adversely impact Ferguson's reputation. These plans help Ferguson determine how to react when an event occurs. Widespread interruptions to Ferguson's operations are naturally hedged against through the Company's widespread operational footprint and digital tools.
Chronic physical	Relevant, always included	Even under a low emissions scenario, heat thresholds relevant to health are projected to be exceeded more frequently at high global warming levels. This could have multiple implications for Ferguson including increased energy demand for facility cooling and updating facilities to provide better working conditions for associates. Additionally, during extreme heat events the electricity grid can also be overwhelmed, potentially leading to grid brownouts and blackouts, which could result in significant disruptions to Ferguson's operations. Ferguson has developed a consistent framework to support sustainable design, construction, and operations in support of the Company's goals. These sustainable design standards are applicable to new Market Distribution Centers and medium-scale "business as usual" locations which are typically between 50,000 and 150,000 square feet and include a large portion of warehouse space and with a smaller office space. Some also include a retail counter. The standards are aligned with the LEED and Fitwel programs which promote healthy, resilient, and efficient green buildings.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Risk 1

Where in the value chain does the risk driver occur?
Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms

Primary potential financial impact
Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification
<Not Applicable>

Company-specific description
While there is currently no carbon pricing system that impacts Ferguson, there have been discussions at the state level. A carbon tax may negatively impact Ferguson's operational expenses, product costs, and service costs. We consider carbon pricing against our direct (Scope 1) emissions which are generated by vehicle fuel usage and natural gas for building heating. Vehicle operating costs are relevant to our business as a distribution, and they are managed by our fleet team. Potential financial impacts were analyzed using scenario analysis across 2 carbon pricing scenarios, 2 Ferguson Scope 1 emissions trajectories, and time horizons out to 2050. The financial impact figures below represent the range of annual financial impacts for the year 2030.

Time horizon
Medium-term

Likelihood
More likely than not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)
<Not Applicable>

Potential financial impact figure – minimum (currency)
17000000

Potential financial impact figure – maximum (currency)
21000000

Explanation of financial impact figure
This analysis estimates the costs associated with a potential carbon tax on Ferguson's Scope 1 emissions. Annual carbon tax estimates are based on the International Energy Agency (IEA)'s projections under the Announced Pledges and Net Zero Emissions by 2050 scenarios. This analysis also considers 2 Ferguson's Scope 1 emissions trajectories to estimate carbon tax implications.

Ferguson high emissions reductions 2030 Scope 1 trajectory * APS 2030 carbon price = Lower potential financial impact figure
125,000 tCO2e/year * $135/tCO2e ~ $17mil / year

Ferguson low emissions reductions 2030 Scope 1 trajectory * NZE2050 2030 carbon price = Upper potential financial impact figure
150,000 tCO2e/year * $140/tCO2e ~ $21mil / year

Cost of response to risk
0

Description of response and explanation of cost calculation
Zero additional cost to respond to carbon tax risk. It is part of existing standard business strategy to manage our Scope 1 emissions.

Ferguson has a Scope 1 and Scope 2 (location-based) emission intensity reduction goal. Efforts towards this goal including building efficiency updates, building electrification, fleet rightsizing, and fleet electrification will help to reduce the volume of emissions which are taxed.

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?
Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier
Opp1

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Products and services

Primary climate-related opportunity driver
Development and/or expansion of low emission goods and services

Primary potential financial impact
Increased revenues resulting from increased demand for products and services

Company-specific description
Ferguson is a distributor of residential products that are critical to the transition to a low carbon economy. Regulation to accelerate the transition to lower emitting residential appliances would increase demand for heat pump space heaters and heat pump water heaters. Our HVAC Customer Group made up 11% of US net sales in FY22. HVAC and water heaters are sold across different customer groups across our business. Financial impact below represents the change in net sales between our balanced scenario and Business as usual scenario by 2030.

From https://www.rewiringamerica.org/press-release/pace-of-progress:The first-ever Pace of Progress report from nonprofit Rewiring America spells out specific, annual increases in the numbers of heat pumps, heat pump water heaters, induction stoves, electric vehicles, and rooftop solar systems that Americans must purchase and install to meet U.S. climate commitments. To get to zero emissions by 2050, Americans must decarbonize their own lives, trading out fossil fuel machines, household appliances, and vehicles for clean, efficient electric counterparts. The report reveals that 14 million more of these machines and systems must be purchased over the current three-year window to have a reasonable expectation of success.

Time horizon
Medium-term

Likelihood
Unlikely

Magnitude of impact
Medium-high

Are you able to provide a potential financial impact figure?
Yes, a single figure estimate

Potential financial impact figure (currency)
3000000000

Potential financial impact figure – minimum (currency)
<Not Applicable>

Potential financial impact figure – maximum (currency)
<Not Applicable>

Explanation of financial impact figure
Our scenario analysis estimates the potential increase in net sales between increase in electric heat pump HVAC & water heaters and corresponding 1:1 decrease in traditional HVAC/water heaters as a result of climate change under balanced, high transition impact, and high physical impact scenarios. The financial impact figure above represents the Balanced scenario - a business as usual projection.
Transition impacts are based on projections from Rewiring America's Pace of Progress Report aligned with a target of 100% of US households having heat pumps by 2050
Physical impacts are based on two IPCC scenarios, SSP 1-2.6 (aligned with a 1.8°C global temperature rise*) and SSP 5-8.5 (aligned with a 4.4 °C global temperature rise*)

Potential Financial Impact Figure above = Balanced Scenario [Revenue from Heat Pumps HVAC & Water Heaters - Revenue from Traditional HVAC and Water Heaters] - Business as Usual Scenario [Revenue from Heat Pumps HVAC & Water Heaters - Revenue from Traditional HVAC and Water Heaters] = $3,000,000,000 over the next 10 years.

Revenue = Average Selling Price of HVAC or Water Heater * Quantity Sold

Cost to realize opportunity
2400000000

Strategy to realize opportunity and explanation of cost calculation
The strategy to realize this opportunity is incorporated in broader corporate strategy planning and budgeting. Ferguson's Environmental Product Strategy team aims to expand Ferguson's offering of sustainable products by training our associates, educating the customer, and leading the industry. Through Ferguson's large network of suppliers, the Company can expand across multiple products including heat pumps to electrify heating, tankless water heaters to reduce energy usage, leak detection technology to reduce water waste, and Wi-Fi monitoring to ensure appliances are turned off when not in use. Expanding Ferguson's inventory to include these types of products will help Ferguson maintain its competitive edge in the market.

Cost to realize opportunity calculated by approximating labor cost to distribute, commissions, fleet cost, warehousing space, marketing, and cost of goods sold at 80% collectively: $3b * 80% = $2.4b

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

No, but our strategy has been influenced by climate-related risks and opportunities, and we are developing a climate transition plan within two years

Publicly available climate transition plan

<Not Applicable>

Mechanism by which feedback is collected from shareholders on your climate transition plan

<Not Applicable>

Description of feedback mechanism

<Not Applicable>

Frequency of feedback collection

<Not Applicable>

Attach any relevant documents which detail your climate transition plan (optional)

<Not Applicable>

Explain why your organization does not have a climate transition plan that aligns with a 1.5°C world and any plans to develop one in the future

We have a roadmap to address our goals and have assessed climate-related risks and opportunities but have not formally pulled them together in to a transition plan. Our long-term goal remains to look to align with the Science Based Targets initiative (SBTi) as medium–and heavy–duty fleet technology matures. Electrification technology in these vehicle classes continues to face challenges, including battery range and payload capacity, but innovation is occurring rapidly.

Explain why climate-related risks and opportunities have not influenced your strategy

<Not Applicable>

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy	Primary reason why your organization does not use climate-related scenario analysis to inform its strategy	Explain why your organization does not use climate-related scenario analysis to inform its strategy and any plans to use it in the future
Row 1	Yes, qualitative and quantitative	<Not Applicable>	<Not Applicable>

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Transition scenarios: IEA NZE 2050	Company-wide	<Not Applicable>	A scenario which sets out a pathway for the global energy sector to achieve net zero CO2 emissions by 2050. It doesn't rely on emissions reductions from outside the energy sector to achieve its goals. Universal access to electricity and clean cooking are achieved by 2030. Objective to show what is needed across the main sectors by various actors, and by when, for the world to achieve net zero energy related and industrial process CO2 emissions by 2050 while meeting other energy-related sustainable development goals such as universal energy access.
Physical climate scenarios: RCP 8.5	Company-wide	<Not Applicable>	IPCC SSP 5-8.5 o Estimated warming of 1.9 – 3.0°C by 2060 o Pathway narrative: Fossil-fueled Development – Taking the Highway (High challenges to mitigation, low challenges to adaptation)
Transition scenarios: IEA APS	Company-wide	<Not Applicable>	A scenario which assumes that all climate commitments made by governments around the world, including Nationally Determined Contributions (NDCs) and longer-term net zero targets, as well as targets for access to electricity and clean cooking, will be met in full and on time. Objective of this scenario is to show how close do current pledges get the world towards the target of limiting global warming to 1.5 °C, it highlights the "ambition gap" that needs to be closed to achieve the goals agreed at Paris in 2015. It also shows the gap between current targets and achieving universal energy access.
Physical climate scenarios: RCP 2.6	Company-wide	<Not Applicable>	IPCC SSP1-2.6 o Estimated warming of 1.3 – 2.2°C by 2060 o Pathway narrative: Sustainability – Taking the Green Road (Low challenges to mitigation and adaptation)

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

How might acute and chronic physical risks impact our business?
How could a potential carbon tax on our Scope 1 emissions impact our operating spend?
What opportunity do we have if the transition to sustainable technologies is accelerated?
What variables are needed to support decision-making?
What forces and developments have the greatest ability to shape future performance?

Ferguson has assessed climate-related risks and opportunities using scenario analysis, which has enhanced our strategic conversations about the future by considering, in a more structured manner, what may unfold that is different from business-as-usual. Our strategy for managing these risks and realizing the opportunities is consistent across the range of evaluated scenarios. Our initial focus is on identifying the most relevant climate-related risks and opportunities for the business, and we intend to continue to evaluate our strategies as our organizational approach matures.

Climate risks and opportunities were assessed using the following scenarios:
• IEA Announced Pledges Scenario
• IEA Net Zero Emissions by 2050
• IPCC SSP1-2.6
• IPCC SSP 5-8.5

Results of the climate-related scenario analysis with respect to the focal questions

Ferguson also evaluated the impact of key climate-related risks and opportunities using the above scenarios across a range of company-specific inputs to build resiliency into our strategy across a variety of internal scenarios.
Transition Risk, Policy - Increased pricing of GHG emissions
Projected cost of a carbon tax on Ferguson's operations under Net Zero Emissions by 2050 scenario and Announced Pledges Scenario through 2030, 2040, and 2050.
Projected Ferguson Scope 1 emissions trajectory across both high and moderate emissions reduction scenarios.

Physical Risk, Acute - Increased severity of extreme weather events
Leveraged financial impacts from historical extreme weather events that rose to the level of insurance claim to project potential additional impact in the future by peril, geographic region, or asset types utilizing low emission scenario SSP 1-2.6 and high emission scenario SSP 5-8.5.

Physical Risk, Chronic – Rising mean temperatures
Modeled the projected change in the Company's energy consumption as a result of rising temperatures and the company's electric transition. This model's low emission scenario uses SSP 1-2.6 for physical risks and IEA's Announced Pledges Scenario for transition risks, and the high emission scenario uses SSP 5-8.5 for physical risks and IEA's Stated Policies scenario for transition risks.

Opportunity: Products & Services – Development/expansion of low emission products and solutions
Evaluated the projected financial impact to Ferguson of society's transition to low emission products and solutions, specifically heat pump space heaters and heat pump water heaters. This model utilizes projections from Rewiring America's June 2023 Pace of Progress Report as well as SSP1-2.6 and SSP5-8.5 scenarios.

Opportunity: Energy Source - Use of lower emission energy sources
Performed an assessment of current and possible future facilities to determine each location's potential for renewable energy generation and exposure to climate perils utilizing low emission scenario SSP 1-2.6 and high emission scenario SSP 5-8.5.

Situation: Ferguson has a fleet of 5,600 trucks which make up a significant portion of the company's Scope 1 emissions.
Task: Operating cost impact of a carbon tax on our Scope 1 emissions was evaluated using scenario analysis.
Action: To investigate the suitability of electric trucks for reducing our Scope 1 emissions, Ferguson ordered 30 electric battery trucks through the California Hybrid and Zero-emission Truck and Bus Voucher Incentive Program (HVIP).
Result: The charging infrastructure has been established at five California locations and the trucks will arrive in CY2023 and 2024. This pilot program enables Ferguson to deploy medium- and heavy-duty all-electric vehicles throughout California which will ultimately lower emissions and will provide rich learnings for the company as well as key OEMs for future deployment across the organization over the next several years.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	Ferguson's purpose is to provide innovative products and solutions to help make our customers' projects simple, successful, and sustainable. The climate-related risks identified in the table above, while not assessed as material when applying the same threshold as our other enterprise risks, have the potential to impact our business in several ways, including increasing operational expenses, increasing the cost of the products we sell and disrupting our supply chain. Several business opportunities were also reviewed, including the transition of the residential sector to a low-carbon future and the reduction of operating expenses through investments in energy efficiency and renewable energy. Both the climate-related risks and opportunities identified in this report are taken into consideration during the organization's strategic and financial planning processes. Where applicable, environmental considerations are incorporated into the company's annual strategic planning process. Strategies to address climate-related risks and realize opportunities are presented by individual functional and customer groups as appropriate. The company is working to expand knowledge of and responsibility for encouraging the adoption of sustainable and energy-efficient products and solutions across the entire sales force. The Environmental Leadership Council (ELC) will influence the direction of Ferguson's environmental areas of focus and investment approach by helping to spur innovation within our supplier base and encouraging our manufacturers to create more sustainable products and solutions.
Supply chain and/or value chain	Yes	Ferguson participates in the CDP Supply Chain Program. We hope to develop relationships with the sustainability teams of our suppliers and discover opportunities for collaboration. Internal discussions have begun regarding considering supplier management of climate risks to reduce risk to business continuity.
Investment in R&D	Yes	Ferguson Ventures is the Corporate Venture Capital (CVC) and strategic partnering arm of Ferguson. Our vision is to provide innovators focused on the built world with the resources, industry expertise and capital necessary to launch transformation in the construction and services industries that will create a better future. We invest in early through late-stage companies that solve industry challenges, add value to our partners, lead in their space and scale across our customer base. Ferguson Ventures invests in three key areas: • Construction evolution that drives productivity for our customers. • Contractor efficiency. • Emerging environmental opportunities in water and energy. By continuing to grow our partnerships in these areas, we accelerate our business strategy and capabilities.
Operations	Yes	Climate-related risks and opportunities have influenced our strategy for our operations. Fleet emissions remain a sizable proportion of our Scope 1 emissions and reductions will require accelerated conversion of our medium-duty and heavy-duty fleet to electric vehicles, as well as improving the fuel efficiency of our fleet. Electrification technology in these vehicle classes continues to face challenges, including battery range and payload capacity, but innovation is occurring rapidly. We will start to pilot electric vehicle projects by purchasing clean vehicles for our vehicle fleet via state incentives programs such as the California Hybrid and Zero-Emission Truck and Bus Voucher Incentive Project (HVIP). We remain committed to continuing to improve the efficiency of our fleet and reduce our overall fuel consumption through programs such as centralizing final mile logistics and utilizing transportation route optimization software to mitigate miles traveled. As well, we have implemented a greater percentage of electrically powered forklifts within our Distribution Centers.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Capital expenditures	The process to date has prioritized promoting organizational awareness around relevant climate-related risks and opportunities. Our approach is still developing, and further management actions may follow as potential impacts are investigated and integrated. Ferguson's purpose is to provide innovative products and solutions to help make our customers' projects simple, successful, and sustainable. The climate-related risks identified in the table above, while not assessed as material when applying the same threshold as our other enterprise risks, have the potential to impact our business in several ways, including increasing operational expenses, increasing the cost of the products we sell and disrupting our supply chain. Several business opportunities were also reviewed, including the transition of the residential sector to a low-carbon future and the reduction of operating expenses through investments in energy efficiency and renewable energy. Both the climate-related risks and opportunities identified in this report are taken into consideration during the organization's strategic and financial planning processes. Environmental considerations are an element of the company's annual strategic planning process. Strategies to address climate-related risks and realize opportunities are presented by individual functional and customer groups. The company is working to expand knowledge of and responsibility for encouraging the adoption of sustainable and energy-efficient products and solutions across the entire sales force. The Environmental Leadership Council (ELC) will influence the direction of Ferguson's environmental areas of focus and investment approach by helping to spur innovation within our supplier base and encouraging our manufacturers to create more sustainable products and solutions.

C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition	Indicate the level at which you identify the alignment of your spending/revenue with a sustainable finance taxonomy
Row 1	No, and we do not plan to in the next two years	<Not Applicable>

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?
Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number
Int 1

Is this a science-based target?
No, and we do not anticipate setting one in the next two years

Target ambition
<Not Applicable>

Year target was set
2021

Target coverage
Company-wide

Scope(s)
Scope 1
Scope 2

Scope 2 accounting method
Location-based

Scope 3 category(ies)
<Not Applicable>

Intensity metric
Other, please specify (Metric tons CO2e per million dollars USD)

Base year
2020

Intensity figure in base year for Scope 1 (metric tons CO2e per unit of activity)
8.38

Intensity figure in base year for Scope 2 (metric tons CO2e per unit of activity)
4.42

Intensity figure in base year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)

<Not Applicable>

Intensity figure in base year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for total Scope 3 (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in base year for all selected Scopes (metric tons CO2e per unit of activity)
12.8

% of total base year emissions in Scope 1 covered by this Scope 1 intensity figure
100

% of total base year emissions in Scope 2 covered by this Scope 2 intensity figure
100

% of total base year emissions in Scope 3, Category 1: Purchased goods and services covered by this Scope 3, Category 1: Purchased goods and services intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 2: Capital goods covered by this Scope 3, Category 2: Capital goods intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) covered by this Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution covered by this Scope 3, Category 4: Upstream transportation and distribution intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 5: Waste generated in operations covered by this Scope 3, Category 5: Waste generated in operations intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 6: Business travel covered by this Scope 3, Category 6: Business travel intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 7: Employee commuting covered by this Scope 3, Category 7: Employee commuting intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 8: Upstream leased assets covered by this Scope 3, Category 8: Upstream leased assets intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution covered by this Scope 3, Category 9: Downstream transportation and distribution intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 10: Processing of sold products covered by this Scope 3, Category 10: Processing of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 11: Use of sold products covered by this Scope 3, Category 11: Use of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products covered by this Scope 3, Category 12: End-of-life treatment of sold products intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 13: Downstream leased assets covered by this Scope 3, Category 13: Downstream leased assets intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 14: Franchises covered by this Scope 3, Category 14: Franchises intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Category 15: Investments covered by this Scope 3, Category 15: Investments intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Other (upstream) covered by this Scope 3, Other (upstream) intensity figure
<Not Applicable>

% of total base year emissions in Scope 3, Other (downstream) covered by this Scope 3, Other (downstream) intensity figure
<Not Applicable>

% of total base year emissions in Scope 3 (in all Scope 3 categories) covered by this total Scope 3 intensity figure
<Not Applicable>

% of total base year emissions in all selected Scopes covered by this intensity figure
100

Target year
2026

Targeted reduction from base year (%)
35

Intensity figure in target year for all selected Scopes (metric tons CO2e per unit of activity) [auto-calculated]

% change anticipated in absolute Scope 1+2 emissions
-35

% change anticipated in absolute Scope 3 emissions

Intensity figure in reporting year for Scope 1 (metric tons CO2e per unit of activity)
6.04

Intensity figure in reporting year for Scope 2 (metric tons CO2e per unit of activity)
2.81

Intensity figure in reporting year for Scope 3, Category 1: Purchased goods and services (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 2: Capital goods (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 4: Upstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 5: Waste generated in operations (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 6: Business travel (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 7: Employee commuting (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 8: Upstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 9: Downstream transportation and distribution (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 10: Processing of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 11: Use of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 13: Downstream leased assets (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 14: Franchises (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Category 15: Investments (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Other (upstream) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for Scope 3, Other (downstream) (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for total Scope 3 (metric tons CO2e per unit of activity)
<Not Applicable>

Intensity figure in reporting year for all selected Scopes (metric tons CO2e per unit of activity)
8.8

Does this target cover any land-related emissions?
No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

Target status in reporting year
Underway

Please explain target coverage and identify any exclusions
The target is aimed at reducing both Scope 1 and Scope 2 emission intensity. However, we are working to establish a manageable baseline for measuring further Scope 3 emissions and manage these emissions through supplier engagement.

Plan for achieving target, and progress made to the end of the reporting year
Ferguson will increase the use of renewable energy sources across the business, convert and retrofit facilities with efficient LED and HVAC equipment, work towards electrifying the medium-duty and heavy-duty fleet. Distribution Centers are being implemented with a greater percentage of electrically powered forklifts. Installation of a 1.1-megawatt solar array at the Perris, California, Distribution Center is expected to offset approximately 1,305 metric tons of carbon dioxide emissions annually. Ferguson is also looking at securing a VPPA to increase the renewable energy consumption of the company and reduce scope 2 emissions.

List the emissions reduction initiatives which contributed most to achieving this target
<Not Applicable>

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	
To be implemented*	1	59000
Implementation commenced*	4	41424
Implemented*	3	7757
Not to be implemented	0	

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Low-carbon energy generation	Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)
347.32

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
301709

Investment required (unit currency – as specified in C0.4)
2222302

Payback period
4-10 years

Estimated lifetime of the initiative
21-30 years

Comment

Initiative category & Initiative type

Energy efficiency in buildings	Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
6850.57

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
480000

Investment required (unit currency – as specified in C0.4)
2900000

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment

Initiative category & Initiative type

Energy efficiency in buildings	Heating, Ventilation and Air Conditioning (HVAC)

Estimated annual CO2e savings (metric tonnes CO2e)
559.02

Scope(s) or Scope 3 category(ies) where emissions savings occur
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
650000

Investment required (unit currency – as specified in C0.4)
3300000

Payback period
4-10 years

Estimated lifetime of the initiative
11-15 years

Comment

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	In order to comply with regulations, investment is required for the maintenance of building appliances and company vehicles (both commercial fleet and company cars) which in turn is being increasingly viewed as opportunity to install products or update assets to achieve both environmental goals and operations efficiencies.
Financial optimization calculations	The primary driver of investment in emissions reduction activities is the financial business case that includes return on investment (ROI) and internal rate of return (IRR).
Employee engagement	The Company and sustainability team works with the businesses to raise awareness of the cost-saving initiatives that will support the environmental targets. Additionally, associate engagement takes place through integrating sustainability into our internal communications plan for the year.
Internal finance mechanisms	Members of the Sustainability team are also included in management-level Finance Committee notifications so that they can review the proposed capital expenditure and propose improvements to the project that would lower the carbon footprint.
Employee engagement	Establishment of the Environmental Leadership Council. A group of leaders across the different customer groups of the business discussing and contributing to the advancement of sustainability, sustainable practices and adoption of sustainable products. Through the work of the group, it looks to enhance Ferguson's mission to transform the built world and be thought leaders within the sustainability space.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Group of products or services

Taxonomy used to classify product(s) or service(s) as low-carbon

Other, please specify (Classification taxonomy is determined based on guidance provided by SASB standards. They achieved certification through either a government program (EPA ENERGY STAR and WaterSense) or through third party sustainability standards.)

Type of product(s) or service(s)

Buildings construction and renovation	Dual flow ventilation

Description of product(s) or service(s)

Ferguson US offers a range of products that decrease a customer's carbon footprint, including programmable thermostats, high efficiency HVAC products, and high efficiency lighting.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

<Not Applicable>

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

<Not Applicable>

Functional unit used

<Not Applicable>

Reference product/service or baseline scenario used

<Not Applicable>

Life cycle stage(s) covered for the reference product/service or baseline scenario

<Not Applicable>

Estimated avoided emissions (metric tons CO2e per functional unit) compared to reference product/service or baseline scenario

<Not Applicable>

Explain your calculation of avoided emissions, including any assumptions

<Not Applicable>

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

10.502

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?
No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?
No

Name of organization(s) acquired, divested from, or merged with
<Not Applicable>

Details of structural change(s), including completion dates
<Not Applicable>

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in methodology	In FY 2022 Ferguson updated its methodology for calculating Scope 2 emissions to incorporate regional electricity grid mixes and have restated previous emissions to reflect the new emission factors. Our relative reduction in Scope 2 emissions against our baseline is due in part to more low-carbon power sources being added to the conventional grid.

C5.1c

(C5.1c) Have your organization's base year emissions and past years' emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Scope(s) recalculated	Base year emissions recalculation policy, including significance threshold	Past years' recalculation
Row 1	Yes	Scope 2, location-based	All US based Scope 2 emissions were recalculated using the updated US eGRID emission factors	Yes

C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start
August 1 2019

Base year end
July 31 2020

Base year emissions (metric tons CO2e)
162693

Comment

Scope 2 (location-based)

Base year start
August 1 2019

Base year end
July 31 2020

Base year emissions (metric tons CO2e)
90141

Comment

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 1: Purchased goods and services

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 2: Capital goods

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start
August 1 2019

Base year end
July 31 2020

Base year emissions (metric tons CO2e)
969

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start
August 1 2019

Base year end
July 31 2020

Base year emissions (metric tons CO2e)
108341

Comment

Scope 3 category 5: Waste generated in operations

Base year start
August 1 2019

Base year end
July 31 2020

Base year emissions (metric tons CO2e)
969

Comment

Scope 3 category 6: Business travel

Base year start
August 1 2019

Base year end
July 31 2020

Base year emissions (metric tons CO2e)
42470

Comment

Scope 3 category 7: Employee commuting

Base year start
August 1 2019

Base year end
July 31 2020

Base year emissions (metric tons CO2e)
414

Comment

Scope 3 category 8: Upstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 10: Processing of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 11: Use of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 13: Downstream leased assets

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 14: Franchises

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3 category 15: Investments

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Defra Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance, 2019
IEA CO2 Emissions from Fuel Combustion
IPCC Guidelines for National Greenhouse Gas Inventories, 2006
The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
US EPA Center for Corporate Climate Leadership: Direct Fugitive Emissions from Refrigeration, Air Conditioning, Fire Suppression, and Industrial Gases
US EPA Center for Corporate Climate Leadership: Direct Emissions from Stationary Combustion Sources
US EPA Center for Corporate Climate Leadership: Direct Emissions from Mobile Combustion Sources
US EPA Emissions & Generation Resource Integrated Database (eGRID)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)
172469

Start date
August 1 2021

End date
July 31 2022

Comment

Past year 1

Gross global Scope 1 emissions (metric tons CO2e)
165211

Start date
August 1 2020

End date
July 31 2021

Comment

Past year 2

Gross global Scope 1 emissions (metric tons CO2e)
162693

Start date
August 1 2019

End date
July 31 2020

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based
We are reporting a Scope 2, location-based figure

Scope 2, market-based
We have operations where we are able to access electricity supplier emission factors or residual emissions factors, but are unable to report a Scope 2, market-based figure

Comment
Developing capabilities to report a Scope 2, market-based figure

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based
80340

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
August 1 2021

End date
July 31 2022

Comment

Past year 1

Scope 2, location-based
76416

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
August 1 2020

End date
July 31 2021

Comment

Past year 2

Scope 2, location-based
90141

Scope 2, market-based (if applicable)
<Not Applicable>

Start date
August 1 2019

End date
July 31 2020

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?
No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status
Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Developing methodology to account for Purchased goods and services emissions using US Environmental-Extended Input-Output (USEEIO) factors.

Capital goods

Evaluation status
Not evaluated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Working to understand best practices for evaluating upstream emissions from the production of capital goods purchased or acquired by Ferguson in the reporting year.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status
Not relevant, calculated

Emissions in reporting year (metric tons CO2e)
1289

Emissions calculation methodology
Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Used DEFRA emission factors for electricity losses in transmission for United States and Canada. This category is <1% of our reported Scope 3, so not relevant.

Upstream transportation and distribution

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
132517

Emissions calculation methodology
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Activity data provided by outsourced transportation partners. Emissions are calculated by Ferguson.

Waste generated in operations

Evaluation status
Not relevant, calculated

Emissions in reporting year (metric tons CO2e)
39216

Emissions calculation methodology
Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Not relevant compared to Use of Sold Products since we sell high emissions intensity products such as water heaters and HVAC equipment. It is estimated that emissions from waste generated in operations account for less than 1% of our total Scope 3 emissions.

Business travel

Evaluation status
Relevant, calculated

Emissions in reporting year (metric tons CO2e)
44061

Emissions calculation methodology
Fuel-based method
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
100

Please explain
Data provided by value chain partners (like air travel, rental cars). In-house calculations for personal vehicle use for business travel purposes, which accounts for most emissions.

Employee commuting

Evaluation status
Not relevant, calculated

Emissions in reporting year (metric tons CO2e)
481

Emissions calculation methodology
Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners
0

Please explain
Estimation conducted based on conservative assumption of 20 miles to and from the workplace and all 34,000 associates driving to and from work individually in a passenger vehicle. Applied EPA emission factors from EPA GHG Emission Factors Hub Table 10 (Scope 3 Category 7: Employee Commuting). This category is estimated to be <1% of our reported Scope 3, so is not relevant.

Upstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Transportation and distribution in vehicles and facilities leased by and operated by Ferguson is included in our Scope 1.

Downstream transportation and distribution

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
A portion of Ferguson's downstream transportation and distribution are captured in our Scope 1, since Ferguson frequently delivers our products to customers. The remaining downstream transportation and distribution is not relevant compared to our other Scope 3 categories, making up <1%, since most of our customers operate within 20 miles of their nearest Ferguson location.

Processing of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Ferguson's products are not generally processed after selling.

Use of sold products

Evaluation status
Relevant, not yet calculated

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Methodology being developed based on units sold, estimates on product life cycle, and energy use intensity. Plans to calculate emissions within next year.

End of life treatment of sold products

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
As a distributor of high emissions intensity products like HVAC and Water Heaters, we anticipate emissions from End of life treatment of sold products to not be relevant (<1%) when compared to emissions from Use of sold products

Downstream leased assets

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
3 relevant Scope 3 categories for our business are Upstream Transportation and Distribution, Purchased Goods and Services, and Use of Sold Products. Downstream leased assets do not contribute in a relevant way as Ferguson operates as a value-added distributor, contributing to less than 1% of total scope 3 emissions. This category contributes to less than 1% of the total scope 3 emissions

Franchises

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Ferguson does not have franchises.

Investments

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Not relevant since Ferguson primarily operates as a value-added distributor. GHG Protocol Guidance states that Category 15 is designed primarily for private financial institutions (e.g., commercial banks), but is also relevant to public financial institutions (e.g., multilateral development banks, export credit agencies, etc.). Ferguson acts as neither.

Other (upstream)

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Ferguson is unaware of any other relevant upstream activities that may contribute to our Scope 3 emissions.

Other (downstream)

Evaluation status
Not relevant, explanation provided

Emissions in reporting year (metric tons CO2e)
<Not Applicable>

Emissions calculation methodology
<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners
<Not Applicable>

Please explain
Ferguson is unaware of any other relevant downstream activities that may contribute to our Scope 3 emissions.

C6.5a

(C6.5a) Disclose or restate your Scope 3 emissions data for previous years.

Past year 1

Start date
August 1 2020

End date
July 31 2021

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
1113

Scope 3: Upstream transportation and distribution (metric tons CO2e)
128630

Scope 3: Waste generated in operations (metric tons CO2e)
35480

Scope 3: Business travel (metric tons CO2e)
27270

Scope 3: Employee commuting (metric tons CO2e)
454

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

Past year 2

Start date
August 1 2019

End date
July 31 2020

Scope 3: Purchased goods and services (metric tons CO2e)

Scope 3: Capital goods (metric tons CO2e)

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2) (metric tons CO2e)
969

Scope 3: Upstream transportation and distribution (metric tons CO2e)
108341

Scope 3: Waste generated in operations (metric tons CO2e)
34013

Scope 3: Business travel (metric tons CO2e)
42470

Scope 3: Employee commuting (metric tons CO2e)
414

Scope 3: Upstream leased assets (metric tons CO2e)

Scope 3: Downstream transportation and distribution (metric tons CO2e)

Scope 3: Processing of sold products (metric tons CO2e)

Scope 3: Use of sold products (metric tons CO2e)

Scope 3: End of life treatment of sold products (metric tons CO2e)

Scope 3: Downstream leased assets (metric tons CO2e)

Scope 3: Franchises (metric tons CO2e)

Scope 3: Investments (metric tons CO2e)

Scope 3: Other (upstream) (metric tons CO2e)

Scope 3: Other (downstream) (metric tons CO2e)

Comment

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?
No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure
0.0000088

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)
252809

Metric denominator
unit total revenue

Metric denominator: Unit total
28566000000

Scope 2 figure used
Location-based

% change from previous year
17

Direction of change
Decreased

Reason(s) for change
Change in renewable energy consumption
Other emissions reduction activities
Change in revenue

Please explain

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
United States of America	161531
Canada	10938

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Ferguson	161531
Wolseley Canada	10938

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Natural gas	45635
Liquefied Propane Gas	7168
Diesel	89983
Gasoline	20276
Refrigerant Leakage	9407

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
United States of America	77002	
Canada	3338	

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Ferguson	77002	
Wolseley Canada	3338	

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Electricity Use	80340	

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	347.32	Decreased	0.0013	The electricity generated in FY22 from the Perris solar array was multiplied against the eGrid factor for the region that Perris CA resides in. This factor then gave the emissions that were avoided through the generation of renewables
Other emissions reduction activities	7409.593	Decreased	0.029	The reduction in energy use from the retrofit of HVAC and LED lighting was calculated in kWh and the avoided kWh were then converted into metric tons of CO2e avoided.
Divestment	0	No change		
Acquisitions	0	No change		
Mergers	0	No change		
Change in output	18938.9	Increased	0.0749	Increase in organic business growth drove the increase in emissions offsetting the reduction activities through use of renewables and energy efficient equipment, leading to an overall increase in gross global emissions. This was calculated off of the differences between FY21 and FY22 gross global emissions and accounting for the decreases in reduction activities and renewable energy consumption.
Change in methodology	0	No change		
Change in boundary	0	No change		
Change in physical operating conditions	0	No change		
Unidentified	0	No change		
Other	0	No change		

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	Unable to confirm heating value	0	725466	725466
Consumption of purchased or acquired electricity	<Not Applicable>	1435	234995	236430
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	1435	960461	961896

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Other biomass

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Other renewable fuels (e.g. renewable hydrogen)

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Coal

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Oil

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Gas

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
251801

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
0

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

Total fuel

Heating value
Unable to confirm heating value

Total fuel MWh consumed by the organization
251801

MWh fuel consumed for self-generation of electricity
<Not Applicable>

MWh fuel consumed for self-generation of heat
<Not Applicable>

MWh fuel consumed for self-generation of steam
<Not Applicable>

MWh fuel consumed for self-generation of cooling
<Not Applicable>

MWh fuel consumed for self- cogeneration or self-trigeneration
<Not Applicable>

Comment

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area
United States of America

Consumption of purchased electricity (MWh)
218149

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

Country/area
Canada

Consumption of purchased electricity (MWh)
18281

Consumption of self-generated electricity (MWh)
0

Is this electricity consumption excluded from your RE100 commitment?
<Not Applicable>

Consumption of purchased heat, steam, and cooling (MWh)
0

Consumption of self-generated heat, steam, and cooling (MWh)
0

Total non-fuel energy consumption (MWh) [Auto-calculated]

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ERM CVS-2023 CDP Submission Limited Assurance Report for Ferguson.pdf

Page/ section reference
p1-2

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ERM CVS-2023 CDP Submission Limited Assurance Report for Ferguson.pdf

Page/ section reference
p1-2

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement
ERM CVS-2023 CDP Submission Limited Assurance Report for Ferguson.pdf

Page/section reference
p1-2

Relevant standard
ISAE3000

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Energy consumption	International Standard on Assurance Engagements ISAE 3000 (Revised) - Limited Assurance	ERM Certification and Verification Services Inc. ('ERM CVS') was engaged by Ferguson PLC ('Ferguson') to provide assurance in relation to the information set out below for the period August 1st, 2021 - July 31st, 2022
C6. Emissions data	Other, please specify (Assurance of Scope 1 + 2 combined emissions)	International Standard on Assurance Engagements ISAE 3000 (Revised) - Limited Assurance	ERM Certification and Verification Services Inc. ('ERM CVS') was engaged by Ferguson PLC ('Ferguson') to provide assurance in relation to the information set out below for the period August 1st, 2021 - July 31st, 2022

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, and we do not currently anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers/clients

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement
Information collection (understanding supplier behavior)

Details of engagement
Collect GHG emissions data at least annually from suppliers
Collect targets information at least annually from suppliers
Collect climate-related risk and opportunity information at least annually from suppliers
Collect climate transition plan information at least annually from suppliers
Collect other climate related information at least annually from suppliers

% of suppliers by number
0.3

% total procurement spend (direct and indirect)
65

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement
Ferguson has disclosed our own performance through the Climate Change Questionnaire since 2013, and we're requesting our some of our largest supplier partners do the same through the CDP Supply Chain program.

Impact of engagement, including measures of success
Many of our suppliers are earlier on in their sustainability journeys so we're looking to meet them where they are by asking that they disclose to CDP, report on their operational emissions, and set a structured climate target. We measure success by continuing to request suppliers to disclose annually and tracking their progress.
Potential future metrics include:
% of spend requested
% of spend responded
% of spend reporting operational emissions
% of spend with a structured climate target

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Education/information sharing	Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number

% of customer - related Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement
Our ESG Report is publicly available for any customers who want to learn more about our efforts. We also engage directly with large national accounts customers to share best practices on sustainability.

Impact of engagement, including measures of success
Ferguson's FY2022 ESG Report, titled "Building influence. Delivering impact" communicates the Company's ongoing commitment to responsible conduct and sustainable business practices.

Key highlights include:
Ferguson's combined Scope 1 and 2 carbon emissions per million USD revenue decreased by 30.7% compared to 2019/2020 baseline, a 17% year-over-year reduction. This decrease partially benefited from the Company's ability to manage and pass along product price inflation in revenue.
The Company announced two fleet electrification pilot programs for medium- and heavy-duty trucks to help lower carbon emissions in its fleet.
Ferguson generated more than $3 billion in revenue from sustainable products, a 20% increase from FY2021. Sustainable products are defined as those that carry third-party certification such as Energy Star, WaterSense or Forest Stewardship Council.
The Company launched a New Hire Health and Safety 30-60-90 Onboarding Training Program for new associates in distribution centers, branches and headquarter locations.
Ferguson created an Environmental Leadership Council to influence the direction of its environmental product strategy, while providing direct access to customer insights and market trends.
The Company's executive compensation framework will incorporate ESG considerations that align with the Company's sustainability commitments beginning in FY2023.

"As detailed in the FY2022 ESG Report, we continue to make progress against our environmental, social and governance priorities," said Ferguson CEO Kevin Murphy. "We have a great opportunity ahead to help transform the Company in which we work, the industries in which we operate and the world in which we live."

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization's purchasing process?
No, and we do not plan to introduce climate-related requirements within the next two years

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
Not assessed

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?
No, and we do not plan to have one in the next two years

Attach commitment or position statement(s)
<Not Applicable>

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan
The Company policy is that no political donations be made or political expenditure be incurred.

Primary reason for not engaging in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

Explain why your organization does not engage in activities that could directly or indirectly influence policy, law, or regulation that may impact the climate
<Not Applicable>

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication
In voluntary sustainability report

Status
Complete

Attach the document
Ferguson_FY2022ESGreport_Digitallyaccessible_compressed.pdf
Ferguson_FY2022ESGreport_Digitallyaccessible_compressed.pdf

Page/Section reference
Entire ESG Report p.1-68

Content elements
Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets

Comment
Our ESG Report is 32MB and the upload limit is 30MB

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization's role within each framework, initiative and/or commitment
Row 1	Task Force on Climate-related Financial Disclosures (TCFD) Other, please specify (Chief Executives for Corporate Purpose (CECP))	Ferguson is a public supporter of the Task Force on Climate-related Financial Disclosures: https://www.fsb-tcfd.org/supporters/. CECP's purpose is to empower companies to drive long-term business success through positive social impact. Ferguson is a member of CECP.

C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity	Scope of board-level oversight
Row 1	Please select	<Not Applicable>	<Not Applicable>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

	Indicate whether your organization made a public commitment or endorsed any initiatives related to biodiversity	Biodiversity-related public commitments	Initiatives endorsed
Row 1	Please select	<Not Applicable>	<Not Applicable>

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment
Please select

Value chain stage(s) covered
<Not Applicable>

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
<Not Applicable>

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment
Please select

Value chain stage(s) covered
<Not Applicable>

Portfolio activity
<Not Applicable>

Tools and methods to assess impacts and/or dependencies on biodiversity
<Not Applicable>

Please explain how the tools and methods are implemented and provide an indication of the associated outcome(s)
<Not Applicable>

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity- sensitive areas in the reporting year?
Please select

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?	Type of action taken to progress biodiversity- related commitments
Row 1	Please select	<Not Applicable>

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	Please select	Please select

C15.7

(C15.7) Have you published information about your organization's response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Financial Officer	Chief Financial Officer (CFO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

SC0.1

(SC0.1) What is your company's annual revenue for the stated reporting period?

	Annual Revenue
Row 1	

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	
Diversity of product lines makes accurately accounting for each product/product line cost ineffective	Best practice guidance on different product downstream emissions estimations

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?
Yes

SC1.4a

(SC1.4a) Describe how you plan to develop your capabilities.

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?
Please select

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?
Please select

Submit your response

In which language are you submitting your response?
English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below
I have read and accept the applicable Terms