

## 1.0 Greenhouse Gas Emissions Baseline Recalculation Policy

### 1.1 Our commitment to Sustainability

**In 2023, RESA, through our holding company DIBEA itg, S.L., committed to the Science Based Targets Initiative (SBTi) to reduce its emissions, including greenhouse gases (GHGs) Scope 1 & 2, by 46% by 2030.**

RESA are proud to:

- Dedicate human and capital resources to create and implement environmentally sustainable practices.
- Assess and implement measures, capital improvements and new technologies that reduce the carbon footprint of communities.
- Measure and report on energy consumption, emissions, water, control of residual waste and, in doing so, continuously and consistently improve performance in all communities.
- Evaluating the energy efficiency of all communities using energy rating schemes such as Energy Performance Certificates (EPC). Pursuing certification for eligible communities annually.
- Taking a managed approach to the procurement of energy in deregulated energy markets.

### 1.2 Our Greenhouse Gas Emissions Baseline Recalculation Policy

A Greenhouse Gas Emissions Baseline Recalculation Policy is a structured framework that ensures the periodic review and adjustment of an organisation's baseline emissions data in response to significant changes in operations, methodologies, or external factors. This Policy is essential for maintaining the accuracy, credibility, and relevance of an organization's greenhouse gas (GHG) inventory and sustainability reporting.

A Greenhouse Gas Emissions Baseline Recalculation Policy is not only a technical necessity but also a strategic tool that ensures the credibility, relevance, and effectiveness of an organization's sustainability efforts. By implementing a clear and structured recalculation process, businesses can enhance transparency, improve decision-making, manage risks effectively, and gain a competitive advantage in the evolving landscape of environmental responsibility.

#### Ensures Data Accuracy and Integrity

- Over time, an organisation's operations, supply chain, or methodologies for measuring emissions may evolve. A Greenhouse Gas Emissions Baseline Recalculation Policy ensures that historical emissions data remain accurate and comparable, preventing inconsistencies that could undermine sustainability efforts.

#### Maintains Compliance with Regulatory and Voluntary Standards

- Many carbon accounting frameworks, such as the Greenhouse Gas Protocol (GHGP), ISO 14064 and Science Based Targets Initiative (SBTi), require organizations to establish and follow a recalculation Policy to ensure emissions targets remain valid and comparable over time. Compliance with these standards enhances corporate credibility and avoids regulatory risks.

#### Reflects Business Growth and Structural Changes

- Businesses frequently undergo changes such as mergers, acquisitions, divestitures, or shifts in production capacity. These structural changes can significantly impact emissions calculations. A Greenhouse Gas Emissions Baseline Recalculation Policy ensures that carbon reduction targets remain relevant by adjusting the baseline to reflect the current state of operations.

#### Enhances Stakeholder Trust and Transparency

- Investors, customers, and regulators increasingly demand transparency in corporate sustainability reporting. By implementing a recalculation Policy, organizations demonstrate accountability and a commitment to best practices, strengthening trust among stakeholders.

### **Supports Long-Term Sustainability Goals**

- Without a recalculation Policy, outdated baselines may lead to misleading assessments of progress toward net-zero commitments or sustainability targets. Regular recalculations ensure that reduction targets remain realistic and aligned with long-term sustainability objectives

#### ***Why we value a robust baseline.***

##### **Improved Decision-Making and Strategic Planning**

A more accurate emissions baseline enables RESA to make informed decisions about energy efficiency investments, carbon offset purchases, and operational changes that drive cost savings and sustainability improvements.

##### **Enhanced Risk Management**

Climate-related risks, such as carbon pricing mechanisms, emissions regulations, and investor scrutiny, are increasing. An up-to-date carbon baseline helps us anticipate and mitigate financial and regulatory risks by ensuring compliance with evolving carbon policies.

##### **Strengthened Competitive Advantage**

We appreciate that companies with transparent and credible sustainability reporting are more attractive to investors, customers, and partners. Organisations that actively update their carbon baselines demonstrate leadership in corporate responsibility, gaining a competitive edge in an environmentally conscious market.

##### **Cost Efficiency in Carbon Reduction Strategies**

An inaccurate or outdated carbon baseline may result in inefficient allocation of resources toward emissions reduction projects. A recalculated baseline ensures that sustainability initiatives are appropriately prioritised, leading to cost-effective and impactful emissions reductions.

##### **Alignment with Market and Consumer Expectations**

Consumers and businesses are increasingly prioritising sustainable and low-carbon products. Companies that maintain an accurate emissions inventory can better align with these market expectations, enhancing brand reputation and customer loyalty.

##### **Maintaining our Commitment to Our Net Zero Carbon Goal**

Science Based Targets Initiative (SBTi) is a globally respected framework that helps companies set greenhouse gas reduction targets in line with the latest climate science, ensuring we contribute effectively to limiting global warming to 1.5°C. SBTi requires businesses to periodically review and update their emissions baselines when significant operational changes occur. This prevents organisations from overstating progress or relying on outdated baselines that do not reflect real-world emissions reductions.

### 1.3 Our Baseline

DIBEA selected 2019 to be representative of its current and future operations as a Small to Medium enterprise (SME). DIBEA itg, S.L., has committed to the Science Based Targets initiative (SBTi)<sup>1</sup> to reduce its emissions, including greenhouse gases<sup>2</sup> (GHGs), by 46% by 2030.

A rolling base year may be considered for targets in the future if maintaining reliable and verifiable data for a fixed target year becomes challenging due to business changes. A rolling baseline year is a dynamic approach to setting an emissions baseline that updates periodically rather than remaining fixed.

Instead of comparing emissions against a single historical year (e.g., 2019), the baseline shifts forward at regular intervals (e.g., every 3–5 years). Which relies on adjusting the baseline year used to measure progress toward a target based on more recent data. Instead of using a fixed year as a baseline, the base year can change periodically to reflect the most accurate and up-to-date information available. This would require updates being made against and revised submissions to SBTi.

The Greenhouse Gas Emissions Baseline Recalculation Policy will be revised over time in accordance with developments in guidance by the GHG Protocol and the SBTi. DIBEA itg, S.L. is committed to ensuring that any future targets remain in line with climate science and will obtain SBTi validation for any new targets set.

DIBEA itg S.L. shall review its targets, at a minimum, every 5 years to ensure consistency with the latest SBTi criteria

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<sup>1</sup> [SBTi CRITERIA AND RECOMMENDATIONS FOR NEAR-TERM TARGETS](#) Version 5.1 April 2023

<sup>2</sup> The Greenhouse Gas Protocol - [A Corporate Accounting and Reporting Standard. Revised Edition](#)

## 2.0 Greenhouse Gas Emissions Baseline Recalculation Policy Thresholds

Subject to the significance threshold, the GHG Protocol outlines that a company should engage in a recalculation of base-year carbon emissions when the following changes occur and/or have a significant impact on their inventory:

### 2.1 Structural changes

Structural changes refer to **significant organisational or operational shifts** that can alter a company's emissions profile. The SBTi requires businesses to update their baseline emissions data if such changes affect more than **5% of total emissions relative to the baseline year** to maintain comparability and integrity in reporting.

Structural changes within DIBEA itg, S.L that significantly impact the company's base year emissions involve the transfer of ownership or control of emissions-generating activities or operations from one entity to another which were active and operational (i.e., carbon emitting) in the base year (2019).

While a single structural change might not substantially affect base year emissions, the cumulative effect of several minor structural changes can also lead to a significant impact. Relative to DIBEA, these include:

- **Mergers & Acquisitions,**
- **Divestments and Business Unit Sales.**
- **Notable Organisational Transformations**

#### 2.1.1 Mergers and Acquisitions

**Mergers and acquisitions (M&A)** encompass the strategic processes where two companies either combine into a single entity (merger) or one company acquires another (acquisition). These transactions are primarily undertaken to achieve strategic objectives such as expanding market presence or enhancing competitive positioning.

The baseline must be recalculated to include the acquired emissions, where the acquired asset existed and was operational in the base year, and would increase DIBEA's original base year emissions by 5% or more. A recalculation ensures that the new emissions are accounted for and that targets still reflect the full scope of operations.

- DIBEA itg, S.L. follows a "year after, all year" methodology when integrating acquired assets into its greenhouse gas (GHG) inventory. Under this approach, newly acquired assets are included in the historical GHG inventory after they have been owned for a full financial year and complete emission data is available.

Example:

- In the first year of structural change, where only partial-year data exists for the acquired asset, the base year and historical emissions will not be recalculated until emissions data is available for a full financial year.
- DIBEA itg, S.L will provide a clear explanation in the GHG inventory report, detailing the impact of the acquisition on current emissions, ensuring transparency and equitable year-on-year comparisons.

This recalculation methodology ensures that emissions derived from the acquired asset are incorporated both in the base year and in subsequent reporting years despite DIBEA not having control over this asset at that time<sup>3</sup>. This approach maintains data consistency while acknowledging ownership changes.

#### Exception to GHG reporting:

Where a new operating branch is acquired during the fourth quarter of a year (October to December inclusive), their partial GHG emissions will not be included within that year; instead, they will be recorded from the start of the following year with the recalculation policy outlined above applied at the end of the following year.

<sup>3</sup> World Resources Institute, World Business Council for Sustainable Development, Base year recalculation methodologies for structural changes, Appendix E to the GHG Protocol Corporate Accounting and Reporting Standard Revised Edition.

### Exception to recalculation triggers in M&A

The following will not trigger a recalculation of the base year's carbon emissions:

- Acquisitions or divestment of assets that were not in operation in the base year (2019).

#### 2.1.2 Divestments and Business Unit Sales

**Divestments and Business Unit Sales** involve the strategic process of selling off a company's assets, subsidiaries, or divisions. These transactions are typically executed to streamline operations, focus on core business areas, raise capital, or improve financial performance. By divesting non-core or underperforming assets, companies can enhance their strategic focus and operational efficiency, ultimately driving better alignment with long-term business objectives.

When a company sells or divests part of its business, their total emissions may decrease, necessitating an updated baseline to prevent an artificial appearance of emissions reductions.

The baseline must be recalculated to exclude the divested emissions, where the divested asset existed and was operational in the base year, and would reduce DIBEA's original base year emissions by 5% or more. This ensures that the company's emissions reductions are accurately represented and not artificially inflated due to the divestment.

Recalculation will be carried out as follows:

**Divestments:** Following a "*same year, all year*" approach, the year that asset is divested, it will not be included in the GHG inventory for that year and will be removed from the base year and the other historic years.

**Business Unit Sales:** Similar to divestments, the emissions associated with the sold business unit will be excluded from the GHG inventory for the year of the sale and will be removed from the base year and the other historic years.

#### 2.1.3 Notable Organisational Transformations

Notable Organisational Transformations can significantly impact the greenhouse gas emissions inventory and the achievement of science-based targets. The following points outline the specific circumstances under which a base year emissions recalculations are necessary:

- Emissions of exclusions in the inventory or target boundary change significantly and/or exceeded allowable exclusion limits (more than 5% of scope 1 and 2 emissions).
- A change in ownership, such as from **joint venture** to majority owner and vice versa.
- Other significant changes to projections/assumptions used in setting the science-based targets such as for intensity targets, changes in growth projections.

### Exception to recalculation triggers in Notable Organisational Transformations:

Organic growth or decline of DIBEA activities: Organic growth refers to the natural expansion or contraction of the company's operations, such as enhancing existing services, or boosting occupancy rates, or openings/closures of operating units owned or controlled by DIBEA itg, S.L.

## 2.2 Methodology Changes

The Science Based Targets initiative (SBTi) periodically updates its methodologies to enhance accuracy, transparency, and alignment with the latest climate science. Changes in calculation methodology or improvements in the accuracy of emission factors or activity data that result in a significant impact (5% emissions alteration) on the base year emissions data can necessitate a recalculation. A methodology change can be triggered by improvements in the accuracy of emission factors

Emission factors are periodically updated due to:

- **Advancements in Scientific Research:** More precise methods improve the accuracy of carbon intensity calculations for different fuels, materials, and processes.
- **Changes in Energy Mix:** National electricity grids shift toward renewables, altering the carbon intensity of purchased electricity.
- **Regulatory Updates:** Governments and international bodies refine methodologies for GHG accounting.
- **Industry-Specific Refinements –** Sectoral organizations (e.g., IPCC, EPA, IEA) release new datasets reflecting real-world emissions trends.

Methodology changes can also be triggered by changes in the reporting due to:

- Alterations of the consolidation approach chosen for the GHG inventory has changed from DIBEA itg S.L.'s current equity share to Operational share, or Financial Control.
- The company revises its emissions accounting methodology (such as transitioning from a market-based to a location-based Scope 2 reporting approach).

These changes ensure that the emissions inventory remains accurate and reflective of the most current data and methodologies and the baseline should be retrospectively adjusted to maintain consistency and ensure comparability.

## 2.3 Data Errors

Accurate data is essential for setting and tracking science-based targets under the Science Based Targets initiative (SBTi). However, data errors can arise due to various factors, including:

- **Inconsistent or Incomplete Data:** Missing, outdated, or misreported emissions data can lead to inaccuracies in baseline calculations and target setting.
- **Measurement and Reporting Errors:** Errors in emissions measurement methodologies, data entry mistakes, or misinterpretation of reporting protocols can impact the reliability of emissions inventories.
- **Changes in Data Sources:** Shifts in data collection processes, supplier reporting, or external databases may introduce discrepancies that require adjustment and validation.

## 2.4 Commitment-Driven Recalculations Through Alteration To Best Practice

Note that this is a voluntary commitment and is not a trigger event. Entities can undertake to align with current best practices and the latest climate science. Considering these questions will help prepare for the validation process and ensure it runs as smoothly as possible.

- **Representative and realistic targets:** DIBEA itg S.L. must confirm that its targets remain representative of its business model and realistic given the current mitigation strategy. This includes assessing whether any changes in activity have impacted the ability to achieve longer-term targets.
- **Update the timeframe of near-term targets:** By evaluating whether an entity is on track to meet rapidly approaching targets. If necessary, update the timeframe of these targets using the target resubmission process, especially if nearing the target date.
- **Review sector-specific guidance:** by reviewing any sector-specific guidance annually to check for applicable updates. If there have been changes, consider updating and resubmitting targets to meet the updated sector requirements.
- **Methodology hierarchy:** The methodology hierarchy used to calculate updated emissions following a required recalculation will ideally prioritise actual data for the base year. If only partial data is available for the base year, representative data from the subsequent year will be utilised to supplement it. In cases where no data is available for the base year, the next available year's data will be employed. If no historical data is provided, estimations will be made using average data from similar operational scales.

## 3.0 Our Commitment to SBTi

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Aligning a Carbon Baseline Recalculation Policy with internationally recognised frameworks like the Science Based Targets Initiative (SBTi) provides multiple strategic advantages for our businesses. The SBTi is a globally respected framework that helps companies set greenhouse gas (GHG) reduction targets in line with the latest climate science, ensuring they contribute effectively to limiting global warming to 1.5°C.

### 3.1 Strengthened Credibility and Global Recognition

Aligning with SBTi ensures that our emissions reduction targets are grounded in climate science rather than arbitrary goals. This enhances our credibility among stakeholders, including investors, customers, and regulators, who prioritise transparent and accountable climate action.

### 3.2 Compliance with Leading Sustainability Standards

Many regulatory frameworks, investors, and sustainability reporting mechanisms (such as CDP, TCFD, and ISSB) increasingly recognise or require alignment with SBTi. Having a recalculation Policy that aligns with SBTi ensures continued compliance with these evolving global standards.

### 3.3 Improved Investor Confidence and Access to Capital

Our Investors sentiment is clear, prioritising companies with science-based sustainability strategies. Organisations aligned with SBTi demonstrate lower climate-related financial risks, making us more attractive for ESG-focused investment funds, green financing, and sustainable bonds.

### 3.4 More Accurate and Meaningful Climate Targets

SBTi requires businesses to periodically review and update their emissions baselines when significant operational changes occur. This prevents organisations from overstating progress or relying on outdated baselines that do not reflect real-world emissions reductions.

### 3.5 Competitive Advantage in a Low-Carbon Economy

Businesses aligned with SBTi are often seen as industry leaders in climate action. Large corporations and government agencies increasingly prioritize suppliers that follow science-based climate targets, creating new opportunities for contracts and partnerships. We appreciate our customers are demanding low-carbon products and services.

### 3.6 Risk Mitigation Against Carbon Regulations and Pricing

Governments worldwide are introducing carbon pricing mechanisms, emission reduction mandates, and corporate disclosure requirements. Aligning with SBTi prepares businesses for future regulations and ensures they are ahead of compliance obligations, avoiding potential fines or market access restrictions.

### 3.7 Driving Internal Sustainability and Innovation

SBTi-aligned companies are more likely to embed sustainability into their business strategy, leading to innovation in energy efficiency, sustainable sourcing, and carbon-neutral operations. Periodic baseline recalculations ensure that emissions reduction efforts are measured accurately and allow businesses to refine their sustainability strategies for maximum impact.

A Greenhouse Gas Emissions Baseline Recalculation Policy aligned with SBTi helps businesses ensure that their sustainability targets remain credible, science-based, and compliant with global best practices. By committing to SBTi,

companies can enhance their market positioning, investor confidence, regulatory compliance, and overall sustainability impact, ensuring long-term resilience and success in a low-carbon economy.