

Strategy framework

Sustainable Solutions for Growth

Our Sustainable Solutions for Growth strategy provides a clear pathway for the Group to create value and deliver against its purpose. Our strategy is built upon four themes which are heavily interdependent, and ensure that everything we do is aligned around our common purpose of creating sustainable living. This strategy was outlined at our Capital Markets Day in 2022, and we provided details of progress at our Strategy Progress Update in November 2023.



Growth

We aim to outperform the wider construction market by 2-4% through the cycle. Our served UK market is valued at c.£3bn, and within that we are focused upon segments which offer greater than average growth rates. Our growth strategy is firmly based upon improving the sustainability of the built environment. In doing so, we benefit from tailwinds supporting above-market growth. This involves focusing on application areas such as flood resilience, low carbon heating, and sustainably cooling our homes as well as more broadly ensuring we are the lowest carbon supplier of choice for our customers.

→ Pages 20–21 contain more information on our approach to Growth



Sustainability

Sustainability within Genuit means more than simply being a responsible business. Because we are focused upon being the lowest carbon supplier of choice for our customers, it is a key element of our growth strategy. Our use of clean energy, our leadership in using recycled materials and our engagement in decarbonising our own supply chain all contribute to a sustainable value proposition for our customers, employees and other stakeholders.

→ Pages 22–40 contain more information on our approach to Sustainability



Genuit Business System

Built upon the principles of lean thinking, the Genuit Business System is our way of extracting value from being part of a group. Sharing best practice, and deploying standard processes and tools, are ways to ensure we benefit from our scale, drive efficiencies which mean we can unlock synergies from our existing portfolio as well as future acquisitions, in a timely manner.

→ Pages 41–42 contain more information on our Genuit Business System



People and Culture

Attracting and retaining the best talent and unlocking the capability of our people, is key to delivering upon our strategic aims. Whilst we recognise the different identities that exist within our businesses, we believe that our purpose and strategy are best achieved through an engaged workforce sharing a common culture, committed to collaboration. Working together across businesses is a key enabler of our strategy, whether that means bringing solutions together for customers, or in the sharing of process improvements as part of the Genuit Business System.

→ Pages 43–46 contain more information on our People and Culture

Strategy



Growth

We are focused on creating a sustainable built environment. By being the lowest carbon supplier of choice for our customers, and serving those segments linked to the challenges of climate change, we aim to outperform the broader construction market by between 2-4% through the cycle.

The built environment contributes c.40% of greenhouse gas (GHG) emissions. It is therefore imperative that this impact is reduced in order to meet the societal demands for climate change mitigation. This means that we need to construct buildings using lower embedded carbon solutions, and that we operate those buildings using lower carbon technologies and in an increasingly efficient way. These issues are of course underpinned by regulatory drivers, most notably those which form part of the Future Homes Standard 2025, and particularly Part L and Part F of the Building Regulations.

Genuit addresses these growth drivers in two key aspects. Firstly, primarily through our CMS Business Unit, we are focused on supplying solutions to the need for lower carbon heating and cooling. Underfloor heating is significantly more energy efficient, and is consistent with the use of renewable and sustainable energy platforms such as air source heat pumps. Our Adey brand leads the UK in supplying magnetic filters and treatment products that improve the efficiency of new and replacement water-based heating systems, with energy reduction on average around 7%.



Growth continued

Nuair supplies a range of domestic and commercial ventilation products which recover the heat from areas such as showers and bathrooms, and via Mechanical Vent and Heat Recovery (MVHR), reusing heat that would otherwise be wasted. The enactment of the Future Homes Standard, and achievement of its objective to reduce the carbon impact of new homes will see a significant increase on the relevance of these technologies in new housing.

Secondly, in addition to the adoption of new technologies around heating and cooling, we need to reduce the embedded carbon within the building. Genuit is on a clear pathway to reduce the carbon impact of its products, and we offer our customers a variety of solutions to assist them in decarbonising the homes and workplaces which they build. Being the lowest carbon supplier of choice is a key growth opportunity, particularly given the number of developers, contractors and major merchant groups who themselves have made scope 3 carbon reduction commitments, or who are seeking to comply with the carbon reduction targets of initiatives such as the London Plan.



The Adey range of filters remove sludge from water based heating systems, improving performance and reducing energy consumption

Growth through addressing the issues surrounding decarbonising construction is one important pillar of our strategy. The other is to address the fact that climate change is with us, and its impacts are already felt. The built environment needs to be resilient to these impacts, and Genuit is focused upon various elements within this adaptation challenge.

Our summers continue to be warmer, with 2023 now officially the warmest year on record. With this increase in temperatures, cooling our homes and workspaces is becoming increasingly important. This needs to be done in a low carbon, sustainable manner, and so technologies such as MRXBox from Nuair which can combine MVHR with cooling capability, provide a source of low carbon heating as well as the ability to cool a building using clean fresh air.

This rise in temperatures is also continuing to generate more frequent and more severe rainfall events. This is placing increasing stress upon our drainage and stormwater infrastructure. The range of solutions within WMS, is designed to accommodate these increasing volumes of water, as well as providing ways of storing that water which protect the existing infrastructure and indeed use it to assist in providing more green spaces and a higher-value urban environment. Our WMS Business Unit is also our largest user of low carbon recycled polymers, and so it offers the added benefit of providing these solutions with an extremely low embedded carbon content compared to alternative materials.

Genuit has a clear purpose that 'Together, we create sustainable living'. The pursuit of this purpose provides a clear growth trajectory for the Group. We have a portfolio of businesses and brands with leadership positions in segments that benefit from these growth tailwinds, and colleagues with extensive experience and technical capability in these segments to ensure we are innovating to address the opportunities that these challenges create.



Case Study

Nu-Deck

Nu-Deck is the perfect solution for installing an underfloor heating system into a repair or improvement project, where there is an existing joisted wooden floor.

The integral boarding provides complete structural integrity making the installation process faster and less disruptive for the homeowner. The foil base layer is designed for optimum thermal performance, ensuring maximum heat transfer upward into the living space. In renovation projects there is often a wariness around joints in the piping system being unprotected beneath the floor; Nu-Heat supply a range of lengths of pipework such that installations can be made without the need for joints under the floorboards and the only joints being readily accessible above ground around the manifold. This combines with Nu-Heats promise of lifetime technical support to ensure peace of mind for both the installer and the homeowner.

Our upfront technical support and bespoke design service also ensures the system is tailor-made for the specific thermal requirements of the property. This also allows us to achieve the high levels of efficiency enabling the use of renewables such as ASHP.



Scan to see
a customer
testimonial of
Nu-Deck in a
renovation project

Strategy



Sustainability

Genuit has sustainability at its core.

For us, sustainability is not an after-thought, or something that comes after everything else has been taken into account.

Our strategy to grow the business focuses on addressing issues largely related to climate change, and making the built environment more resilient.

Whether that means catering for ever more frequent extreme rainfall, or leading the transition to lower carbon heating and cooling, we are focused on addressing climate change and its consequences. We want to grow by being the lowest carbon supplier of choice for our customers. Therefore driving carbon from our business and the supply chain is not only the right thing to do from a societal perspective, but it is also commercially fundamental to us.

As part of this process we have committed to reduce our scopes 1 & 2 greenhouse gas (GHG) emissions by 30% by 2027, compared to where we were in 2021. This goes beyond the already significant reductions achieved; in fact between 2019 and 2021 we made reductions approaching 50%.

Our scope 3 GHG emissions are dominated by the goods and services we purchase. For a manufacturing group this is usually the largest proportion of GHG inventory. In this area we recognise the key role that our supply chain plays, and therefore we have set a target to

engage with our suppliers so that they reduce their carbon impact, which in turn supports the Group strategy. By 2027, we will ensure that the suppliers who account for 83% of our purchased goods and services emissions, will have science-based carbon reduction targets in place.

Going further, and recognising the need to reduce carbon across the whole supply chain, the Group has also committed to reducing absolute scope 3 GHG emissions by 13% for our purchased goods and services by 2027.

We are also aware of what we can do ourselves. The transition to recycling and other low carbon material choices will continue to play a key role for us. Using recycled polymers has significantly less carbon impact than virgin polymers, and our target of 62% of our materials being from recycled inputs by 2025 remains an important milestone for us in our journey to net-zero. The use of recycled materials is key to increase and enhance the circular economy benefits that come with using materials that can be recycled, repeatedly, through the manufacturing process.

On page 23, we show our progress against our sustainability framework and climate targets.



Sustainability continued

Our sustainability framework

	Advancing the circular economy	Developing sustainable solutions	Tackling climate change	Investing in an engaged and diverse workforce
	We want to lead the industry in recycling and waste management. It is our ambition to increase recyclability to its maximum threshold and to become a zero-to-waste operation	Given our focus on growth drivers which are linked to the sustainability agenda, we recognise that these challenges will only be met by new products, produced in the most sustainable ways	We are committed to reducing the carbon footprint from our operations and products by focusing on reducing overall emissions without resorting to carbon offsetting	We recognise the contribution a diverse group of colleagues makes to achievement of our goals. We also believe that providing development pathways in the workplace is a key enabler of social mobility
Our 2025 targets	62% of our polymer tonnage to be from recycled inputs. This represents the current available ceiling, given the standards regimes governing the use of recycled materials	25% of our revenue coming from products launched within the preceding five years	66% Reduction of CO ₂ e emissions intensity from a 2019 base year (scopes 1 & 2)	5% of colleagues to be in accredited Earn and Learn programmes
Our progress	Our use of recycled content increased from 48.7% to 49.2% from 2022 to 2023 Our Sustainable Materials Working Group and Business Units continued to increase the recycled content of our products and pursue opportunities to switch from virgin to recycled raw materials where specifications allow	We continued to develop and launch new products during the year and achieved an overall Vitality Index of 21.5% We also continued to innovate our product lines, crucially where these support customer desires, recycled content and lower-embedded carbon	Our scopes 1 & 2 GHG intensity increased during 2023 affected by lower production volumes. As a result of lower production volumes a reduction in absolute emissions was achieved. The Group has achieved a cumulative intensity reduction of 48.6% since the 2019 baseline data was established. We continue to focus on efficiency programmes in our manufacturing processes, being driven by the rollout of GBS. We'll continue to drive out carbon in transport activities with bio-fuels where we plan further adoption in 2024/2025	At the end of the year we had over 250 employees in Earn and Learn programmes, which across a range of disciplines including; engineering apprenticeships, financial accounting qualifications, degrees in subjects such as facilities management and leadership. As part of our GBS strategic pillar, we are investing in developing our people at all levels of the business in understanding Lean concepts and how to deploy them to support business improvement. This learning is accredited through further education colleges, and is being recognised as part of our participation in The 5% Club
	Recycled materials: 49.2%	Vitality Index: 21.5%	Carbon reduction (intensity): Cumulative reduction of 48.6%	People: Percentage in Earn and Learn 8.2%

Our Climate Targets

	Reduction of CO₂e emissions intensity by 66% from a 2019 base year (scopes 1 & 2)	Reduction in absolute scopes 1 & 2 GHG emissions 30% by 2027 from a 2021 base year	Increase annual sourcing of renewable electricity from 94% in 2021 to 100% by 2027 through 2030	83% of suppliers by emissions covering purchased goods and services will have science-based targets by 2027	Reduction in absolute scope 3 GHG emissions by 13% for our purchased goods and services by 2027 from a 2021 base year
		SBTi near-term target	SBTi near-term target	SBTi near-term target	
Our progress	48.6%	24%	91%	32%	26.7%

Sustainability continued

Climate change targets

The Group has set ambitious near-term greenhouse gas reduction targets and made long-term reduction commitments to achieve net-zero reductions in line with the latest thinking on climate science. During 2023 the Science-Based Target initiative (SBTi) approved the Group's near-term science-based emissions reduction target.

Genuit Group's climate-related targets include commitment to:

- Reduce absolute scopes 1 & 2 GHG emissions 30% by 2027 from a 2021 base year (SBTi Target)
- Reduction of CO₂e emissions intensity by 66% from a 2019 base year (scopes 1 & 2)
- Increase annual sourcing of renewable electricity from 94% in 2021 to 100% by 2027 through 2030 (SBTi Target)
- 83% of our suppliers by emissions covering purchased goods and services will have science-based targets by 2027 (SBTi Target)
- Reduction in absolute scope 3 GHG emissions by 13% for our purchased goods and services by 2027 from a 2021 base year

Going beyond the SBTi near-term targets and recognising the need to reduce carbon across the whole supply chain, Group has also committed to reduce absolute scope 3 GHG emissions by 13% for our purchased goods and services by 2027.

The Group already had an established climate target prior to having an SBTi for 2025 of reducing the CO₂e intensity. This target is aligned and complementary to our science-based target and will remain part of the near-term target setting. We will continue to showcase progress towards the 2025 target to maintain consistency with previous reporting, supplemented by reporting against our full set of climate targets. As you can see from the table on page 23, our 2023 results show further progress against all our targets. This means that on a like-for-like basis, we have now removed nearly 50% of scopes 1 & 2 GHG emissions from the business since the target was put in place in 2020. We continue to source the majority of our electricity from renewable sources.

During 2023 we continued to switch our company car fleet scheme around PHEV/EV choices, and since the scheme was activated, 60% of our eligible colleagues have selected these vehicles.

We also continued to use biodiesel for in our transport fleet, where we'll take the lessons learned and continue the transition to switch to non-fossil diesel across our transport fleet during 2024.

Case Study
LSE Green Economy Mark

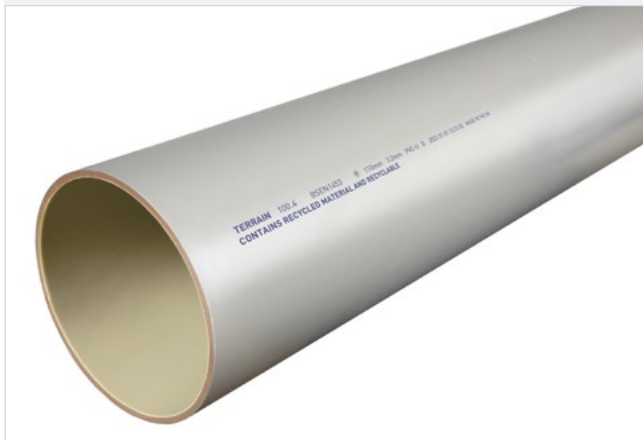


The sustainability of our products and services and their positive impact on the environment is a core aspect of our Sustainable Solutions for Growth strategy. The Group manufactures products that both mitigate and provide adaptation solutions to tackle

climate change for example our range of stormwater management solutions can help mitigate the impacts of flooding from increased frequency and severity of storm events. Our heating and ventilation solutions help customers reduce their own GHG emissions by enabling low-carbon solutions to be used and in the case of Adey's magnetic filters provide a means to reduce energy consumption and CO₂e emissions.

The Group continues to be recognised by the London Stock Exchange for generating more than 50% of revenues from these green products and services through the Green Economy Mark.

The Green Economy Mark is provided by the London Stock Exchange and draws upon FTSE Russell's Green Revenues Classification System, which identifies companies providing green products and services which achieve environmental objectives.



On scopes 1 & 2 we target absolute reduction as well as intensity based reductions, and as detailed on this page, we've set a comprehensive range of targets to reduce our scope 3 emissions.

30%

Reduction in scopes 1 & 2 by 2027

13%

Reduction in scope 3: category 1 purchased goods and services by 2027

We commit to reducing absolute scope 3 GHG emissions by 13% for our purchased goods and services by 2027 from a 2021 base year, and being net-zero across scopes 1, 2 & 3 GHG emissions by 2050 from a 2021 base year. In addition to our science-based targets, during 2023 we have developed a Pathway to Net-Zero plan, showcased on page 29.

As described above, reducing carbon from our supply chain is an important initiative for the Group, given that 80% of our total 2023 carbon emissions fell within purchased goods and services.

During 2023 the Group has pursued the use of recycled materials. We have a target of 62% of our polymer inputs being from post-consumer waste by 2025, and can report that in 2022 this figure was 49.2%. We continue to see mechanical recycling as the key medium-term method for reducing the carbon impact of our products. We have a clear plan and projects which will allow us to transition away from virgin polymers in key product ranges, and remain committed to implementing these in the short-term. As part of our Sustainable Solutions for Growth strategy, we have stated that we will provide solutions which are the most sustainable and economically viable solutions at that point in time.

Sustainability continued

By offering polymer alternatives to legacy materials such as concrete or copper, we are able to offer more sustainable products than those legacy alternatives. However, technology is not at a standstill, and we continue to invest Research and Development (R&D) resource in areas such as bio-polymers and chemical recycling to investigate ways to raise the bar of sustainability even higher. We are also increasingly involved in lobbying for standards regimes to be less prescriptive on how products are made, without compromising on performance.

However, we will need standards regimes to be modernised, otherwise we will leverage the trusted status of our brands to reassure customers of the performance of our products, even though they fall outside the perimeter of those historical standards. We aim to use our leadership position as a way of driving change, and ensuring that our customers have access to products which will reduce their scope 3 carbon impacts. With this in mind, we are also conscious that designers, engineers and building owners need empirical evidence to allow them to make informed decisions regarding carbon impact. We continue to roll out the adoption of verified Environmental Product Declarations (EPDs) which allow quantitative carbon impact comparison at the product or product family level.

It is because we recognise the need to innovate to reduce carbon that we also target our innovation rate as part of our enablers of sustainability. We aim for 25% of our revenue being from products launched within the preceding five years. Our data for 2023 shows a Vitality Index of 21.5%, which represents a slight decrease versus the prior year result of 24.7%.

Vitality Index
21.5%

Circular Economy

The Group recognises the need to move towards a more circular use of raw materials and the re-use of so called 'waste materials'. We see a future where less is discarded without being re-used or recycled, and new products are increasingly made with recycled materials that have already fulfilled a useful role in the economy and society, rather than virgin materials.

In moving to a circular economy that operates in a circular and not linear fashion, we'll see a reduction in the use of virgin materials and as a consequence society will benefit from:

- reduction in waste destined for disposal and reduction of materials lost into the environment; and
- reduction in carbon impact (CO₂e emissions), as the majority of embedded carbon in products is associated with the first use of virgin raw materials such as plastic, cement, steel and aluminium.

We have adopted circular economy thinking by prioritising the use of recycled polymers in our manufacturing sites and setting targets to maximise their use. As a secondary consequence, these recycled polymers are commonly lower embedded carbon materials. Therefore, as we increase our use of recycled polymers to support a transition to a circular economy, we also benefit by decarbonising our supply chain and realising a reduction in our scope 3 GHG emissions.

As part of our Sustainable Solutions for Growth strategy, a workstream focused on increasing the circularity of materials in the sectors in which we operate. This Sustainable Materials workstream is working to shift products being manufactured from virgin polymers and materials to recycled materials wherever possible and without detriment to the products quality or functionality. We are also looking at emerging opportunities such as bio-polymers in the medium term.

We understand both the need for a rapid transition to a low carbon economy and the need to promote circular economy thinking and how these offer opportunities and challenges for our business activities.



Our sustainability strategy is dominated by recycled material and climate change; the Group wants to be the 'lowest carbon supplier of choice' to our customers, meaning continuing our focus and reduction activities on operational and supply chain carbon emissions. We also understand the need to promote and drive behaviour that prevents the loss of plastic materials into the environment through the entire life cycle and as such are a signatory to Operation Clean Sweep; an international initiative from the plastics industry to reduce loss of plastic pellet, flake or powder into the environment. Providing a route for end-of-waste plastic to be consumed within the manufacture of new plastic products provides an economic base to help prevent waste plastics being discarded into the environment.

As can be seen on page 23, our use of recycled materials has increased from 2022 and we now have more than 49.2% of all raw materials supplied from the secondary products market, significantly adding to the UK capability to recycle used plastics and avoid the use of virgin materials.

Sustainability continued

The environment and greenhouse gas emissions

We aim to minimise the impact of our operations on the environment, and sustainability is a key feature of our products and their associated impact.

Our modern and efficient injection moulding and extrusion operations use significant amounts of electricity. We monitor very closely our electricity usage, even at a machine level, and take a proactive approach to improve energy efficiency. Based on the type and nature of our production processes, energy and carbon emissions are some of our largest environmental impacts.

The following tables detail the energy consumption and greenhouse gas (GHG) emissions from the activities of the Group during the period 1 January 2023 to 31 December 2023. Our GHG, reportable under Streamlined Energy and Carbon Reporting (SECR) during the period specified above, was 17,426 tonnes CO₂e. This figure has been derived using the UK Government's most recent GHG Conversion Factors for Company Reporting (2023) and other appropriate emission factors for non-UK electricity. This is in line with standard industry practice and allows fair comparison with other UK businesses. The scope 3 emissions presented in Table 1 include transmission and distribution losses and business travel in private vehicles (grey fleet) emissions, in line with previous submissions. A full scope 3 inventory is presented in Table 5. The intensity figure presented in Table 2 is inclusive of those aforementioned scope 3 entries; our 2025 KPI target and performance indicator includes all scopes 1 & 2.

The Group's absolute scopes 1 & 2 GHG emissions were 12% lower than in the 2022 reporting period, and although influenced by lower production volumes we also saw improvements in our emissions, independent of those production volume reductions. This resulted in the Group achieving an emissions intensity of 0.140 tonnes CO₂e per tonne of product during 2023, a strong performance despite lower production output.

Energy efficiency initiatives

SECR legislation requires us to provide information in our Directors' Report on the energy efficiency initiatives carried out during the financial year. A number of our production sites operate an energy management system certified to the international standard ISO50001 and we have production sites included in the UK government Climate Change Agreement (CCA) scheme. During 2023 the business prepared for UK's Energy Savings Opportunity Scheme (ESOS) Phase 3 compliance deadline with site based energy audits and identification of energy saving projects. These, along with CCA audits and continuous improvement required by ISO50001, have given the sites and the Group a wide range of energy reduction programmes to take forward in the short-term.

Our focus on reducing scopes 1 & 2 emissions, measured either by absolute emissions or emissions intensity is providing the drive to reduce our use of energy.

Table 1 Group GHG emissions (tonnes CO₂e) by source and reporting period for SECR reporting

	2022	2023	Change	Percentage Share
Source				
– fuel combustion (stationary)	4,821	4,200	-12.9%	24.1%
– fuel combustion (mobile)	11,514	9,815	-14.8%	56.3%
– fugitive emissions (F-gas)	536	39	-92.8%	0.2%
– purchased electricity*	2,841	3,372	18.7%	19.4%
Total emissions (tCO ₂ e)	19,712	17,426	-11.6%	100%
Output (tonnes of production)	134,022	113,873	-15.0%	
Intensity (tCO ₂ e) per tonne of production	0.147	0.153	4.1%	

* The 2023 emissions figure for purchased electricity above (and used throughout) reflects our investment in a zero-carbon electricity tariff for the majority of the estate. In the terms of the GHG Protocol, this is called 'market-based' reporting – as opposed to 'location-based' reporting. Location-based reporting does not take into account the electricity supply contracts a company has and instead uses a national carbon emissions factor for electricity. Following the location based methodology (which is required to be also reported under SECR alongside market-based figures), our 2023 emissions from electricity were 17,426 tCO₂e (including transmission and distribution losses), giving total emissions of 30,342 tCO₂e and an intensity of 0.266 tCO₂e per tonne of production – an 5.3% increase on 2022. The remaining electricity emissions figure above of 3,372 tCO₂e is from electricity not covered by our zero-carbon tariff, and from transmission and distribution losses. For the production of the 2023 energy and greenhouse gas data the Group used updated emissions factors including country specific grid intensity factors leading to an increase in reported emissions for electricity in 2023. Table 3 shows the year-on-year reduction in total electricity consumed.

Sustainability continued

UK legislation requires the public reporting of scopes 1 & 2 emissions, with scope 3 emissions for quoted companies being optional. Tables 1 and 2 presents limited scope 3 emissions resulting from transmission and distribution, associated with losses during the use of grid electricity, as well as the grey fleet. In order to maintain a comparison with previous years reporting this limited scope 3 inventory is presented in Table 2. Full reporting of scope 3 emissions is shown in Table 5.

Table 2 Group GHG emissions (tonnes CO₂e) by scope and reporting period for SECR reporting

Emissions Scope	2022	2023	Change
Scope 1	16,839	13,893	-17.5%
Scope 2	1,412	2,093	48.2%
Scope 3: category 3 and grey fleet	1,461	1,440	-1.4%
Total emissions (tCO₂e)	19,712	17,426	-11.6%

When the SECR related emissions are split by type as shown in Table 1 it is fuel combustion in transportation and combustion of fossil fuels at the sites that make up the largest portion of the portfolio at 80%.



The table below shows the total energy consumption for the Group and the split in energy source/fuel type. We can see a general reduction in energy consumption in both electricity and transport fuel, when compared to 2022. The Group energy consumption in Megawatt Hours (MWh) by type and reporting period were as follows:

Table 3 Energy consumption (MWh) by type and reporting period

	2022	2023	Change	Percentage Share
Energy Source (MWh)				
Electricity	80,812	69,986	-13.4%	49.8%
Transport Fuel	45,482	41,391	-9.0%	29.5%
Other Fuel	26,409	29,017	9.9%	20.7%
Total	152,703	140,394	-8.2%	100%

UK and Global Consumption

A requirement of SECR reporting for applicable companies is that they provide a split of their scopes 1, 2 & 3 emissions between those that are emitted by UK sites and those emitted by sites in their portfolio outside of the UK.

Table 4 Energy consumption (MWh) by type and reporting period

Territory	Scope	tCO ₂ e	MWh
UK	1	13,856	63,082
Global		37	624
UK	2	1,679	68,575
Global		414	1,412
UK	3	1,413	6,610
Global		27	91
Total		17,426	140,394

Genuit Group GHG inventory for 2023

In Table 5 we present the full scopes 1, 2 & 3 greenhouse gas inventory for the Group.

As highlighted earlier in this Report, our greenhouse gas intensity value remained the same from 2022 to 2023. This was in spite of lower production volumes which would be expected to drive an increase in intensity. In producing the 2023 energy and GHG data, we used updated emissions factors (including country specific grid intensity factors) leading to an increase in reported emissions for electricity in 2023. Despite these two headwinds factors, 2023 showed an increase in performance. Furthermore, we can see that a reduction in absolute emissions was achieved during the year. For scope 3 data reporting we have continued to refine the methodology, improve the primary data collection and reduce carbon through our Sustainable Materials Working Group and the switch from virgin materials to recycled content. These, combined with the reduction in production volumes, has contributed to the decrease in scope 3; category 1 emissions.

We continue to focus on efficiency programmes in our manufacturing processes being driven by the rollout of the Genuit Business System and GHG and energy efficiency programs, and we continue to drive out carbon in transport activities with bio-fuels where we plan further adoption in 2024/2025.



Sustainability continued

Table 5 below shows the GHG Inventory including our science-based targets and performance against those targets

Reporting item	Base year value FY2021 (tCO ₂ e)	Base year emissions covered by targets (tCO ₂ e) (%)	FY2022 reporting value	FY2023 reporting value
Scope 1 (tCO ₂ e)	19,547	19,547 (100%)	16,839	13,893
Scope 2 (market-based) (tCO ₂ e)	1,487	1,487 (100%)	1,412	2,093
Total scopes 1 & 2 (market-based) (tCO₂e) (ABSI)	21,034	21,034 (100%)	18,251	15,986
Electricity				
Total electricity use (MWh)	81,102	81,102 (100%)	80,812	69,986
Electricity procurement from renewable sources (MWh)	76,236		73,512	63,460
% of electricity from renewable sources (O1)	94%		91%	91%
Scope 3 (tCO ₂ e)				
Category 1: Purchased goods and services	335,282	335,282 (100%)	372,279	245,734
Category 2: Capital Goods	17,803		17,204	15,685
Category 3: Fuel- and Energy-Related Activities	10,879		13,743	11,673
Category 4: Upstream transportation and distribution	9,204		1,206	1,024
Category 5: Waste Generated in Operations	1,052		1,248	1,060
Category 6: Business Travel	636		490	416
Category 7: Employee Commuting	6,932		8,199	6,964
Category 8: Upstream leased assets	N/A		N/A	N/A
Category 9: Downstream Transportation and Distribution	6,002		896	761
Category 10: Processing of sold products	N/A		N/A	N/A
Category 11: Use of Sold Products	4,464		4,321	3,670
Category 12: End-of-Life Treatment of Sold Products	3,054		3,561	3,024
Category 13: Downstream leased assets	N/A		N/A	N/A
Category 14: Franchises	N/A		N/A	N/A
Category 15: Investments	N/A		N/A	N/A
Suppliers of purchased goods and services with science-based targets (% coverage of scope 3: cat. 1) (O2)	0%		20%	32%

Notes:

- Genuit Group performed full inventory of its scopes 1 & 2 emissions on an annual basis. Scope 3 full inventories took place in 2021 and 2022. During 2023 scope 3 category 1 and 2 was fully re-assessed with other categories being estimated based on changes to activity at a site level
- 90% of the data is calculated using actual data, with 10% being estimated based on pro-rated actual data as described in note a
- Following a materiality assessment categories 8, 10, 13, 14 and 15 were not deemed relevant to the nature of the business and marked as N/A
- Data is prepared following the GHG Protocol methodologies with the following notes and alternative methodologies for scope 3 categories (<https://ghgprotocol.org/sites/default/files/2022-12/AppendixD.pdf>)
- Category 1 for the Nuair business is undertaken using the methodology defined in the standard 'Embodied carbon in building services: a calculation methodology CIBSE TM65: 2021'
- Category 11 was assessed based on power consumption over a 12 month period. This is a deviation from the GHG Protocol as the in use periods are not always known and depend on actual customer behaviour. Genuit Group continues to review and refine the methodology for category 11 assessment which may lead to changes in the reported value in future years

Boundary, methodology and exclusions

An 'operational control' approach has been used to define the GHG emissions boundary. This approach captures emissions associated with the operation of all buildings such as warehouses, offices, and manufacturing sites, plus Company owned transport. This covers all Group operations, both production and office locations. This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines 2019. Emissions have been calculated using the latest conversion factors provided by the UK Government or other appropriate agency. There are no material omissions from the mandatory reporting scope. The reporting period is 1 January 2023 to 31 December 2023.

The reporting of scope 3 emissions is in line with the GHG protocol. Based on this work scope 3 accounts for 95% of all emissions and amounts to 290,013 tCO₂e. This proportion is consistent with other businesses who rely on raw material suppliers to support manufacturing processes. Looking closely at the scope 3 inventory we can see that category 1 has decreased from 2022 to 2023, largely driven by a reduction in volumes and by improvements in the data calculation methodologies. We've also seen how emission factors can have an impact, with year-on-year variance impacting on the GHG inventories especially for scope 3; category 1.

Having consistent and accurate emission factors for the supply chain is crucially important and we continue to work with the supply chain and supply partners to improve the accuracy of emissions factors that our inventories rely upon.

Sustainability continued

Pathway to Net-Zero

1 Leading the pack

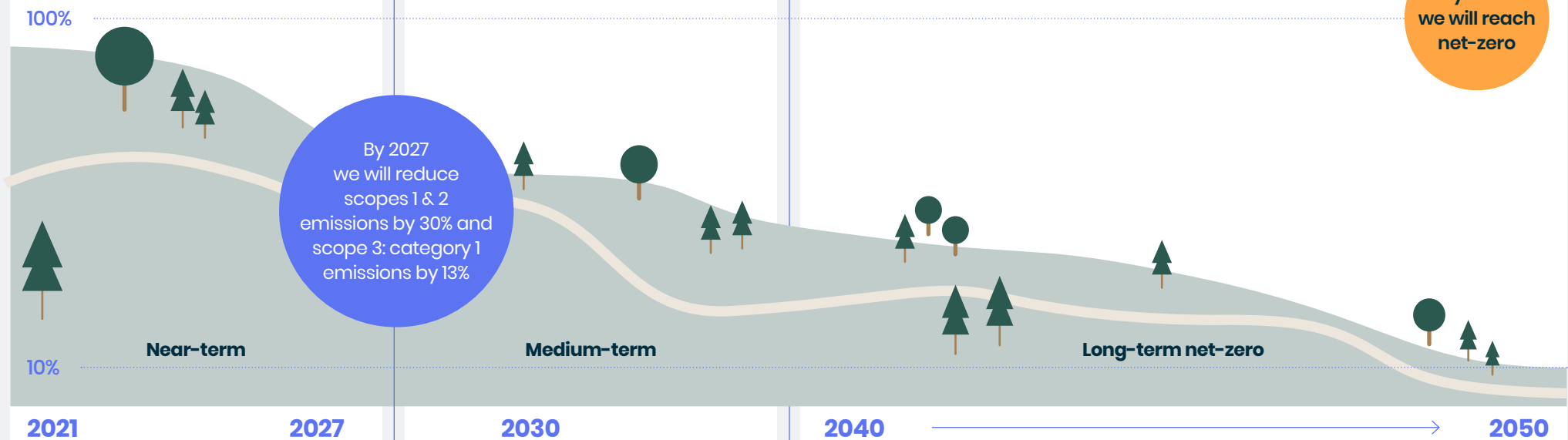
- Aligning ambition to climate science through setting of science-based targets
- Decarbonising our own site operations
- Reducing emissions from transport with PHEVs and bio-fuels
- Increasing recycled content
- 30% reduction in absolute scopes 1 & 2 GHG emissions by 2027

2 Scaling up and driving down emissions

- Driving down scope 1 emissions from production activities
- Fully decarbonising transport emissions
- Adoption of innovative raw materials when available
- Decarbonisation of value chain through supply chain science-based target commitments

3 Delivering net-zero

- Deeper decarbonisation of Genuit Group operations
- Advanced circular economy activities
- 90% reduction in scopes 1, 2 & 3 emissions by 2050



Pathway to Net-Zero

We have committed to setting long-term Group-wide emission reductions in line with net-zero with the Science-Based Target initiative (SBTi). We have responded to the SBTi's urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign.

In December 2023 we submitted to SBTi for validation our long-term reduction plan for a 90% reduction in scopes 1, 2 & 3 emissions by 2050.

Goods purchased for the manufacture of products dominate our greenhouse gas inventory (scopes 1, 2 & 3) emissions. In the medium and long-term reducing this aspect will be key to achieving net-zero by 2050. The embedded carbon in these purchased raw materials derives from the primary products of the polymers and metals. With circular economy thinking and industry recognised practices, once materials go through their first use and come back in to the raw material supply chain the primary production and embedded carbon is no longer associated with the material; to avoid double counting. Therefore recycled materials or materials made from recycled content offer the most obvious low-carbon solutions in the short to medium-term, hence our position as one of the leading consumers of recycled polymers. You can read more about circular economy on page 25.

In the short and medium-term the switch from virgin materials to recycled is clear. In the longer-term, low-carbon primary materials are likely to become available as the primary materials supply chain decarbonises in line with a net-zero trajectory. Furthermore, new and innovative materials such as bio-polymers are likely to become available, offering lower embedded carbon content than conventional materials. These will be crucial where applications do not allow for the use of recycled materials. Bio-polymers are material where the base component is produced from natural sources, for example chemically synthesised from a biological material.

A key element of achieving our Pathway to Net-Zero is the setting of challenging targets in blocks of 3-5 years to provide the impetus for continuous progression and to remain on the required trajectory. As part of this journey and as 80% of our total GHG inventory is in our purchased goods i.e. the raw materials we buy to manufacture our finished goods, the supply chain engagement is crucially important. We have set ambitious scope 3 targets both in terms of absolute reductions of emissions and also in requiring 83% of our suppliers by GHG emissions to adopt science-based targets. We understand our leadership role in giving clear signals to the supply chain and working with our partners to achieve the carbon reductions required to avoid the worst effects of climate change.

Pathway to Net-Zero Definitions

What does 'Carbon Neutral' mean?

Although often used interchangeably with 'net-zero', the two are not the same. In general, when companies claim carbon neutrality they are counterbalancing CO₂e emissions with carbon offsets without necessarily having reduced emissions by an amount consistent with reaching net-zero at the global or sector level (science-based targeted reductions).

Products that directly reduce or mitigate emissions during the life-cycle may be described as carbon neutral if rigorous assessment shows this to be the case. Individual products may also be carbon neutral if residual emissions are offset by other carbon reduction activities and a third-party assessment has verified the claim. Third parties are developing processes to verify and approve carbon neutral claims. This is a developing area of product declaration and one that the Group is evaluating.

What does 'net-zero' mean?

A state of balance between anthropogenic (man-made) emissions of greenhouse gases (GHG) and anthropogenic (man-made) removals. Net-zero GHG emissions must be achieved at the global level to stabilise temperature increases.

The Science-Based Targets initiatives (SBTi) net-zero standard outlines what companies need to do to enable the global economy to achieve net-zero by 2050.

Companies must take action to halve emissions before 2030. Likewise, long-term deep emissions cuts of at least 90% before 2050 are crucial for net-zero targets to align with climate science.

Our net-zero target boundary includes all scopes 1, 2 & 3 emissions, both upstream and downstream.

Who is the 'Science-Based Targets Initiative'?

The Science-Based Targets initiative (SBTi) is a partnership between Carbon Disclosure Project (CDP), the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

The SBTi's goal is to enable companies worldwide to do what climate science requires of the global economy: to halve emissions by 2030, and achieve net-zero before 2050.

SBTi develop criteria and provide tools and guidance to enable businesses and financial institutions to set GHG emissions reduction targets in line with what science tells us is needed to keep global heating below 1.5°C.

As previously highlighted the Group has approved near-term targets and has submitted to SBTi long-term reduction targets of 90% for approval.

What are 'science-based targets'?

Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gases (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.

Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement; limiting global warming to 1.5°C above pre-industrial levels.

Task Force on Climate-Related Financial Disclosures

At Genuit Group, we understand the serious threat that climate change poses to our planet and recognise our responsibility in mitigating its impacts through sustainable business practices and climate resilient products.

We comply with the FCA's Listing Rule 9.8.6R(8), and make disclosures consistent with the 2017 and amended 2021 TCFD recommendations and recommended disclosures across all four of the TCFD pillars, and s414CA and s414CB of the Companies Act 2006.

We consider that sufficient information sharing in this Annual Report and Accounts has been made to make the disclosures consistent with the TCFD framework.

We acknowledge the scale of action required and the role the construction industry and building material suppliers play in increasing the resilience of the wider economy against the threats posed by climate change.

Our business has evolved from its heritage in plastic pipes and fittings to being a leading player in sustainable water and climate management; with sustainability at the heart of what we do and forming the basis of our strategic choices. Our aim is to be the lowest carbon choice for our customers, and we understand that we need to communicate our progress to our stakeholders in a consistent and comprehensive way. Through collaboration and the adoption of international frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD) and Science-Based Targets initiative (SBTi), we aim to give our stakeholders more insight into the processes and evaluations behind our strategic decisions within the context of climate change, providing detail on the year-on-year progress we have made in achieving them. We recognise the benefits of embedding climate risk and opportunity evaluation and action along with climate-related financial disclosures into our business risk management and decision-making processes. You can read more about our science-based targets (SBTs) on page 24.

In the 2022 Annual Report and Accounts, we updated stakeholders on the Group's progress on assessing climate-related risk and opportunities. During 2023 we have enhanced our assessment of risk and opportunities with the deployment of quantitative analysis for both transition and physical risk and opportunities. In both cases a third-party was used to build bespoke scenario models. For transition risk and opportunities, the models enable the Group to analyse various possible short, medium and long-term policy scenarios that may have a financial impact.

We outline further in this report the process we followed and the risks and opportunities that were identified, as well as the quantitative and qualitative scenario analysis conducted on those selected risks and opportunities.

The table outlines where specific information relevant to this TCFD disclosure can be found elsewhere in this Annual Report and Accounts. Further signposting is detailed in the sections that follow, where appropriate.

TCFD Pillar	TCFD Recommendation	More detail on pages
Governance	a) Board oversight	32
	b) Management's role	32
Strategy	a) Climate-related risks and opportunities	36 to 39
	b) Impact on the Company's business, strategy, and financial planning	
	c) Resilience of the Company's strategy	
Risk management	a) Risk identification and assessment process	36 to 39
	b) Risk management process	
	c) Integration into overall risk management	
Metrics and targets	a) Climate-related metrics to assess climate risks and opportunities	16 and 23
	b) Scopes 1 & 2 and, if appropriate, scope 3 GHG metrics and the related risks	40
	c) Climate-related targets and performance against targets	28

Task Force on Climate-Related Financial Disclosures continued

Governance

The Board oversees and approves the Group's strategy and cultural framework which includes sustainability drivers and targets and has responsibility for the final disclosures included within this report as well as our science-based targets and Pathway to Net-Zero. The Chief Executive Officer is ultimately responsible for the implementation of this strategy and climate-related risk management. Responsibility for identifying and monitoring climate-related risks and opportunities sits with our Risk Committee, which is chaired by our Chief Financial Officer.



We recognise the importance of effective governance for managing climate-related risks and opportunities. The Board has overall responsibility for the Group's internal control framework and risk management systems. This includes reviewing the effectiveness of the Group's risk and control processes and ensuring the identification, assessment, and ongoing monitoring of risk (including environmental matters and climate-related risks). It delegates monitoring and management of these to the Risk Committee. Details of the membership, activities, responsibilities, and frequency of meetings can be found in our Risk Committee Report on pages 99 to 105. We are committed to assessing climate-related risks and opportunities throughout our businesses, to support our customers and the wider community with low carbon benefits (through our low-emissions products and services), or mitigation against physical risks (such as flooding) through integrated surface and drainage solutions. It is a key factor in decision-making and considered by senior executives when setting ambitions for Group strategy. During 2023, we continued to integrate the monitoring, reporting and understanding of climate-related risks and opportunities into our individual businesses. Climate-related risks detailed within Business Unit risk registers are reviewed and captured on our Group risk register, which is reviewed by the Risk Committee. This structure allows the Board, management teams and Committees to have adequate information to make strategic and local decisions, with consideration for climate-related risks and opportunities. Details of the governance reporting structure for the Group can be found in our Governance Report on page 75, and the risk management framework can be found on page 101.

Climate-related risk and opportunities in the context of the TCFD framework is a standing agenda item at Risk Committee meetings and was considered at all meetings during 2023. The Board is updated after each meeting on the key discussions and decisions at the Risk Committee meetings via a written report, as well as a verbal summary from the Risk Committee Chair, to allow Board members to effectively challenge and question decisions and outcomes. In respect of climate-related risk and opportunities, the report and verbal update includes a summary of the discussion, as well as any other relevant items such as climate risk and opportunity assessment and evaluation updates completed during the year. The Board also has sight of any detailed analysis reports produced which outline climate risks and opportunities relevant to the Group, as part of this assessment, if relevant or available. These discussions took place with the Board at each Board meeting after each scheduled Risk Committee meeting. Further detail on the Board meetings during the year can be found in the Governance Report on page 83.

Mechanisms, such as the use of a specific pro-forma template structured as a dedicated climate-related risk and opportunities register, provides the committee with detailed assessments of those risk and opportunities. This will continue to increase education and awareness of climate-related risks and opportunities across the Group.

Climate-related risks and opportunities are integrated in our decision-making and strategy formulation processes. For example, as our polymer processes are electro-intensive, we have established a target to buy renewable energy and decarbonise our scope 2 emissions. We target the use of recycled polymer materials which disconnects the business from carbon pass-through costs associated with virgin material production. We have aligned our product offerings with climate mitigation and adaptation solutions and made strategic acquisitions that align with those aspects.

During 2022 the Board approved the Group's submission of our near-term science-based climate target to the Science-Based Target initiative (SBTi). In April 2023 the SBTi approved the Group's near-term science-based emissions reduction target. In addition to our near-term targets, the Group has also set long-term emission reduction targets, which have been submitted to SBTi for approval. Genuit Group has responded to the SBTi's urgent call for corporate climate action by committing to align with 1.5°C and net-zero through the Business Ambition for 1.5°C campaign.

Further details on our Pathway to Net-Zero ambition and targets can be found on page 29.

The Board monitors climate-related targets through the non-financial KPIs relating to scopes 1 & 2 emissions, as outlined within the Strategy section of this Report on pages 36 to 39. Most notably this includes our commitments to carbon reduction, and continuing to reduce our use of virgin polymers. Sustainability has always been at the heart of what we do, and the Group Remuneration Policy includes sustainability targets in its long-term incentive plan; carbon reduction targets being one key element of this. This further reflects the importance of sustainability to the Group by incentivising senior leaders to continue to drive the sustainability agenda. More detail on how these incentives are structured can be found in our Remuneration Report on pages 118 to 121.

Task Force on Climate-Related Financial Disclosures continued

Risk management

The Group understands the importance of monitoring climate-related risk across its businesses and manages changing environmental regulations and disclosures through impact assessments and reviews in its risk register. Formal review and ongoing management of the risk register is a responsibility of the Risk Committee.



Climate was included as a principal risk in 2021, and the outcomes of the subsequent TCFD assessments have enabled more accurate conclusions in respect of mitigations and impact in accordance with the Group's risk management framework. During 2023, the Group's use of quantitative scenario modelling of transition and physical risks have enabled a deeper understanding of climate risk and opportunities and progression of mitigating actions and key performance indicators. More detail on the structure of the Group risk management framework and climate risk as a principal risk can be found in our Principal Risks and Uncertainties on pages 66 to 73 of the Strategic Report.

Taking ownership of climate change risk at all levels within the Group is fundamental to the accurate identification and mitigation of climate-related risk. Business Unit Managing Directors present to the Risk Committee on a rotational basis which includes any climate-related risks and mitigating actions. Methods and mitigation for managing these risks are communicated by senior management to the businesses. This ensures full integration into risk reporting processes and consistency across the Group.

Led by the Chief Strategy and Sustainability Officer (an Executive Committee member and member of the Risk Committee), during the year the climate-related risk and opportunities risk register was monitored and updated in line with the risk management framework, and given additional focus following the appointment of a Sustainability Director. Updates were made to reflect changes in the Group's assessment of the risks and opportunities identified, and these were shared with the Risk Committee at each meeting held during the year. This is a mechanism and opportunity for challenge and scrutiny by the Risk Committee of the climate-related risks and opportunities, and ensures adequate approvals are in place for any significant changes. At its meeting in June 2023, the Risk Committee approved the identified transition and physical risks and opportunities to undertake additional quantitative scenario analysis to obtain a greater understanding of their financial impact.

To assist with the completion of the approved quantitative scenario analysis, we engaged a leading sustainability and environment consultancy to develop bespoke scenario models. For transition and physical risk and opportunities, the models enable the Group to analyse various possible short, medium, and long-term scenarios and how they may impact the business.

Output from these models was integrated into the climate risk register and presented to the Risk Committee for review and approval. The final risks and opportunities deemed most important and significant to the Group were selected for disclosure in this Report. Those are detailed and disclosed on pages 36 to 39.

Undertaking this analysis and discussing the methodology and outputs with the Risk Committee has provided further educational opportunities on the increasing impact of climate-related risk on the Group's operations, also confirming the opportunities that it presents which are inherent to the Group's strategy.

These discussions around the impact of climate change, further embedded climate-related risk into the Group risk management framework.

In order to ensure the Group is informed of future regulatory direction, we participate in industry bodies within the UK and Europe, such as Construction Products Association (CPA), The European Plastic Pipes and Fittings Association (TEPPFA) and the British Plastics Federation (BPF), and commission expert input where required. These form key inputs into our assessment of identified transition risks relating to carbon tax, climate reporting obligations and the physical risk of material supply.

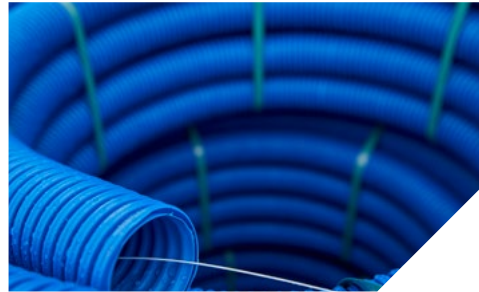
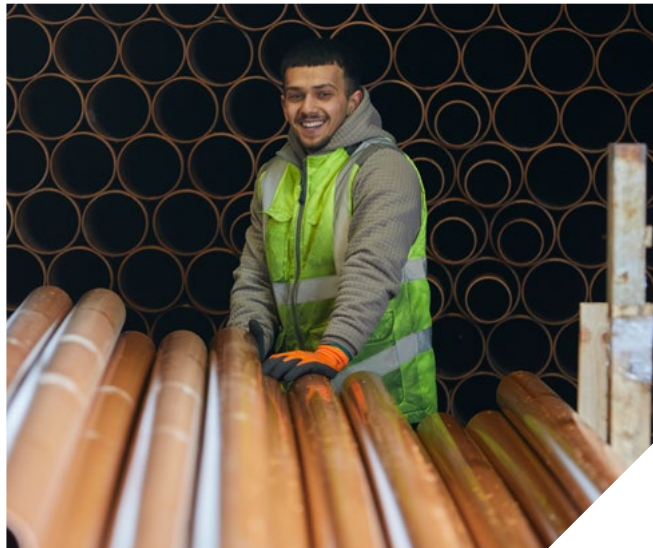
It's important to continuously review and update analysis that provides the basis for risk and opportunity assessment and disclosure. The Risk Committee included the requirement to monitor climate-related risks and opportunities in its Terms of Reference update during 2023, a copy of which is included on our website. During 2023, our climate-related risks and opportunities were updated three times and reviewed by the Risk Committee. The Group intends to continue to update its analysis on climate-related risks and opportunities during 2024, enabling the Risk Committee to determine whether the considerations are adequately reflected in the Group's strategy.

The Risk Committee will continue to drive the integration of climate-related risks into the risk management framework across the Group, as well as monitoring the opportunities it presents, ensuring progress continues to be adequately reported to the Board.

Task Force on Climate-Related Financial Disclosures continued

Strategy

Climate change continues to pose significant challenges to the built environment. We are aware that transitioning into a lower-carbon economy may entail changes to policy, legal, technological, or other market changes which may cause varying levels of financial and reputational risks to us as a Group. Nonetheless, sustainability is core to our commercial strategy.



As part of our assessment of climate-related risks and opportunities, we have identified transition and physical risks that climate change poses that we seek to address and mitigate. However, we acknowledge that with these risks come various opportunities, given our sustainability framework (read more on pages 22 and 23 of the Strategic Report). It should be noted, therefore, that whilst climate change is assessed to be a principal risk, it was through considering the potential impact and likelihood over the medium and longer term. In our short-term scenarios, we do not consider the Group to be at significant risk of adverse impact from climate change. In the medium-term, this risk increases, however, we are well positioned to help mitigate climate-related risks through supporting our customers in providing low carbon and climate resilient solutions. In preparing the Group's financial statements, we have considered the impact of climate-related risks on our financial position and performance, and have not identified any significant adverse impact on the financial statements.

As part of the input to the Viability Statement, the Group assesses climate change and its impact over a three-year time horizon. During 2023 a review of climate-related risks and opportunities was conducted to identify those which could impact strategy and financial planning across our operations and Business Units. Due to the nature of our operations, we are well placed to support customers in tackling the impact of climate change, particularly the increase in severity and frequency of extreme weather events. This provides significant opportunities through the development of low emission and climate resilient products and services. The climate-related risks and opportunities review considered the current operations across the Group without any future strategic changes and was based on inherent risk, to give a clearer picture of the actual risks and opportunities. This was then used to assess the residual risk, following any implementation of appropriate mitigations.

Time horizons consider when the risk could likely have an impact. Associated impacts were considered under current operating levels, using the following time horizons, in accordance with our risk management framework:

Short-term

(0–5 years):



This covers current year plus our outlook for budgets and short-term financial planning, and assessments such as viability statements.

Medium-term

(5–10 years):



This period is consistent with our view on SBTs and Pathway to Net-Zero.

Long-term

(10+ years):



This time period extends beyond our current knowledge on legislation and regulatory changes, but considers an extrapolation of trends and themes up to 2050.

Task Force on Climate-Related Financial Disclosures continued

The shortlisted risks and opportunities were evaluated further to consider the likelihood of the risks occurring and the potential severity of the impact on the Group and those deemed significant. Significant risks are defined as those which have potential to have considerable impact on our operations, strategy or financial performance if they are not suitably controlled. Significant opportunities are those which have potential to enhance the financial performance of the business. Five risks (two physical, and three transition) and three opportunities were identified as having the greatest combination of probability and impact, and consequently of significance to the business.

These identified risks and opportunities are a key factor in the financial and operational planning process, both in the long-term strategic decision-making and short to medium term. Our Pathway to Net-Zero transition plan as detailed on pages 29 and 30 is based upon the 1.5°C Business Ambition and achieving a 90% reduction in total GHG emissions by 2050. In the short term this is supported by our SBTs for 2027, as well as the 2025 targets. In order to achieve these goals, our key focus is on continuing to drive out carbon across scopes 1, 2 & 3 and in doing so mitigate the risks identified in this report. During 2023, as part of our Pathway to Net-Zero, we expanded and evolved the projects supporting our SBTs and formed our longer-term actions to achieve net-zero. Given the significance of the carbon impact of virgin polymers, much of our focus is on continuing to increase our usage of recycled materials, which we target at 62% of our total tonnage by 2025, and are progressing strategies to go beyond that in the medium term. We also continued to roll out our transition to EV/PHEV across our car fleet and the move of our commercial fleet away from fossil fuels. Given the profile of our revenue streams in 2023 with 88.5% being derived in the UK, the primary jurisdiction for evaluation of our net-zero commitments is the UK, and we are in line with the UK Government's current targets. Should this profile alter, we will seek to ensure we are in keeping with the relevant jurisdiction targets as part of our economic evaluation of those opportunities.

Following identification and assessment of climate risks and opportunities relevant to our business through engagement with key stakeholders (see the Risk Management section of this Report on page 33), we carried out quantitative and qualitative climate scenario analysis on a subset of the most

significant risks and opportunities. The potential impacts of these risks and opportunities were assessed under a selected set of climate scenarios. This was performed to gain a better understanding of the resilience of our business model and strategy to the potential impacts of these risks and opportunities under hypothetical climate scenarios and outcomes. During this analysis our climate risks and opportunities were considered against the following reference time horizons within the public scenarios: short-term 0-5 years (<5 years), medium-term 5-10 years (2030) and long-term 10+ years (2050). 2030 and 2050 are the typical milestones included within public scenarios against which hypothetical climate outcomes are described. These referenced time horizons are broadly aligned with the business-specific time horizons we have identified and assessed our climate risks and opportunities against. Furthermore timeframes align with our short/medium-term business planning processes and our longer-term strategic overview.

Warming trajectory by 2100	Transition scenarios (IEA) ¹	Physical scenarios (IPCC) ³
1.5°C	Net Zero Emissions (NZE)	
<2°C	Announced Pledges Scenario (APS)	SSP1 ⁴ -2.6 ² (low challenges to mitigation and adaptation)
2-3°C	Stated Policies Scenario (STEPS)	SSP2-4.5 and SSP3-7.0 for supply chain disruption physical risk (medium-high challenges to mitigation and adaptation)
>3°C		SSP5-8.5 (high challenges to mitigation, low challenges to adaptation)

These climate scenarios were selected because they:

Align with the TCFD recommendations to assess business resilience under different climate-related scenarios, including a <2°C scenario.

Consider up to a 2050 timeframe, which aligns to the Paris Agreement and other governmental net-zero 2050 targets.

Broadly align with scenarios commonly used in TCFD reporting, facilitating better comparison between disclosure.

Include reputable and broadly used data and assumptions.

1. IEA – the International Energy Agency has constructed scenarios to assess different transition pathways based on varying assumptions of how the energy system may evolve.
2. RCP – Representative Concentration Pathways are commonly used by climate scientists to assess physical climate risk. Each pathway represents a different greenhouse gas concentration trajectory, each of which is associated with varying levels of impact. Under RCP 2.6, Physical climate impacts are expected to be the lowest and greatest impacts under RCP 2.6 and RCP 8.5 respectively.
3. IPCC – The Intergovernmental Panel on Climate Change RCPs are the market accepted reference scenarios which outline the possible consequences of climate change.
4. SSPs – Shared Socio-economic Pathways illustrate different socio-economic contexts or baselines (i.e. technological, economic and demographic context), in the absence of further climate policy, (i.e. technological, economic and demographic context).

Task Force on Climate-Related Financial Disclosures continued

The shortlist of risks and opportunities included in this analysis are set out in the table below. The relative magnitude and materiality of each of these risks and opportunities was assessed using the Group risk management framework and probability impact matrix, under the context of the different climate scenarios. This assessment excludes the impact of any current or future mitigating actions. Overall, transition risks were found to have the highest potential impact in the short to medium term, with carbon taxes and supply chain disruption

representing the greatest potential impact under all transition scenarios examined. Transition opportunities were found to have the most potential positive impact in the medium to long term. The opportunity arising from demand for low emissions products and services is dependent on the transition to a low carbon economy. The opportunity arising from increased demand for flood mitigation technology is reliant on the impact of physical risk, where flood risk is enhanced. In contrast, physical risk is expected to have the most significant

potential impact in the longer term under the worst-case warming scenario examined. Following the risk assessment and subsequent scenario analysis, we believe our business strategy shows resilience to the impacts of climate change up to the medium term. Nonetheless, in line with our periodic strategic review and risk management processes we will adjust and introduce mitigating measures as required.

Climate-related Risks and Opportunities

Disclosure Definition/Materiality

<£1m financial impact	Low risk	£1m to £10m financial impact	Medium risk	>£10m financial impact	High risk
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For opportunities >£10m is coloured green, opportunity <£1m is coloured red. Between £1m-10m is coloured amber.

Risk	Risk type	TCFD category	Potential impact	Mitigating actions	Scenario analysis and results			Time horizon/ metrics/targets		
					Short (< 5 years)	Medium (2030)	Long (2050)			
Climate reporting obligations										
Potential financial impact if perceived by stakeholders as failing to meet climate reporting expectations/ requirements or reporting poor performance against climate commitments.	Transition	Policy & Legal/ Reputation	Financial: Additional costs due to increased reporting requirements and stakeholder demands. Loss of investor confidence if seen to be climate greenwashing, impacting access to capital.	The Group has access to external resources and has representatives on national and international working groups. As such, we ensure that we have good sight of changes that impact the business.	Transition risk assessed but scenario analysis not undertaken			Time Horizon Short – medium Metrics Annual carbon inventory GHG emissions, scopes 1, 2 & 3 Targets GHG inventories and public reporting on climate related topics		
Business interruption and damage to assets										
The potential financial impact of damage to and closure of the Group's offices, warehouses and factories caused by extreme weather.	Physical	Acute/ Chronic	Financial: Reduced revenue due to closure of sites; increased repair/capital costs due to weather damage; increase in insurance premiums; reduced revenue and higher costs. Operations: Sites could close while repairs take place; impacts of changing climate on employee working conditions.	The Group internally assesses the controls in place to deal with site level business interruption. The Group is audited by our insurers reviewing Group business continuity and interruption.	SSP1-2.6 (<2°C) The frequency and size of heavy precipitation, flood, wind and drought events is likely to increase. An increase in the frequency of extreme coastal flooding events due to sea level rise is very likely. SSP2-4.5 (2-3°C) Similar to trends observed in Scenario SSP1-2.6, with increased frequency and size of extreme weather events. SSP5-8.5 (>3°C) Compared to Scenario SSP1-2.6, a marked increase in frequency and severity of extreme weather events is projected. Heavy precipitation and drought events are likely to double in frequency versus SSP1-2.6.				The risk of business interruption and damage to our assets increases from <2°C to >3°C. Financial impacts are expected to be greatest under the >3°C scenario and may include: – Increased costs in the medium to long term due to damage and disruption from extreme weather events requiring asset restoration. – Revenue lost due to business disruption in the medium to long term under all scenarios. – Reduction in asset values due to increased exposure to physical risk. During 2023 this risk was reviewed in accordance with the risk management framework as outlined earlier in this report, and there was no change in its assessment.	Time Horizon Medium – long Metrics Annual carbon inventory in line with SBTs Proportion of sites deemed as at flood risk during annual review process Targets No worsening of flood risk assessment

Task Force on Climate-Related Financial Disclosures
continued

Risk	Risk type	TCFD category	Potential impact	Mitigating actions	Scenario analysis and results			Time horizon/ metrics/targets	
					Short (< 5 years)	Medium (2030)	Long (2050)		
Carbon taxes									
The potential financial impact of current and future potential carbon taxes applied to our own operations and supply chain.	Transition	Policy & Legal	<p>Financial: Increase in operating costs driven by indirect carbon taxes passed to Genuit Group through its supply chain and direct carbon taxes on manufacturing activity. These 'taxes' could be delivered through existing measures such as the UK and EU's Emissions Trading Scheme.</p> <p>Operations: Requirement for more comprehensive data assurance and verification of scopes 1, 2 & 3 carbon emissions.</p>	<p>The Group continually monitors changes in tax legislation through internal specialists and guidance from our advisers. Changes which impact the Group are communicated to the Board and action taken where appropriate. Our SBTs and journey to net-zero will mitigate our exposure to carbon related tax.</p>	<p>NZE (1.5°C) Early Action – Early implementation of a carbon pricing mechanism to all economies with a net-zero commitment. 2030: £114/tCO₂; 2050: £203/tCO₂</p>			<p>Based on quantitative financial modelling the potential impacts of carbon taxes and other carbon policy measures applying a carbon cost to our scopes 1, 2 & 3 were examined and quantified. Overall, the impacts are predicted to be potentially significant under both the NZE and APS scenarios in the medium to long term.</p> <p>Carbon taxes are expected to increase in line with national Governments' commitments to decarbonise, especially those committed to net-zero by 2050 or earlier. Given our value chain predominantly operates in countries with net-zero commitments, this could result in the following potential financial implications:</p> <ul style="list-style-type: none"> – increased expenditure due to the cost of carbon taxes and indirect costs passed through our supply chain; and – we may have to absorb this cost, leading to reduced profit margins. Or, alternatively, we may need to increase prices, potentially impacting our competitiveness. 	<p>Time Horizon Medium</p> <p>Metrics Annual carbon inventory in line with SBTs GHG emissions, scopes 1, 2 & 3 Non-financial KPI, Vitality Index</p> <p>Targets 2025 target of 25% of sales from products launched within preceding five years 2025 target of 62% of tonnage from recycled plastics 2025 66% reduction of CO₂e emissions intensity (scopes 1 & 2) from 2019 base year 2027 30% reduction in scopes 1 & 2 emissions from 2021 base year 2027 13% reduction in scope 3: category 1 (purchased goods and services) emissions from 2021 base year 83% of suppliers by emissions covering purchased goods and services will have science-based targets by 2027</p>
					<p>APS (<2°C) Late Action – Pricing mechanisms are introduced later on and at lower rates. 2030: £109/tCO₂; 2050: £162/tCO₂</p>				
					<p>STEPS (>3°C) Business as Usual – Only existing or announced carbon pricing schemes are applied under lower rates. 2030: £97/tCO₂; 2050: £109/tCO₂</p>				
Increased raw material costs									
The potential financial impact of increased demand of low carbon materials causing reduced supply and increased cost. This could lead to challenges in competitive pricing and reduced profit margins.	Transition	Market	<p>Financial: Reduced revenues due to limited supply of materials, reductions in profit margins as materials required to aid the transition to net-zero increase in price.</p> <p>Operations: Challenges in continuing operations or reduction in product offerings if materials become too costly.</p>	<p>The Group has established relationships with several raw material suppliers to ensure competition across its supplier base.</p> <p>Our move to increase our use of recycle also mitigates against raw material volatility.</p>	<p>NZE (1.5°C) Early Action – A carbon price is introduced (see Impact of Carbon Taxes), increasing the cost of carbon-intensive materials. Advanced economies increase their demand for low carbon materials to achieve net-zero.</p>			<p>Under each of these scenarios, the demand for low carbon materials is likely to increase as the introduction of a carbon price shifts consumer preferences towards low-carbon products and services. Overall, the resulting financial impacts could potentially be significant under NZE in the medium to long term:</p> <ul style="list-style-type: none"> – Demand-side inflationary pressure on the price of these materials as supply adjusts to market demand. This may increase our procurement costs, thereby impacting our profit margin. – In some cases our ability to procure low-carbon materials may be affected which could impact fulfilment of customer contracts and revenues generated. <p>During 2023 this risk was reviewed in accordance with the risk management framework as outlined earlier in this report, and there was no change in its assessment.</p>	<p>Time Horizon Short – medium</p> <p>Metrics Non-financial KPI, Recycling Margin over direct materials</p> <p>Targets 2025 target of 62% of tonnage from recycled plastics Achievement of the Group's operating margin targets</p>
					<p>APS (<2°C) Late Action – Similar to NZE, the introduction of a carbon tax is delayed with a lower carbon price. Demand for low carbon materials is expected to increase overall, but at a lower rate than NZE.</p>				
					<p>STEPS (>3°C) Business as Usual – A carbon tax is introduced for EU-based suppliers for highly emitting manufacturing activities. Demand for low carbon materials is expected to increase at the lowest rate.</p>				

Task Force on Climate-Related Financial Disclosures
continued

Risk	Risk type	TCFD category	Potential impact	Mitigating actions	Scenario analysis and results			Time horizon/ metrics/targets	
					Short (< 5 years)	Medium (2030)	Long (2050)		
Supply chain disruption									
Potential financial impact of disruption to supply of raw materials and products due to increased incidence and severity of extreme weather events.	Physical	Acute/ Chronic	<p>Financial: Increased price of raw materials, particularly polymers, resulting in reduced profit margins.</p> <p>Supply Chain: Disruption in supply of raw materials could reduce stock availability and cause delays in fulfilling customers' orders.</p>	<p>The Group monitors and reviews its supply chain and does not rely on one single supplier or geographic region for critical materials.</p>	<p>SSP1-2.6 (<2°C) The frequency and size of physical risks is likely to increase, especially for extreme heat events. Surface water flooding risks remain consistent through the 2030-2050 time period.</p> <p>SSP3-7.0 (2-3°C) Similar to trends observed in SSP1-2.6, with increased frequency and size of extreme weather events.</p> <p>SSP5-8.5 (>3°C) Compared to SSP1-2.6 (in 2050), a marked increase in frequency and severity of extreme weather events is projected.</p>			<p>Based on quantitative financial modelling using industry standard climate models and based on location of suppliers manufacturing sites. Increased severity of climate-driven weather events leads to increased supplier disruption. Of the physical risks assessed surface water flooding was the largest type in the medium and long term.</p> <p>The analysis revealed a geographical split of risks within the current supply chain with surface water flooding being a greater risk for UK suppliers compared to extreme heat, whereas extreme heat is a greater risk than surface water flooding for non-UK suppliers.</p>	<p>Time Horizon Medium – long</p> <p>Metrics Non-financial KPI, Recycling (use of recycle reduces exposure to internationally sourced virgin raw materials)</p> <p>Targets 2025 target of 62% of tonnage from recycled plastics</p> <p>2027 13% reduction in scope 3: category 1 (purchased goods and services) emissions from 2021 base year</p> <p>83% of suppliers by emissions covering purchased goods and services will have science-based targets by 2027</p>
Low emission products and services									
The potential revenue generated from further developing low emissions products and services.	Transition	Product & Services	<p>Financial: Overall revenue growth from increased sales of low emission products and services. Access to new sources of finance.</p> <p>Operations: Reduced exposure to increasing carbon taxes due to reduced carbon intensity of products.</p> <p>Decrease in scope 3 GHG emissions.</p>	<p>A key pillar in the Group strategy is to provide low-carbon products to the market. Business Units are currently innovating techniques to further reduce the carbon content of our products as well as operating efficiencies. The Group will continue the plan to produce Environmental Product Declarations for its products to assist customers in making informed decisions. Our drive to increase our Vitality Index is also based around increasing our revenues from low-carbon products.</p>	<p>NZE (1.5°C) Early Action – Early implementation of climate policy (see Carbon Taxes) and consistent signalling to the market by policy-makers is expected to increase market demand for low emissions products and services.</p> <p>APS (<2°C) Late Action – Similar to NZE, however, later implementation of climate policy and less consistent signalling to the market by policy-makers (i.e. via more severe and more ambitious measures, with shorter lead times) is expected. This may result in delayed market demand for low emissions products compared to NZE.</p> <p>STEPS (>3°C) Business as Usual – Policy and market pressure limited due to lack of policy ambition compared to NZE and APS. Minimal external forces driving innovation of low emissions products and services.</p>			<p>The scenarios examined varying levels of regulatory pressure and the impact on market demand for low emissions products, which could translate into financial opportunity for the Group:</p> <ul style="list-style-type: none"> In NZE and APS scenarios, an overall increase in revenue could be realised due to increased sales of low emissions products as demand increases. Realisation of these opportunities could support our strategic ambition for 25% of revenue to come from sales of new products by 2025. Utilising low-carbon materials could also reduce our exposure to carbon taxes. <p>During 2023 this risk was reviewed in accordance with the risk management framework as outlined earlier in this report, and there was no change in its assessment.</p>	<p>Time Horizon Medium</p> <p>Metrics Revenues from low carbon products</p> <p>Non-financial KPI, Vitality Index</p> <p>Non-financial KPI, Recycling</p> <p>Measuring the carbon content of ranges as per Environmental Product Declarations</p> <p>Targets 2025 target of 25% of sales from products launched within preceding five years</p> <p>2025 target of 62% of tonnage from recycled plastics</p> <p>2027 13% reduction in scope 3: category 1 (purchased goods and services) emissions from 2021 base year</p> <p>83% of suppliers by emissions covering purchased goods and services will have science-based targets by 2027</p>

Task Force on Climate-Related Financial Disclosures continued

					Scenario analysis and results			
Opportunity	Opportunity type	TCFD category	Potential impact	Actions to capitalise	Short (< 5 years)	Medium (2030)	Long (2050)	Time horizon/ metrics/targets
Increased demand for flood mitigation technology								
<p>The potential revenue generated from further developing the Groups water management solutions.</p>	Transition	Market	<p>Financial: Increased revenue due to demand for reliable drainage systems and growing Sustainable Drainage Solutions (SuDS) requirements in new major developments.</p> <p>Operations: Positive reputational impact through being a part of a key climate adaptation strategy.</p>	<p>The Group continues to develop water management solutions and pursue opportunities to expand the portfolio.</p> <p>The Group recognises the demand for a full solution and is working with customers and partners to provide comprehensive technology-based solutions.</p>	SSPI-2.6 (<2°C) Heavy precipitation and flood events are likely to increase in frequency and severity, however to a lower extent than the other higher emissions scenarios.			<p>The potential size of the opportunity increases from SSPI-2.6 (<2°C) to SSP5-8.5 (>3°C). The financial opportunity may be greatest under scenario SSP5-8.5 in the medium to long term as the market for flood mitigation technology expands in line with the increased frequency of, severity of and exposure of new areas to flooding events.</p> <p>– There is potential for significant increases in revenue as demand for resilient drainage systems increases under higher emissions scenarios across all time horizons.</p> <p>During 2023 this risk was reviewed in accordance with the risk management framework as outlined earlier in this report, and there was no change in its assessment.</p>
					SSP2-4.5 (2-3°C) Similar to trends observed in SSPI-2.6, with increased frequency and size of extreme weather events.			
					SSP5-8.5 (>3°C) Compared to SSPI-2.6, a marked increase in frequency and severity of extreme weather events is projected. Heavy precipitation and drought events are likely to double in frequency versus SSPI-2.6.			
Upstream supplier engagement								
<p>Increased collaboration with suppliers to optimise the use of lower emissions materials and products could reduce overall emissions and support the Group to achieve net-zero.</p>	Transition	Technology and Market	<p>Financial: Protection from future pass through decarbonisation costs and increases to carbon pricing.</p> <p>Supply chain: Greater collaboration on decarbonisation and enhancements to circular economy thinking by greater use of recycled raw materials.</p>	<p>The Group continues to increase the use of recycled raw materials.</p> <p>The Group works with the supply chain to ensure that 83% of suppliers by emissions have a science-based climate target by 2027.</p>	NZE (15°C) Early Action – Material reduction in free allocation of carbon allowances under EU and UK Emission Trading Scheme’s driving 1) increased site exposure to carbon pricing (in the absence of free allocation) and 2) increases in carbon costs per carbon credit.			<p>Supplier exposure to carbon pricing and the level of carbon costs were examined and using a quantitative scenario analysis model. Assumptions were modelled around the future reduction of free allocation, but 2035 was assumed to be a common end point. The analysis showed cost avoidance was possible and beneficial especially under NZE and APS scenario. The analysis revealed the potential cost avoidance by maximising recycled content of the polymer products and engaging with the supply chain to ensure decarbonisation of virgin material supplies are implemented.</p>
					APS (<2°C) Late Action – Similar to NZE with a lower carbon price and later reduction in free allocation.			
					STEPS (>3°C) BAU – Similar to APS with a lower carbon price and later reduction in free allocation.			
<p>Time Horizon Short/Medium/Long</p> <p>Metrics 2027 SBTi and related carbon in the supply chain targets</p> <p>Targets 2025 target of 62% of tonnage from recycled plastics</p> <p>2025 66% reduction of CO₂e emissions intensity (scopes 1 & 2) from 2019 base year</p> <p>2027 30% reduction in scopes 1 & 2 emissions from 2021 base year</p> <p>2027 13% reduction in scope 3: category 1 (purchased goods and services) emissions from 2021 base year</p> <p>83% of suppliers by emissions covering purchased goods and services will have science-based targets by 2027</p>								

Task Force on Climate-Related Financial Disclosures continued

Metrics and Targets

Following the implementation of our sustainability framework in 2020, the Group identified relevant metrics and targets to monitor progress towards achieving its sustainable goals.

These metrics and targets form part of our strategic operations and inform decision-making.

These have been mapped against our identified climate-related risks and opportunities, as detailed in the table on pages 36 to 39. This enables the risks and opportunities to be adequately monitored and mitigated as required. Additional metrics, such as revenue from qualifying product ranges, margin over direct materials and a specific proportion of sites seemed as at flood risk have also been included where relevant, to enable effective and targeted monitoring on an annual basis.

A core element of our transition plan is our commitment to being net-zero by 2050 which is based upon the 1.5 degree Business Ambition, and set near-term science-based targets with the Science-Based Target initiative (SBTi) for 2027, as well as continuing our existing and complementary 2025 targets which have been disclosed publicly and form part of management's incentive programmes. Our 2027 SBTi targets are our first interim targets on our Pathway to Net-Zero and achieving a 90% reduction by 2050.

In addition we've set targets to reduce, in absolute terms our scope 3 emissions relating to purchased raw materials and have a target for our supplies of raw materials to adopt science-based climate targets. Progress towards achieving the targets forms part of the ongoing monitoring and metrics identified, for more information on our progress see page 23.

Further information on our Pathway to Net-Zero transition plan can be found on page 29.

Details of scopes 1, 2 & 3 emissions are included in the sustainability section, included on page 28 within the Strategic Report. Our non-financial KPIs in respect of recycling and greenhouse gas emissions for the 2023 financial year, including progress during 2022 and 2023 are detailed on pages 16 and 17 of the Strategic Report. Progress towards achieving our 2025 and 2027 climate-change targets is included on page 23 of the Strategic Report, and historical data for these targets can be found in the Strategic Report of our 2022 Annual Report and Accounts.



Strategy



Genuit Business System

The Genuit Business System is the way that we achieve best practice in a series of common processes across the Group.

Although our business model is in principle decentralised, particularly in customer-facing activities, we recognise that we can benefit from our scale, harness the capability of our c.3,200 colleagues and realise synergies through the deployment of common processes to address business-wide challenges and opportunities. The Genuit Business System (GBS) provides the vehicle and structure for us to do this. GBS is based around lean thinking and techniques, and whilst we are training our people in a wide variety of techniques, the application of these is done in a way where the businesses deploy the ones which address their own particular challenges.

In 2023 we ran Lean Lighthouse projects at three key sites: Adey, Polypipe Building Products Broomhouse Lane plant, and Polypipe Civils & Green Urbanisation Horncastle plant.

The latter was only commenced toward the end of the year and will run into 2024. Whilst these programmes are initially externally facilitated, the ownership switches to our colleagues as they become more familiar with the tools and methodologies, so that improvements continue to be made, and embedded long after the Lighthouse Project concludes. During the first half of 2024, as well as these site-based activities, all of the Group Leadership Team of c.70 colleagues will also go through the training programme.

Given our historical evolution through acquisitions, and our light touch approach to integration, GBS is now realising synergies that have been hitherto unachieved. It also means we have developed a playbook so that we can more quickly realise synergies from future M&A activity which improves both affordability and returns.



Genuit Business System continued

Case Study

Adey Lean Lighthouse Transformation



Adey's site at Stonehouse in Gloucestershire was the first Genuit location to benefit from the Lean Lighthouse deployment, starting at the end of 2022. The programme was externally facilitated through an initial 18-week period, with colleagues becoming increasingly self-sufficient in the various tools and techniques such that the activities are now ongoing, led by an internally promoted Operational Excellence Manager. The lean toolkit has included Value Stream Mapping, Plan for Every Part, running Kaizen workshops, and running daily management sessions. Nearly 40% of colleagues have been involved in one or more workshops. The improvements in processes, efficiencies and the removal of waste activity has yielded considerable benefits. The Sales, Inventory and Operations Planning (SIOP) process improvements have made significant savings in freight costs, as the business has relied less on expediting. The footprint taken up within production cells has reduced by 49%, which has been a key enabler for the integration of the Surestop activities onto the existing Adey site without any reduction in capacity. The engagement of our colleagues has been excellent, with almost a hundred improvement opportunities identified and implemented: with their energy and problem-solving skills, this will continue to yield benefits into the future.





Scan to see more about the deployment of the Genuit Business System at Adey

Strategy



People and Culture

Our people bring our strategy and purpose to life. We aim to deliver our growth ambitions through consistently driving the right behaviours and creating an environment that promotes positivity, wellbeing and high levels of employee engagement.

During 2022, we laid the foundations for our HR strategy and throughout 2023 built on these foundations, placing focus across: talent development, diversity and inclusion, improving policies to make them more engaging, improving processes and adding further value through the deployment of improved HR systems.

A focus on leadership, closer collaboration and development opportunities for all employees

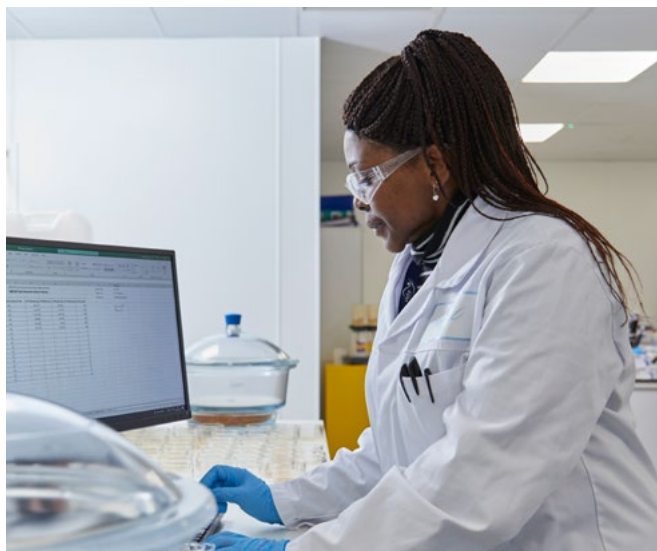
Talent management and development remains a priority across the Group, building on the Group-wide talent identification and succession planning programme we rolled out in 2022, as highlighted in our 2022 Annual

Report and Accounts. We have continued to review, refine and improve our approach to formal talent reviews to ensure we recognise talent, focus on the right development areas, and mitigate succession planning risks.

We have strengthened our Leadership Team through recruitment, internal promotions and through bringing in specialisms such as a Sustainability Director. During 2023, the Genuit Leadership Programme was developed for our Genuit Leadership Team, which is focused on strengthening core leadership capabilities to equip our leaders to inspire their teams and deliver on our Sustainable Solutions for Growth strategy. Our first cohort embarked on the programme at the end of 2023 in anticipation of formal launch in 2024, and further cohorts throughout 2024–2026.



People and Culture continued



Working towards a more inclusive environment

Our Diversity and Inclusion (D&I) ambition:

“We believe a diverse team of talented people, who truly feel they belong, will enable us to deliver our strategic goals. We will create an environment which is engaging and where everyone is comfortable to bring their whole self to work.”

We launched our D&I ambition and strategy during National Inclusion Week in 2022, focused on four pillars: Leadership, Education, Policy & Process, and Communication. We have continued to bring this to life for our people throughout 2023.

Our D&I strategy in action during 2023:

March	We turned Genuit 'purple' to celebrate International Women's Day and agreed actions required to improve inclusion, including a review of our Maternity & Paternity Policies
June	Introduced all-employee training on LGBTQ+
July	By July, all members of our Genuit Leadership Team had completed the 'Inclusive Leaders' workshop
August	'Inclusive Leaders' workshop rolled out to next level of management
September	Rolled out our D&I Policy and D&I awareness training
November	Celebrated Movember; leaders held 'Moments' to discuss men's health and many took part to raise funds for Movember causes
December	Became a Strategic Partner in the Construction Inclusion Coalition (CIC), which aims to drive inclusion across the sector Approval of enhanced Maternity & Paternity Policies

- 👂 **We listened:**
As part of International Women's Day, we encouraged listening sessions across the Group, to understand the barriers still facing women in our business.
- ⚙️ **We acted:**
As a result of employee feedback during these sessions, our Group Maternity & Paternity Policies were reviewed and enhanced to better support working parents.



**Helen Isherwood,
Managing Director – Adey**

“In 2023 I was promoted internally from Innovation Director to Managing Director at Adey. It has been a steep learning curve but the transition has been made easier by the support around me, including the backing from the Genuit Group Executive Management Team.

The investment into Adey and other Group businesses in adopting the Genuit Business System and Lean methodologies has created opportunities for colleagues to learn new tools. In just a year we are seeing significant benefits.

As we create further synergies across the Group through the Sustainable Solutions for Growth strategy, all operating in the same way and working towards shared objectives, it is bringing leaders across the Group together.

The establishment of the Genuit Leadership Team has been invaluable, enabling us to connect and network, and has built trust amongst leaders during these periods of change and transformation. It is also pleasing to see the investment being made into the Genuit Leadership Programme to develop this further.

We are creating an environment where people feel they can learn, and there is the opportunity for people to develop and grow, not just within Adey, but right across the Group. We have a wealth of talent across Genuit, and by working more closely together across businesses we are creating new opportunities to share knowledge, experience, and ideas.”

People and Culture continued

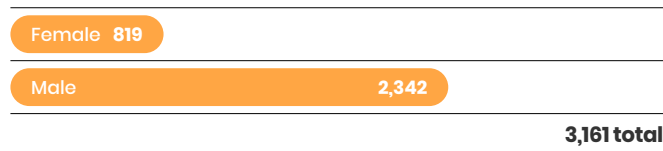


 We work together	 We take ownership	 We find a better way
by understanding and respecting our unique differences	always acting with health, safety and wellbeing in mind	through using our voice and actively listening
through collaborating and supporting to achieve more	by striving for excellence in what we do	by positively challenging the way we do things
by recognising the efforts and contributions of others	through our commitment to doing the right thing	by seeking the right solution to meet our purpose

Our Diversity and Inclusion Policy

In 2023, the Board approved a dedicated D&I Policy. Our D&I Policy provides information on our commitment to an inclusive, equal and fair working environment. The policy was formally rolled out across the Group in September 2023 along with dedicated training to all employees. As outlined in the Nomination Committee Report on page 98, three out of seven Board members (including the Senior Independent Director), and 11 out of 22 senior leadership positions, are held by women.

Gender split across workforce:



(As at 31 December 2023)

Creating an environment that promotes positivity, wellbeing and engagement

We celebrate the individual identities of our businesses and brands across the Group. While recognising the value that each brings, we also aim to develop a shared culture.

During 2023, we set out on our culture programme to define our purpose and Trademark Behaviours, with the aim of developing a culture which enables the Group to deliver its strategy. We established a dedicated culture team which began by defining our new purpose: 'Together, we create sustainable living.'

“What are we doing when we are at our best?”

We then set out to create our Trademark Behaviours (TMBs), and started this process by identifying the behaviours we demonstrate when we are successful. These are the ways of working that enable us to live our purpose and achieve our strategic objectives. In 2024, we will roll out the culture programme to all employees, centred around our TMBs, that have been curated by our people. Read more about the work of our culture team during the year on page 84 of the Corporate Governance Report.

“As at December 2023, 73% of employees had completed our D&I Policy training.”

People and Culture continued

**Employee communication and engagement**

We continue to focus on improving communication across the Group and introducing new channels to broaden our reach. This includes monthly calls with our Genuit Leadership Team, all-employee briefing sessions for key dates such as results publication, and regular communication packs to support with localised communications.

We launched Workplace by Meta as a new Group-wide internal communications channel in January 2023. Workplace is used both to cascade news and foster better collaboration with cross-functional groups and a Knowledge Library for document sharing.

As part of our Corporate Governance Code responsibilities, we run a programme of Board Engagement sessions. In 2023, Louise Brooke-Smith, the designated Non-Executive Director responsible for employee engagement, held a further 10 sessions. By the end of 2024 we will have completed a full cycle of sessions reaching all businesses.

Throughout 2024, we will continue to educate employees on the purpose of this programme and feedback on actions taken at Board-level as a result of their feedback.

We will also roll out a Group-wide engagement survey, using Peakon via our Workday platform, which will give another measure of engagement and enable us to introduce tangible action plans with employee voices at the core. Read more about the employee engagement programme on page 86 of the Corporate Governance Report.

Delivering an improved and consistent employee experience

In 2023, we implemented a new HR system, Workday, to create efficiencies and drive governance and compliance. Workday is now our single source of truth for people data across the Group and gives access to real-time reporting to inform decision-making. The system has also enabled us to implement one process for recruitment and talent management to enhance the candidate experience.

Part of our Workday system launch included a request for current employees and applicants to provide diversity data. This covers areas such as gender identification and social mobility. By gathering this data, we can gain a deeper understanding of our people, and focus investment and resources on things that matter most to our employees and will make a difference in removing barriers to achieving our D&I ambition.

Throughout 2024, we will roll out additional Workday modules, including a new Learning Management System (LMS), Talent, Performance Management and Payroll functionality, consolidating multiple payroll systems into one and improving controls and compliance.

**Communications Case Study
Joe's Vlogs**

Joe Vorih, CEO, has regularly shared video updates directly with employees via Workplace. These short videos cover a variety of topics, including diversity & inclusion, strategy and sustainability and incorporate site visits and interviews with people across the business.

The reaction to Joe's Vlogs has been encouraging, and 60% of Workplace users have engaged with at least one of Joe's videos. The sentiment of engagement is overwhelmingly positive.

In 2024, we will build on this, alongside broader communications initiatives and through leveraging Workplace data, to deliver meaningful updates for employees and create conversation in areas that they are most interested in.

Health, Safety, Environment and Wellbeing

Genuit Group remains committed to improving the quality and safety of the working environment for all our colleagues, wherever they work and in whatever role.

The Group considers the health, safety, environment and wellbeing of its employees an integral part of its business activities, and one of the most important aspects of our business performance. Compliance with legal requirements is the minimum acceptable standard, and we are committed to progressive improvement towards best practice in health, safety, wellbeing and environmental management.

'Genuit Blue' audit system

The Group's businesses operate to various externally accredited ISO standards (ISO 9001, 14001, 45001, 50001). These external audits along with our own internal first-party auditing give us valuable feedback, enabling us to strive for continuous improvement. In the final quarter of 2023, development began on a Group-wide internal HSE auditing system (the Genuit Blue audit), which was launched in early 2024. This will provide more feedback on what is working well and what further improvement opportunities we have, in addition to being a mechanism for identifying and sharing good practice across the Group. The Genuit Blue audit will focus on 20 key areas such as Leadership and Accountability, Regulatory Compliance, Hazard Identification, Risk Management, Training, Machine Guarding, Management of Contractors. These audits will be conducted annually and on a 'second-party' basis, i.e. sites will be audited by trained HSE colleagues from another Business Unit/site. This second-party auditing will also promote better sharing and learning across the Group.

Life Saving Rules

The roll out and training of the 'Life Saving Rules' within our Sustainable Building Solutions Business Unit was concluded in 2023. These five rules are focused around five higher-risk activities: driving vehicles, working at height, working in confined spaces, working with machinery and the control of hazardous energy (lock-out-tag-out (LOTO)). They are aimed at reminding those involved with these activities of the right, safe behaviours.

Improved reporting process – 'Sharing & Learning'

The reporting of incidents and accidents saw a fresh focus in 2023 with improvements to our reporting processes. This gives better visibility of incidents occurring across the Group, as well as improved sharing of lessons learned. These new processes require sites to publish a short 'Sharing & Learning' document for each incident, which provides details of the incident, root causes and actions taken to prevent reoccurrence. Before these documents are published there is a peer review, which has resulted in improved root cause analysis and as a result, more effective corrective and preventative actions. These documents are shared across the Group to enable site leaders to hold 'toolbox talks' with employees about whether their site has the same hazards and what can be done to prevent a similar incident.



Health, Safety, Environment and Wellbeing continued

Focus on:
Occupational Health & Wellbeing

Occupational Health (OH) remains a key focus area for the Group. The OH team provide mandatory annual health checks, health surveillance and screening for colleagues across the Group who are in safety critical roles. The OH team also ensure new employees are fit and healthy to undertake the roles they are assigned to, identifying any modifications required, and also work closely with management and HR to provide support and advice for attendance issues, workplace modifications and rehabilitation. A review of the OH structure was conducted in the latter part of 2023 which has led to the Group pursuing a more regional model, which aims to ensure all employees, regardless of location, have easy access to occupational health support, physiotherapy and counselling when needed. This will also improve the OH team efficiency, and will evolve in early 2024.



Key Performance Indicators

Frequency per 100,000 hours worked

	2020	2021	2022	2023
Minor accidents	3.30	4.45	4.34	4.02
Lost time accidents	0.97	0.61	0.68	0.69
HSE reportable accidents*	0.48	0.43	0.25	0.42
Fatalities	0	0	0	0

* HSE reportable accidents based on specified injuries and the current 7-day absence from work requirement in the UK, and although there is no direct equivalent in Mainland Europe or the Middle East, the same definition is applied.

Making Zero Harm possible

Genuit's HSE mission is to make it possible for every person in the business to carry out their role with Zero Harm.

In Q4 2023, the Group developed a 3-year HSE Strategy built around five core elements of Compliance, Hazard ID and Risk Management, Competence and Training, Health and Wellbeing, and Culture & Behaviour to support in achieving this mission. Our HSE Strategy also has our Trademark Behaviours at its core:

- We work together – looking out for our own safety and the safety of our colleagues.
- We take ownership – always acting with health and safety in mind.
- We find a better way – positively challenging when we see things not being done safely.

As part of rolling out the new strategy, the Group will make changes to our main HSE Key Performance Indicators (KPIs). We will move to 'Recordable Frequency Rate' as the key logging KPI, to give a broader view of where more serious accidents occur, moving away from just focusing on accidents that result in lost time. Additional leading and lagging KPIs will feature in our measurement of HSE Performance in 2024 and beyond.

