Highlights

Financial highlights

Revenue £m

£586.5m -5.7%

2023	586.5
2022	622.2
2021	594.3

Revenue declining 5.7% despite an overall volume reduction of 12.4% year-on-year, in the context of market headwinds.

Underlying operating profit £m

£94.1m -4.2%

2023	94.1
2022	98.2
2021	95.3

A full year volume reduction of 12.4% was partially offset by new product launches, balanced price and cost management and business simplification projects, resulting in a 4.2% year-on-year reduction in underlying operating profit.

Dividend per share
pence per share (p)

12.4p +0.8%

2023	12.4
2022	12.3
2021	12.2

Announced progressive dividend policy, to 12.4p per share (2.0x interest cover), reflecting strength of the balance sheet and confidence in execution of strategy.

Profit before tax £m

£48.4m +6.6%

2023	48.4
2022	45.4
2021	62.9

Increase of 6.6% of profit before tax.

Underlying cash conversion %

87.7% +30.3pps

2023	87.7
2022	57.4
2021	54.6

Underlying cash generated from operations of £83.2m with a cash conversion of 87.7% (2022: 57.4%).

Net debt £m

£149.3m -10.2%

2023	149.3
2022	166.2
2021	165.7

Maintaining a robust balance sheet with headroom for investment.

ESG highlights

Carbon Intensity

0.140tCO_2e/t

2022 0.136tCO_2e/t

Despite the decrease in volumes we sustained a similar but only slightly increased level of carbon intensity across scopes 1 & 2. Given that aspects of our carbon impact such as heating are not directly related to volume output, the business has worked hard to ensure efficiency gains have offset the impact that a volume decrease would otherwise have on intensity.

Absolute Carbon

-33%

2022 +9.6%

The absolute impact in terms of tCO_2e reduced by 33% compared to prior year across scopes 1, 2, & scope 3: category one. Whilst some of this reduction reflects volumes being lower, there were also improvements in energy and carbon efficiencies during the year.

Electricity Sourced from Renewable Sources

91%

2022 91%

We have continued to focus on the coverage of our renewables-based contracts. Looking forward, we are investigating those activities outside Great Britain to drive this further.

The 5% Club

8.2%

2022 3.5%

We retained our Silver Membership status within The 5% Club. Our programme of apprenticeships and accredited Earn and Learn schemes are consistent with improving social mobility, and help us to develop our talent in line with our strategic objectives.

Use of Recycled Polymers

49.2%

2022 48.7%

Despite mixed challenges relating to the low level of housing starts in 2023, we maintained our prior year performance in recyclate usage. We continue to lead our European peer group in this area, and work through our programme to switch further ranges to recycled polymers during 2024.

Vitality Index

21.5%

2022 24.7%

Our Vitality Index showed minor decline in 2023 as some significant product ranges fell out of the qualifying period. However, with the launch of exciting products such as PolyPlumb Enhanced during 2023, and MRXBox with cooling capability late in 2022, we are confident this metric will improve as the associated revenues grow.

At a glance

Genuit Group is an organisation with a clear purpose;
Together, we create sustainable living.

We enact this purpose through our Sustainable Solutions for Growth strategy, which is based upon four interconnected and complementary themes.

Genuit's purpose brought to life

Growth

Sustainability

Genuit Business System (GBS)

People and Culture

Colleagues
3,161

Sites
26

Growth

We focus on higher-growth, sustainability-linked market segments. In addition to the tailwinds which drive these segments, we will outperform our market through innovation and commercial excellence. We will grow both organically, and through a disciplined approach to M&A.

Sustainability

We will be the lowest carbon supplier of choice for our customers. Reducing our own carbon impact is consistent with offering a range of solutions which mitigate the impact the built environment has on climate change. Additionally, we provide solutions which address the need for the built environment to adapt to climate change.

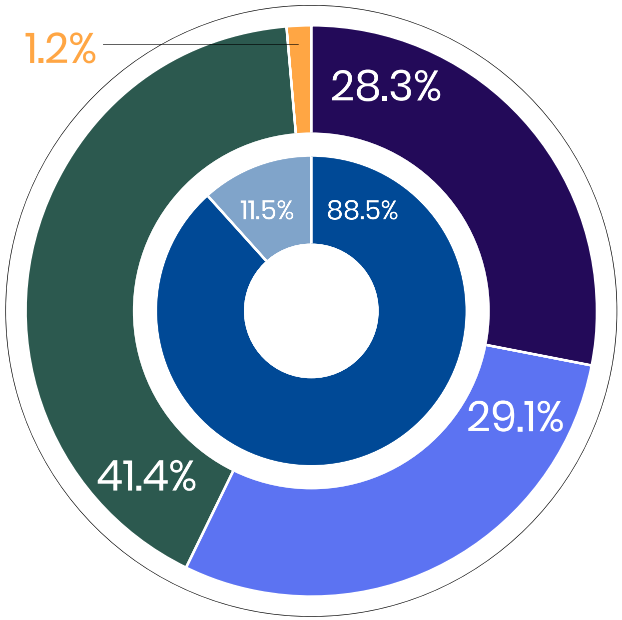
Genuit Business System

Genuit Business System (GBS) is our way of creating value across the Group through lean transformation and operational excellence. This allows us to realise synergies across our existing portfolio as well as creating a methodology for synergy realisation following future M&A.

People and Culture

The capability, expertise and development of our employees is key to achieving our goals. Ensuring commonality of culture and trademark behaviours helps us to create a spirit of collaboration, allowing us to combine local entrepreneurialism with the benefits of scale.

Revenue split



Climate Management Solutions
Water Management Solutions
Sustainable Building Solutions
UK
International
Other

Our Business Units

Climate Management Solutions

Addressing the need for clean healthy air and low carbon heating and cooling.

Revenue
£165.9m
2022: £158.6m

Underlying Operating Margin
13.7%
2022: 15.9%

Brands
- nuaire
- ADEY
- surestop – Protecting property from the risk of water damage
- Domus Ventilation
- Nu-Heat – Feel the difference

Water Management Solutions

Driving climate adaptation and resilience through integrated surface and drainage solutions.

Revenue
£170.4m
2022: £172.4m

Underlying Operating Margin
10.4%
2022: 8.2%

Brands
- Polypipe
- Plura Innovations Polydeck
- permavoid
- Keytec Installation Services

Sustainable Building Solutions

Providing a range of solutions to reduce the carbon content of the built environment.

Revenue
£242.8m
2022: £282.4m

Underlying Operating Margin
21.9%
2022: 21.0%

Brands
- Polypipe
- Manthorpe
- EFFAST
- TERRAIN

Investment Case

Delivering compounding earnings growth through sustainability-driven growth markets, margin expansion and effective capital allocation.

1.

Operating in built environment sectors with inherent sustainability-linked structural drivers

- Operating in a sector with high levels of sustainability-driven growth
- Helping customers to mitigate climate change and adapt to its effects
- Structural growth arising from changing regulation (e.g. UK 2025 Future Homes Standard) driving demand

2–4%

through-cycle target outperformance of the UK construction market

2.

Differentiated, innovative, low-carbon building products and solutions

- Meeting customers' evolving needs and helping them to deliver their sustainability targets
- Moving up the value chain by building end-to-end solutions with better cost of ownership
- Aiming to be lowest carbon choice for customers; >60% of polymers from recyclate by 2025

66% reduction

in CO_2e emissions by 2025; **net-zero by 2050**

3.

Leading positions across diverse markets, with strong brand recognition

- A trusted partner for customers, providing a range of products and integrated solutions
- Number one or two in key market segments, with scope to take further share

c.20%

share of a £3bn served addressable UK market

4.

Significant margin expansion potential

- Clear pathway to improve operating margin, through:
  - Business simplification
  - GBS driving operational efficiency
  - Operating leverage as volumes normalise
- Driving improvement in return on capital

>20%

operating margin target

5.

Opportunity to expand solution offering and create full-service Group

- Complementing organic growth with value-creative acquisitions, including internationally
- Successful M&A track record, reinforced by adoption and implementation of GBS approach
- Highly resilient Group due to breadth of portfolio

>15% ROCE

Group target

6.

Highly cash-generative business model, with effective capital allocation

- Successful track record c.£300m underlying cash generated from operations over last five years
- The Group aims to pay a progressive dividend, based on dividend cover of 2.0x or greater over the business cycle

Over 90%

cash conversion target

Chair's Statement

Generating value for **stakeholders**

Kevin Boyd
Chair

Introduction

Macroeconomic pressures and geopolitical turbulence over the last few years have persistently tested the resilience and adaptability of UK companies as a whole, which has in turn inevitably impacted the Group. We are aware of the impact that the increase in interest rates has had on our wider stakeholders, including our customers, employees and the communities we serve, as well as the increasing focus of stakeholders on the importance and impact of climate change and the need to transition to a low carbon economy. As a Board, we have needed to ensure that we mitigate the impact of these external pressures and that we are well equipped to respond to them. I am proud of the steps that the senior management team and Board have taken to navigate these challenges, whilst at the same time successfully rolling out our Sustainable Solutions for Growth strategy to provide a platform for future growth when volumes return to more normal levels. Therefore, despite these challenges, as demonstrated by our results, our performance has been strong and resilient and our ongoing self-help measures, deployment of the Genuit Business System and continued business simplification initiatives have enabled improvements in the quality of operating margin, despite the difficult market conditions.

"Our Sustainable Solutions for Growth strategy is underpinned by our people."

Performance and results

Against a backdrop of continued macroeconomic uncertainty, the Group's trading performance has remained resilient throughout the year, supported by the diversity of the Group's market segment exposure.

The Group continued to focus on business simplification measures that increased the efficiency of operations and partially mitigated the impact of lower volumes. These measures included undertaking site consolidations to increase economies of scale, without any associated reduction in production capacity. Together with other self-help measures, the Group will deliver a total of £15m of annualised savings. This proactive cost action and continued commercial progress resulted in full year underlying operating profit being above our initial expectations. This robust performance is down to the hard work and determination of our colleagues around the Group who have risen to, and overcome, the challenges we have faced.

Group revenue was 5.7% lower than prior year at £586.5m (2022: £622.2m). Underlying operating profit was £94.1m (2022: £98.2m) representing a margin of 16.0% (2022: 15.8%). Underlying basic earnings per share for the year was 25.2 pence (2022: 30.8 pence).

Sustainable Solutions for Growth strategy

In 2022, following a review and refresh of the Group's strategy, we launched our Sustainable Solutions for Growth strategy and shared this publicly at the Capital Markets Day (CMD) in November 2022. This included details of our mid-term goals, our new organisational and reporting structure, and provided further insight into how this strategy will be delivered via our three Business Units. We held a Strategy Progress Update in November 2023 to describe the progress against our strategy, and to offer our shareholders and stakeholders the opportunity to engage with the senior management team. We also set out our new Group purpose, 'Together, we create sustainable living', which resonates strongly with our employees and our businesses across the Group, as well as with other stakeholders such as customers, suppliers and the communities we serve.

Our Trademark Behaviours

We work together

– by understanding and respecting our unique differences

– through collaborating and supporting, to achieve more

– by recognising the efforts and contributions of others

New joiners to Genuit Leadership Team

39% **female**

We take ownership

– always acting with health, safety and wellbeing in mind

– by striving for excellence in what we do

– through our commitment to doing the right thing

'Hazard' and 'Near Miss' reports

8,214 **+45%**

We find a better way

– through using our voice and actively listening

– by positively challenging the way we do things

– by seeking the right solution

Business improvement training

>10% **employees**

"We provide solutions for adaptation and mitigation of climate change and the challenges it poses for the built environment."

Sustainability

Sustainability is a key pillar of our strategy and continues to be at the heart of our growth agenda. As well as operating our businesses sustainably, we provide solutions for adaptation and mitigation of climate change and the challenges it poses for the built environment. We endeavour to provide innovative solutions to these challenges, whilst continuing to strengthen our position by being the lowest carbon choice for our customers. Our science-based targets, Pathway to Net-Zero and continued commitment to being abreast of regulatory developments, as well as taking steps to improve our messaging, continuously improve our processes and maintain engagement with our key stakeholders, shows our commitment to successful communication of the importance of sustainability to our strategy. Details of our sustainability practices are covered later in our Strategic Report on pages 22 to 29.

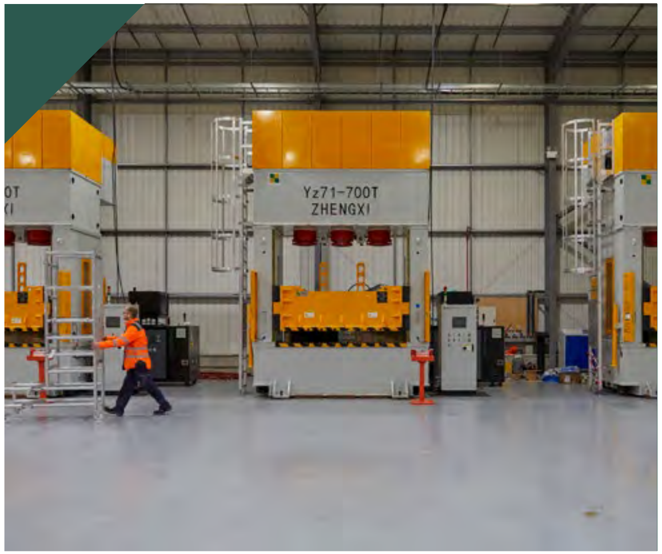
People and Culture

People and Culture is another key element to our strategy on which we have placed significant focus during 2023. The successful delivery of our Sustainable Solutions for Growth strategy is underpinned by our people, creating value and enabling growth through employee capability, expertise and in an environment where everyone is comfortable to bring their whole selves to work. A dedicated working group was established in early 2023 led by our Chief People Officer, which consisted of a group of volunteers and representatives from across the Group who came together to define and establish a set of trademark behaviours. The process involved obtaining direct feedback by engaging with colleagues at all levels and across all businesses within the Group. Our final Trademark Behaviours are set out opposite and were launched to our Genuit Leadership Team at its October 2023 conference. We also hosted further training sessions to ensure we could provide all necessary tools to our leaders to enable successful deployment across the Group during 2024. I continue to be impressed by the commitment and output of our leaders, and look forward to seeing the development and embedding of our Trademark Behaviours and the positive impact they will have on our strategy deployment. Further detail about the culture workstream can be found in our People and Culture section on page 45 and Governance Report on pages 84 and 85.

Further details about the remaining key pillars of our strategy, being Growth and the GBS, are covered on pages 20 and 41 respectively.

Chair's Statement continued

"We are positive about the opportunities that lie ahead, and I am confident that we have the right leadership and people to generate value for our key stakeholders, and look forward to another year of progress."



Board changes

Paul James stepped down from the Board as Chief Financial Officer (CFO) in September 2023 after serving over five years with the Company. Paul successfully steered the Group through the Covid-19 pandemic and the challenges experienced post-pandemic, as well as helping build the Genuit Group into the successful business it is today. On behalf of the Board and everyone at Genuit Group, I would like to thank Paul for his years of service and wish him every future success. The Board is delighted to welcome Tim Pullen, who was appointed as permanent CFO in November 2023 having served as interim CFO from September 2023. Tim brings a broad range of public market experience which complements our Executive Management Team, and we look forward to working with Tim as we continue to deliver our Sustainable Solutions for Growth strategy. Further detail about the CFO recruitment process can be found in our Nomination Committee Report on page 94.

Matt Pullen stepped down from the Board as Chief Operating Officer in April 2023, remaining an employee until 30 June in an advisory capacity, and the Board agreed not to appoint a successor. This decision was supported by the strategic change to the structure of the Leadership Team in the newly expanded role of Chief Strategy and Sustainability Officer, assumed by Martin Gisbourne, which demonstrates our commitment and dedication to the future of our sustainability journey. The Business Unit Managing Directors now report directly to the CEO, as we increase our customer and market focus.

Shatish Dasani was appointed as a Non-Executive Director and Audit Committee Chair in March 2023, as reported in the 2022 Annual Report and Accounts, and Bronagh Kennedy was appointed as a Non-Executive Director in July 2023. Both bring significant experience and skills to our Board. Mark Hammond retired in October 2023 following the completion of his nine-year tenure in April 2023, having agreed to remain in post until October whilst the onboarding of the new Non-Executive Directors took place. Mark was appointed as a Non-Executive Director in 2014 when the Company listed on the London Stock Exchange, and has played a key role on the Board since that date. On behalf of the Group and Board, it has been a pleasure working alongside Mark, and we thank him for his time and dedication and wish him all the best with his future endeavours. As a result of his impending retirement, Mark's role as Senior Independent Director passed to Lisa Scenna in March 2023.

Future outlook

Despite the difficult external macroeconomic environment, it is important that we remain focused on continuing to effectively execute our Sustainable Solutions for Growth strategy as a resilient business. This can only be achieved with the high-performance, purpose-led culture we continue to set in the Group, which we will continue to develop and embed during 2024. We are positive about the opportunities that lie ahead, and I am confident that we have the right leadership and people to generate value for our key stakeholders, and look forward to another year of progress, despite the continued challenging backdrop heading into 2024.

Kevin Boyd
Chair
12 March 2024

Chief Executive Officer's review

Progress toward our mid-term targets

Joe Vorih
Chief Executive Officer

My second year as CEO of Genuit has been one of significant strategic progress for the Group, despite a backdrop of continued external challenges. Our performance was resilient in the face of ongoing softness in the UK construction market, with successful product launches, balanced price and cost management, ongoing business simplification and growth in our international revenues helping to offset this volume decline.

Importantly, our leadership team has remained fully focused on executing our Sustainable Solutions for Growth strategy, the benefits of which are already flowing through. All this has only been possible thanks to the great work of our incredible team across the entire Genuit Group.

Our business simplification programme over 2022 and 2023 has been highly successful, and we have announced £15m of annualised savings from a range of self-help measures that leave the Group more streamlined, efficient and better placed for profitable growth. This has included the site consolidation programme across six sites that we are in the final phases of completing, with no reduction to our productive capacity. The deployment of the Genuit Business System on a multi-year basis has also begun to bear fruit as we begin to implement lean processes throughout the Group in order to drive a culture of continuous improvement.

These strategic decisions have served to improve our annual underlying profit margin from 15.8% to 16.0% despite the market-driven decline in revenues of 5.7%. Underlying operating cash conversion has also been strong at 87.7%, approaching our 90% mid-term target, strengthening our financial position and allowing us to de-leverage the balance sheet while continuing to invest in growth.

With the Group on a firm financial footing and with high confidence in our strategic direction, we are pleased to be able to propose an increase in our full-year dividend to 12.4p and formally introduce a progressive dividend policy.

Revenue	EBIT Margin	EBIT	Cash Conversion	DPS	Net Debt
£586.5m	16.0%	£94.1m	87.7%	12.4p	£149m
Down 5.7%	Up 20bps	Down 4.2%	Up 30.3pps	Up 0.1p	Reduced 10.2%
Market headwinds	Improved operational gearing	Volume reduction offset by business simplification	Progress towards 90% target	Delivering shareholder returns	Leverage reduced from 1.2x (Dec 2022) to 1.1x
↓	↑	↓	↑	↑	↓

Chief Executive Officer's review continued

"While the short-term outlook is unsettled, there has never been a better time to be focused on creating sustainable living."

Scan to hear more from Joe Vorih on Genuit's performance in 2023

Our customers: challenging market conditions remain

Genuit today is focused on sustainability-driven growth, helping our customers respond to climate adaptation and mitigation challenges. We continue to focus on segments that benefit from mid-term regulation and a customer-driven need for climate solutions – the electrification of our houses and workplaces to reduce carbon, better cooling and ventilation as the climate warms, more effective rainwater collection and reuse, and attenuation of flooding and stormwater runoff now more prevalent than ever. We provide these solutions into a range of end markets – new house building and RMI, commercial and multi-story residential construction, infrastructure including stormwater management projects within road and rail – and we are growing in many of these sectors internationally.

The structural UK housing shortage continues and must be addressed, so that despite the recent weakness, mid-term growth in this sector should be robust as the UK seeks to build the houses needed. 2023 saw a decline in site openings and starts, with higher interest rates affecting mortgages, cost of living concerns continuing and planning constraints still affecting housebuilders. We are expecting these low levels to continue into 2024 but expect pent-up demand to drive stronger growth in time.

There were some important segmental trends in residential construction. Notably, our Nuaire ventilation business saw organic growth in 2023 driven by increased penetration of new ventilation solutions – most notably to control damp and mould in social housing. Our Nu-Heat business saw a decline in renewable energy conversion projects as affordability was a concern for consumers, though project interest has increased since the government announced the increase of the Boiler Upgrade Scheme from £5,000 to £7,500 – certainly a positive development. On the other hand, the gas boiler market remained below normal levels, as the supply chain constraints of 2022 were replaced with decreased demand as consumers put off boiler replacements, keeping existing systems running. Historically, this has created pent-up demand for replacement of boilers as they age, demand that may return quickly when confidence returns.

While the UK still represents nearly 90% of Group sales, our geographic expansion activity continues as the demand for water management and building drainage solutions in the Middle East continues to develop, and we introduced new network infrastructure products – including for the North American market.

Despite the short-term headwinds that continue in 2024, we do see positive developments. The Future Homes Standard is expected to drive a significantly increased uptake of air-source heat pumps (ASHPs) and underfloor heating, more heat recovery in ventilation, and a continued focus on energy efficiency and lower carbon products. Again, last year, we saw hotter summers and more pronounced storms and flooding – challenging construction in the short term but reaffirming confidence in the need for our water management and green urbanisation solutions. In addition, lower carbon content (such as with the higher recycled-content plastic products we provide) is quickly moving up the agenda for our customers, in line with their own carbon commitments or driven by local initiatives such as the London Plan. On balance, while the short-term outlook is unsettled, there has never been a better time to be focused on creating sustainable living.

Our strategy: Sustainable Solutions for Growth

Our Sustainable Solutions for Growth strategy is built around four key pillars:

- **Growth** – focus on higher-growth, sustainability-driven markets, via organic growth and disciplined M&A opportunities
- **Sustainability** – continually improve the sustainability of our operations to be the lowest-carbon choice for our customers
- **Genuit Business System** – create value through lean transformation and operational excellence
- **People and Culture** – create value and enable growth through the capability, expertise and development of our employees

I am pleased with the progress that we have made against each of these commitments in 2023, which has seen us drive improvements throughout the business and strengthen our position going into 2024.

Chief Executive Officer's review continued

Growth

By focusing on sustainability-driven markets in the built environment, we see significant opportunities to outperform the broader construction market. The necessity of adapting to climate change, regulatory changes and shifting customer preferences create a series of structural tailwinds that will enable us to achieve organic growth and open the possibility for disciplined M&A opportunities.

Despite the softness in the UK construction sector in 2023 and the overall decline in volumes, I'm pleased to say that this approach helped to secure revenue opportunities across all three of our Business Units. Sustainability-driven structural growth drivers including the need for greater ventilation in social housing and stormwater attenuation have served to drive demand for our solutions.

The launch of exciting new product lines, including PolyPlumb Enhanced in Sustainable Building Solutions (SBS), Nu-Deck and MVHR with cooling in Climate Management Solutions (CMS) and SubTerra CT in Water Management Solutions (WMS), demonstrates our commitment to innovating within our product ranges and providing customers with innovative and highly relevant solutions. All these products tie into the need to address climate adaptation challenges and improve the resilience of the built environment.

Solution selling, including expanding the Nu-Heat direct-to-contractor or homeowner offering, and working with national and regional homebuilders to install early ASHP and underfloor heating solutions – ahead of the Future Homes Standard – were effective. Our commercial offering has expanded with Polypipe Advantage prefabricated solutions growing, enhanced with a new Stax line of pre-configured solutions. We merged our Keytec and Alderburgh installation businesses to create a class leading water management solution partner with national reach.

The launch of these products, solutions and services, with a continued pipeline of development, means that despite some variation as products mature, we remain on track to maintain our target of 25% of all sales coming from products developed in the last five years. Furthermore, our success in integrating past acquisitions successfully, stronger leadership capability, and decreased leverage, all position the Group well to continue to develop and pursue strategic acquisitions that will add to our organic growth potential and enhance shareholder returns in the future.

Sustainability

Our growth strategy is inextricably linked to sustainability, as the key driver of our markets and the core of our product suites. It is therefore imperative that we are continually pursuing a programme of improvement in regard to our own sustainability metrics, ensuring that we are the lowest-carbon supplier of choice to our customers.

We are on a trajectory to become net-zero by 2050, and our sustainability plans have progressed well in the year. Most notably, in 2023 we became the first amongst our UK peers to have verified SBTi approval for our near-term carbon reduction targets, which amongst other commitments will see us reduce our scopes 1 & 2 greenhouse gas (GHG) emissions by 30% by 2027 compared to 2021.

We are also the largest user of recycled polymers across our European peer group, making up almost half our total tonnage, and we have held the LSE Green Economy Mark since 2019 with over 70% green revenues.

We said that we would leverage sustainability leadership for growth, remain the champion of the most sustainable building solutions and extend our plastic recycling usage. As these sustainability targets are a key component of our strategy, they form an integral part of Executive and senior management remuneration to ensure reward is fully aligned with our strategic priorities. In 2023, we added the annual measure of carbon reduction into the annual bonus arrangements for a wider cohort of our managers.

"In 2023 we became the first amongst our UK peers to have SBTi approval for our near-term carbon reduction targets."

Our science-based targets	Progress
Reduce absolute scopes 1 & 2 GHG emissions 30% by 2027	24%
Increase annual sourcing of renewable electricity from 94% in 2021 to 100% by 2027 through 2030	91%
83% of suppliers (by emissions) of purchased goods and services will have science-based targets by 2027	32%

In 2023 the Science-Based Target initiative (SBTi) approved Genuit Group's near-term science-based emissions reduction target and we've already made significant progress towards meeting those targets with the 2023 performance seeing a 24% decrease from the 2021 base year.

During the year our GHG intensity was 0.140tCO_2e/t despite lower production volumes and we decreased our scope 1 emissions by more than the corresponding decrease in production. The majority of electricity supplied to our operations was from renewable sources at 91%.

The Group is committed to provide leadership in the construction products sector when it comes to climate change and we see the adoption of science-based climate change targets as key. We'll continue to engage and work with our suppliers to ensure that they take action to reduce carbon in the supply chain, but already c.32% of suppliers have a science-based climate change target.

Chief Executive Officer's review continued

Genuit Business System

Embedding the lean transformation of the business and creating a culture of continuous operational improvement and excellence is at the heart of our value creation strategy. The Genuit Business System (GBS) will enable the Group to standardise processes, share best practices and achieve benefits of scale, and will be at the core of our journey to achieving our medium-term >20% operating margin target.

In 2022, we started our journey to implement these principles as we began to deploy the GBS at Adey as our first Lean Lighthouse. We have seen significant productivity improvements, financial savings and space savings from this first lean site transformation.

In 2023, we extended that Lean Lighthouse deployment across Polypipe Building Products, and we also commenced a further project in Horncastle that will accelerate in 2024.

The success of our Lean Lighthouse projects has energised our people and allowed us to continue the multi-year deployment of the Genuit Business System on a wider scale across the Group. In the first full year, over 10% of Genuit employees have now participated in lean Kaizen events or training – showing both the pace of deployment across the Group and how much more progress and benefit there is to realise. We are very pleased with the results of this so far and believe that it will help to empower and inspire our people. Enabling our people to unlock the full potential of our business is at the heart of what we are building.

People and Culture

Our people are the heart of our business and the key driver of our success, and as such our growth strategy is highly focused on making sure that they are empowered to drive progress. Accordingly, we have continued to invest in talent, engagement and culture throughout 2023.

Core to the creation of a positive culture has been the creation of our Genuit Leadership Team (GLT) in 2022, consisting of c.70 of the top leaders across the Group. This group was instrumental in defining our new purpose (Together, we create sustainable living) and forming our Trademark Behaviours that will underpin our culture – We work together, We take ownership and We find a better way. Since this team will be instrumental in modelling and strengthening our culture and executing our strategy, we have focused our diversity and leadership development efforts with them first. We are proud that GLT membership now consists of 29% female leaders, and all of the GLT will participate in a new Genuit Leadership Programme over the coming year.

We have also worked to strengthen the Group-wide talent pipeline in 2023 and are committed to providing accredited learning programmes through our graduate schemes and apprenticeships. Further, we have been able to develop an accredited programme to help our current workforce be better prepared for the future, learning basic manufacturing and lean tools. All these efforts have helped us increase the percentage of our workforce in such programmes to 8% – a significant improvement and a sign of the importance we place on career development. The year also saw us launch Workday – our new self-serve HR platform to make people management and development more effective, and in early 2024 we plan to undertake our first Group-wide employee engagement survey. Additionally, our use of the Workplace platform has resulted in stronger cross-Group communication with all our colleagues.

Lastly, Genuit Group became a strategic partner of the Construction Inclusion Coalition in 2023, extending our commitment to inclusion in this all-important industry.

Summary: we are well-placed for 2024 and beyond

Overall, this has been a year of significant strategic progress towards our medium-term targets. We have successfully created a more streamlined and effective business, leading to improved margins and a strong financial position that has given us the confidence to implement a progressive dividend policy. Across our strategic pillars we have made good progress, and the work that has been done to create a Group that can achieve growth and efficiencies, underpinned by sustainability and a strong culture, is evident.

The macroeconomic uncertainty that impacted the construction sector in 2023 is likely to continue into 2024, and the softness in volumes is therefore expected to continue across several markets. The strategic successes that we have achieved in 2023, however, mean that Genuit is in an excellent position to navigate the near-term market headwinds, and will be well-placed to benefit when the market normalises. I remain highly confident that we are moving in the right direction, and sustainability-driven tailwinds such as the need for increasing energy efficiency in heating and ventilation, stormwater solutions to address significant rainfall events and the need for lower carbon building materials will significantly benefit our businesses over the medium-term.

I would like to close by thanking all my colleagues at Genuit for their efforts in the year. Ever since I joined as CEO, I have been constantly impressed by their dedication, imagination, and hard work, and I look forward to continuing to work with them all to create sustainable living together.

Joe Vorih
Chief Executive Officer
12 March 2024

"Genuit is in an excellent position to navigate the near-term market headwinds, and will be well-placed to benefit when the market normalises."

Chief Executive Officer's review continued

Q&A

Joe Vorih
Chief Executive Officer

Q What do you see as your main priorities for 2024?
I'm proud of the work our team did in the face of challenging market conditions in 2023. We do have some work to do to finish the simplification projects we started during the next few months – projects that are on track to underpin £15m of annualised savings without any reduction in capacity. Beyond that, we are investing in growth – new product launches, focused solution and cross-selling projects, and geographic expansion. And, importantly, preparing for the 2025 Future Homes Standard. To make this possible, we will continue to invest in our people and our leaders.

Q Can you explain the new purpose statement 'Together, we create sustainable living'?
Our Genuit Leadership Team – the top 70 or so leaders in our business – felt we needed a better purpose statement. A group of them developed this – with input from Genuit team members. 'Together' speaks to all of us as Genuit, the 'we' will work as a team and in partnership with our customers. And we are an innovation company that will 'create' new solutions aimed at improving how we live and work, while mitigating climate change and helping ensuring climate adaptation. Hence, 'sustainable living.' I can't begin to convey how well this has resonated with our people and prospective joiners!

Q Does M&A play a role in each Business Unit?
Absolutely! We've been clear that our M&A priorities will be to add to our solution capabilities and accelerate organic growth. To that end, Climate Management Solutions and Water Management Solutions are the clear focus as we look to expand the complete solution for low-carbon heating and cooling of our homes and offices, create complete blue/green urbanisation solutions, and more effective stormwater management solutions. Ideally, new Genuit companies will bring technology, routes to market, and an expanded global presence – in addition to being great investments. Of course, we will remain open to solid deals that expand our market share in any of the three Business Units.

Q How are you building Genuit Group's employer brand equity?
While you won't see Genuit as a product brand, I've said all along that we want to be a great place to work – truly an exemplar company with the best talent top to bottom. To do that, we have to invest in leadership – as we are with our newly-launched Genuit Leadership Programme. Inclusiveness matters, especially when it comes to creating career advancement opportunities for any of our associates who aspire to a great career here. And, living our Trademark Behaviours of 'We work together,' 'We take ownership,' and 'We find a better way.' There's no shortcut to creating a great culture – but there's also nothing more important!

Q What is next in lean and the Genuit Business System?
Clearly, we have put lean thinking at the heart of our strategy by making the Genuit Business System a core pillar of our growth strategy. This may surprise some, but it's about relentless focus on creating customer value, and shifting waste into investment in our future. We are actively deploying GBS across most of our sites and are starting to see bottom line results that allow us to reinvest in future growth. Most importantly, lean is one of the best possible ways to drive engagement – empowering everyone one of our 3,100 plus team members to learn how to improve their work to benefit them and their customers. What could be better than that?

Business Units in action

Scan for more information on the combination of heating and cooling

Climate Management Solutions

Lower carbon heating and cooling

The Climate Management Solutions (CMS) Business Unit is focused on reducing the carbon impact of the way we heat and cool our homes and workplaces. The built environment accounts for approximately 40% of the UK's greenhouse gas (GHG) emissions, and in terms of operational carbon, heating and cooling are the largest contributors.

Our mission is to offer solutions which reduce that operational carbon impact, in residential settings, offices, schools and elsewhere. This includes making existing technologies operate more efficiently, such as the improvements that can be achieved by installing our Adey magnetite filters and water treatment products. These ranges can offer significant energy efficiency improvements, reducing carbon impact alongside providing monetary savings – which is increasingly significant in these times of high energy costs. Such solutions are also enabling people to switch over to renewable energy sources, such as ASHP, as by operating more efficiently they do not rely upon the high energy capability of gas boilers. These concepts are also true for our Nu-Heat underfloor heating offering. Underfloor heating (UFH) is a lower energy way to heat our spaces, which also makes it suitable for use alongside renewables such as ASHP; indeed in 2023, 20% of our business involved supplying customers with the heat pump as part of a tailored package designed specifically for their homes. We also help to make that transition easier by providing expert advice to customers around the various grant or subsidy mechanisms which may be available to them.

Where Adey and Nu-Heat operate in the context of hydronic or water-based solutions, our Nuaire and Domus businesses are focused upon providing the benefit of fresh healthy air, alongside low carbon ways of heating and cooling our homes and commercial spaces. Our Mechanical Ventilation and Heat Recovery (MVHR) ranges take warmed air from areas such as bathrooms, capture that heat, and transfer it via heat exchangers back into the buildings' hot water system. As our summers become hotter, even a temperate climate such as the UK's is becoming uncomfortable on summer days. Products such as our MRXBox can be supplied with a cooling module in addition to MVHR. This means that when required, the unit can temper incoming warm air, and cool it sufficiently to make the building comfortable. This is lower energy than re-circulating air conditioning and is also replenishing the property with fresh healthy air.

Within CMS, we are working hard to develop products, and provide innovations for these evolving challenges. In 2023, our Vitality Index was 28.1%, reflecting our high innovation rate, and the opportunities for new technology in this sector. Looking ahead, as well as introducing new products and technologies, we remain focused on offering product combinations and integrated solutions which represent real value to our customers who can benefit from seamless interfaces between different heating and cooling technologies.

MRXBox – MVHR with Cooling

Nuaire's MRXBox Hybrid product combines year round provision of clean, healthy air, with the benefits of mechanical heat recovery, along with the ability to significantly reduce the temperature of fresh air entering the dwelling. This helps to maintain comfortable room temperatures even on the warmest of days in city centre apartments.

MRXBox Hybrid is helping to adapt to the consequences of climate change, whilst also improving energy efficiency and reducing the carbon impact of a heating system via MVHR.

Scan to see how Polypipe C&GU engage with local schools

Water Management Solutions

Enabling adaptation and resilience

The year was a significant move forward in simplifying the Business Unit, and positioning us for future growth in line with our Sustainable Solutions for Growth strategy. Within Water Management Solutions (WMS), our colleagues are focused on upgrading the stormwater and waste water infrastructure to adapt to the increasingly challenging results of climate change. As the climate warms, the air is capable of holding more water, and this creates more frequent bouts of extreme rainfall – amounts of rain for which much of our ageing infrastructure was not designed. In parallel with this, the so-called concretisation of our urban areas is accelerating runoff rates, and so our green urbanisation strategy addresses these twin needs of providing stormwater resilience along with enhanced urban living spaces. Our technical and commercial teams are experts in modern drainage design, and add value to our customers by helping them to design solutions which bring together these aspects of functionality.

Alongside our objective of improving resilience to climate change, within WMS we also mitigate our own impact upon it. This Business Unit led Genuit's use of recyclate during 2023. The majority of our products use high proportions of recycled polymer, with some solutions, such as parts of our Permavoid range being made from 100% post-consumer waste. Some of this material is processed at our Horncastle site, where we take in consumer waste such as milk cartons and detergent bottles, and process them into plastic pellets to go into our production facility. The carbon impact of these solutions is significantly below that of concrete or other legacy material alternatives, as well as helping us to play a significant role in developing a circular economy. We are also seeing that our customers increasingly value this philosophy, and recognise us as being in step with their own carbon reduction objectives. Carbon reduction is beginning to be recognised as having economic value in large-scale projects, where clients or local regulators have low carbon goals, and therefore in order to meet these goals, specifiers and decision makers face the choice of low carbon options, or having to pay some form of financial recognition of carbon content.

WMS has also undergone significant transformation in 2023, with consolidation of our manufacturing footprint without capacity reduction, and some redesign of our structures to allow greater cooperation across our commercial teams. As well as reducing our cost base, this is allowing greater collaboration between our teams, for example between those offering network solutions and those offering drainage, or providing a broader product portfolio through Keytec, our supply and install operation. These steps provide a strong platform for our continued growth. Our ability to offer product combinations, or a full service from design advice through to product supply and installation is an important way for us to represent greater value to our customers.

Wash & Squash Community Engagement

Polypipe Civils & Green Urbanisation runs a recycling programme with a local school near to its manufacturing site in Horncastle. Children of the school take in their washed and squashed milk bottles which are then picked up by Polypipe to be recycled through its polymer processing plant and the plastic is reused in developing products to support major infrastructure projects across the country. As well as being the largest user of recyclate among our peers, we are committed to promoting the benefits of a circular economy.

Scan to see how Polypipe Building Services are adding value for their customers

Sustainable Building Solutions

Driving out carbon

The Sustainable Building Solutions (SBS) Business Unit provides its customers with a range of market-leading products and brands. Whether it is residential plumbing and drainage, prefabricated commercial soil stacks, or our range of GRS radiator pipe guides, all of these solutions are designed with efficient installation in mind. They are also part of our proposition to be the lowest carbon supplier of choice to our customers, be they a large housing developer, a commercial property owner, a large M&E contractor or a leading builders' merchant.

Our market-leading Polypipe and Terrain plumbing and drainage products have long been recognised as having performance advantages as well as lower embedded carbon than legacy materials such as copper or cast iron. However, we are increasingly differentiating our position versus other polymer-based brands due to our continued drive to reduce embedded carbon by increasing our use of recycled post-consumer waste, and seeking ways to reduce any unnecessary mass in our products. For example, the Terrain range of soil pipes now comprises up to 65% of recycled plastics, largely from recovered and re-processed PVC windows. This represents a carbon saving of c.44% compared to virgin polymer content. Genuit businesses are committed to helping customers make informed decisions, which can be difficult given the widespread use of vague terminology within the sustainability space. We are committed to the use of third party accredited Environmental Product Declarations (EPDs), so that decision-makers can make informed choices, and can utilise this data in their broader calculations of the carbon impact within the building design. This is increasingly important not just as customers focus on their own carbon reductions, but also as they endeavour to meet the requirements of initiatives such as the London Plan, in terms of carbon content.

As well as being generally accepted as a lower carbon construction method, our value-added prefabricated solutions such as Polypipe Advantage also improve quality and consistency of manufacture, and go some way to addressing the skills shortage that exists within the UK construction sector. This is rightly recognised by the government and its targeting of 55% Pre-Manufactured Value (PMV) in its construction projects, where the amount of expenditure of offsite or prefabricated activity is expressed as a proportion of overall project value.

Consistent with this theme of installation efficiency, Polypipe Building Products launched the PolyPlumb Enhanced plastic plumbing range in 2023. This is the outcome of a multi-million pound investment, and includes patented technology around the InCert jointing system. By having detailed knowledge of our customers' challenges, we continue to innovate to build our market positions. Enhanced will continue the innovation story within Polypipe Building Products, and help to build on their existing Vitality Index of 24.8%.

Polypipe Building Services: Value-Added Solutions

Due to the ongoing external issues of skill shortages and a desire to achieve process efficiencies by offsite manufacture, the Advantage proposition from Polypipe Building Services continues to gain traction and is now being supplemented by the Stax range of HDPE prefabricated sub-assemblies. Contractors spend a lot of time on site on repetitive tasks around cutting and jointing. Using data gathered from customers, Stax offers a range of the most commonly used configurations as prefabricated sub-assemblies, reducing time on site, and improving consistency of jointing.

Key Performance Indicators

We continually review the Group's performance indicators that are critical to the measurement and delivery of our strategic objectives and sustainable shareholder returns.

We have defined our Key Performance Indicators (KPIs) to measure alignment between our operating activity and strategic goals.

1. **Growth**
2. **Sustainability**
3. **Genuit Business System**
4. **People and Culture**

Non-financial KPIs

Recycling %

49.2%

2023	49.2
2022	48.7
2021	49.4

Link to strategic objectives: 1 2

The proportion of the Group's overall polymer consumption fulfilled by recycled materials.

Importance to Genuit
The Group has a commitment to achieving the highest standards of environmental performance, preventing pollution and minimising the impact of its operations including reducing waste to landfill.

Commentary
Our use of recycled material increased from 2022 to 49.2% of our total tonnage consumption. Further projects launched to continue the pathway to our 62% target.

Accident frequency per 100,000 hours worked

4.71

2023	4.71
2022	5.02
2021	5.06

Link to strategic objectives: 3 4

The number of reported accidents as a proportion of the number of production hours across the whole Group.

Importance to Genuit
Beyond mere compliance, this is an indicator of the health and safety performance at our various sites and the degree to which the workers are protected from work-related hazards at their workplace. Our aspiration is to achieve zero accidents every year.

Commentary
Incident rates have been decreasing year-on-year through increased engagement, which in 2023 gave more timely reporting of incidents and accidents, improving visibility of high-potential serious incidents and high-potential near misses occurring across the Group.

Developing our workforce %

8.2%

2023	8.2
2022	3.5
2021	3.2

Link to strategic objectives: 3 4

The proportion of our UK colleagues actively participating in The 5% Club recognised Earn and Learn programmes such as apprenticeships, graduate trainee and student sponsorships.

Importance to Genuit
Developing and investing in our colleagues drives sales growth, operational efficiency and profitability, whilst facilitating employee retention and enhancing workforce morale.

Commentary
In 2023, we maintained Silver Membership status of The 5% Club. At end of 2023 we had over 250 employees in Earn and Learn programmes, which include a range of disciplines including; engineering apprenticeships, financial accounting qualifications, degrees in subjects such as facilities management and leadership.

Greenhouse gas emissions Intensity ratio

$0.140tCO_2e/t$

2023	0.140
2022	0.136
2021	0.141

Link to strategic objectives: 1 2

The intensity ratio is defined as the total tonnes of scopes 1 & 2 CO_2e produced per total tonnes of production.

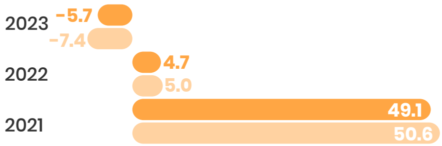
Importance to Genuit
The year-on-year improvement in this measure demonstrates our commitment to operating in an environmentally sustainable manner, as the Group continues to grow.

Commentary
Our scopes 1 & 2 carbon intensity has increased by 3.3% largely driven by a decrease in volume, but we are on track towards our goal of a 66% reduction since the 2019 baseline data was established through reductions in transport emissions and increasing our renewable energy purchases. To date we have achieved a cumulative intensity reduction of 48.6%.

Financial KPIs

Sales growth %

–5.7%



Link to strategic objectives

1 2 3 4

Group
UK

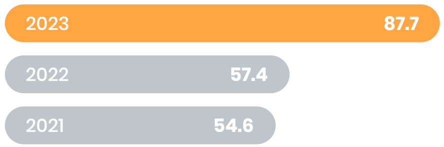
The annual percentage growth in both Group and UK (by destination) revenue.

Importance to Genuit
Our strategy is to ensure that investment in our people and operations drives sales growth which outperforms the construction market, thus enhancing our market leadership position.

Commentary
Group revenue decreased 5.7%. UK revenue decreased by 7.4% partly offset with geographic expansion in Europe and the Rest of World.

Underlying cash conversion %

87.7%



Link to strategic objectives

1 3

Underlying operating cashflow (after payments for capital expenditure excluding non-underlying proceeds of sale and lease liabilities) divided by underlying operating profit.

Importance to Genuit
Our focus on cash conversion demonstrates our focus on efficiency, as well as enabling us to fund future organic and inorganic growth.

Commentary
Our cash conversion improved by 3030 basis points primarily through a positive working capital movement in the year which was achieved through lower levels of inventory.

Return on capital employed %

11.9%

Link to strategic objectives

1 3

Return on capital employed is the ratio of underlying operating profit adjusted for the full year benefit from acquisitions during the year, where relevant, to net assets excluding loans and borrowings, cash and cash equivalents, assets held-for-sale and taxation. Further information is detailed on page 200.

Importance to Genuit
A key indicator of the efficient deployment of capital focusing on the right initiatives, and of the Group's overall business performance.

Commentary
Return on capital employed marginally declined in 2023 due to 4.2% decrease in underlying operating profit.

Underlying operating margin %

16.0%

Link to strategic objectives

1 3

Underlying operating profit as a percentage of revenue.

Importance to Genuit
Indicates that we are investing in the right initiatives and operating efficiently, by driving out non-value-added costs and delivering productivity gains.

Commentary
Underlying operating margin percent improved by 20bps versus 2022, due to improved product mix, demonstrating continued progress towards the Group's medium-term target of >20%.

Underlying diluted EPS pence per share

25.1p

Link to strategic objectives

1 3

Underlying diluted earnings per share.

Importance to Genuit
Provides the Company's investors, in particular, with a consistent indication of the Group's underlying financial performance.

Commentary
Underlying diluted EPS decreased by 17.7% in 2023 predominantly the result of increased interest and tax costs, driven by external factors.

Business model

Our purpose Together, we create sustainable living

Our resources

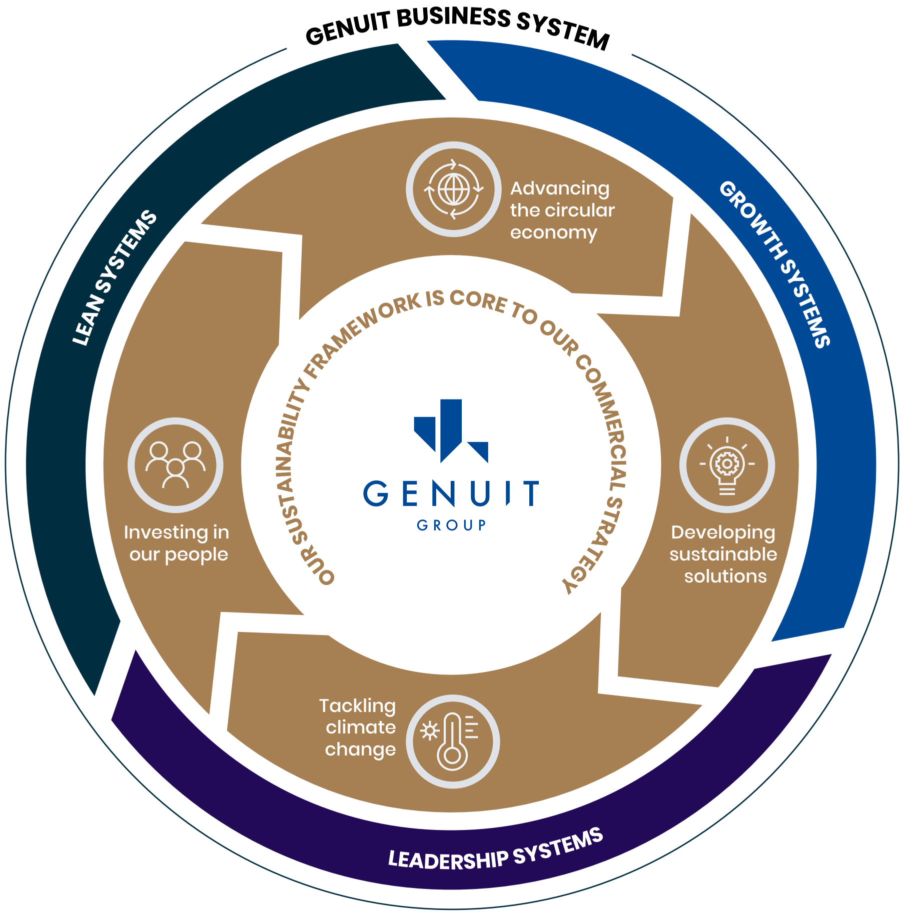
People
Experts knowledgeable on our customers' applications and empowered to act.

IP/expertise
Innovation, continuous improvement and unique IP defends our market positions.

Strong leadership
Clear direction and focused resource allocation enables our colleagues to deliver our strategic vision.

Capital investment
Disciplined capital allocation to fund sustainable profitable growth, consistent with our strategic objectives.

How we create value



Climate Management Solutions
Addressing the drivers for low carbon heating & cooling, and clean & healthy air

Water Management Solutions
Driving climate adaptation and resilience through integrated surface and drainage solutions

Sustainable Building Solutions
Providing a range of solutions to reduce the carbon content of the built environment

To help our customers
Genuit Group helps professionals create sustainable, engineered water and climate management solutions for the built environment.

Customers	Who then deliver to the end user
– One-off installers – Contract installers – Civil engineers and contractors – M&E consultants	– Housebuilders – Civils and Commercial sector developers – Asset owners and self-builders

Competitive advantages

Trust | Value | Capability | Sustainability | Range | Support | Competence

Creating stakeholder value

Customers
Quality and innovative products, engineered solutions that enable a sustainable built environment, support, value, range, bespoke solutions, market-leading brands.

Shareholders
Dividend, capital growth opportunity, responsible and ethical investment.

Employees
Training and skills development, commitment to diversity, direct engagement and empowerment, providing an opportunity to make a difference.

Suppliers
Long-standing relationships, fair negotiation, certainty on payment, reputation, visibility on revenues.

Communities and the environment
Working towards a sustainable built environment, sustainable products and practices, enhancing the environment, while engaging with communities and charities.

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

Nuaire 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 Nuaire 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_2e 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 **Recycled materials:** 49.2%	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 **Vitality Index:** 21.5%	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 **Carbon reduction (intensity):** Cumulative reduction of 48.6%	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 **People:** Percentage in Earn and Learn 8.2%

Our Climate Targets

	Reduction of CO_2e 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 SBTi near-term target	Increase annual sourcing of renewable electricity from 94% in 2021 to 100% by 2027 through 2030 SBTi near-term target	83% of suppliers by emissions covering purchased goods and services will have science-based targets by 2027 SBTi near-term target	Reduction in absolute scope 3 GHG emissions by 13% for our purchased goods and services by 2027 from a 2021 base year
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 CO_2e 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 CO_2e 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.

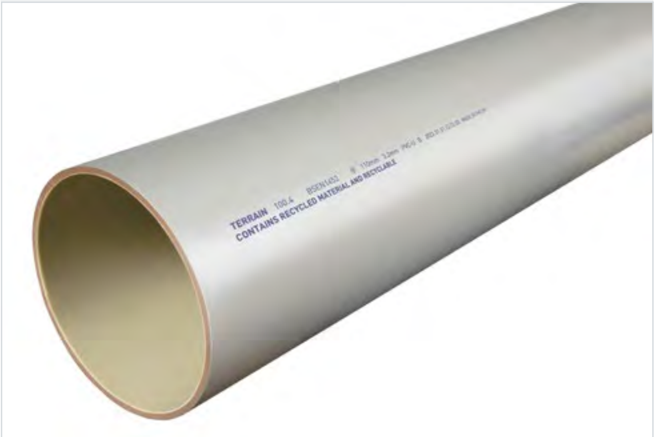
Case Study

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 CO_2e 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 (CO_2e 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 CO_2e. 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 CO_2e 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 CO_2e) 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_2e)	19,712	**17,426**	**-11.6%**	**100%**
Output (tonnes of production)	134,022	**113,873**	**-15.0%**	
Intensity (tCO_2e) 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 tCO_2e (including transmission and distribution losses), giving total emissions of 30,342 tCO_2e and an intensity of 0.266 tCO_2e per tonne of production – an 5.3% increase on 2022. The remaining electricity emissions figure above of 3,372 tCO_2e 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 CO_2e) 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 (tCO_2e)	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_2e	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_2e)	Base year emissions covered by targets (tCO_2e) (%)	FY2022 reporting value	**FY2023 reporting value**
Scope 1 (tCO_2e)	19,547	19,547 (100%)	16,839	**13,893**
Scope 2 (market-based) (tCO_2e)	1,487	1,487 (100%)	1,412	**2,093**
Total scopes 1 & 2 (market-based) (tCO_2e) (ABS1)	**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_2e)				
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:
a) 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
b) 90% of the data is calculated using actual data, with 10% being estimated based on pro-rated actual data as described in note a
c) 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
d) 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)
e) Category 1 for the Nuaire business is undertaken using the methodology defined in the standard 'Embodied carbon in building services: a calculation methodology CIBSE TM65: 2021'
f) 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 tCO_2e. 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

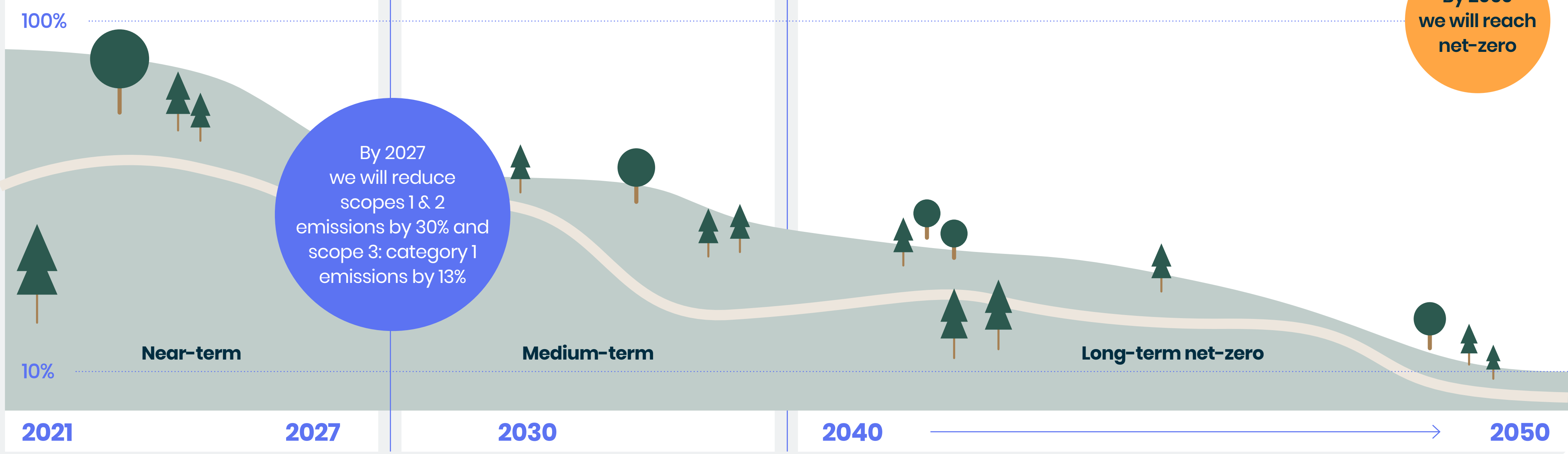
- Aligning ambition to climate science through setting of science-based targets
- Decarbonising our own site operations
- Reducing emissions from transport with PHEVs and bio-fuels
- Increasing recycled content
- 30% reduction in absolute scopes 1 & 2 GHG emissions by 2027

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 CO_2e 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.

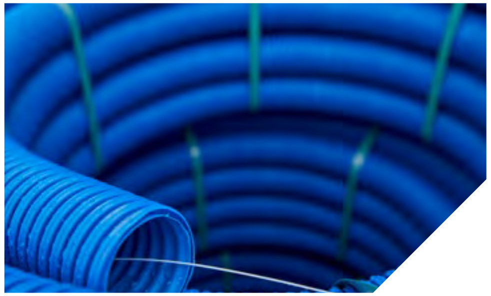
It's important to continuously review and update analysis that provides the basis for risk and opportunity assessment and disclosure. The Risk Committee included the requirement to monitor climate-related risks and opportunities in its Terms of Reference update during 2023, a copy of which is included 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

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	Short (< 5 years)	Medium (2030)	Long (2050)		Time horizon/ metrics/targets
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.				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
					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.					

Task Force on Climate-Related Financial Disclosures continued

Risk	Risk type	TCFD category	Potential impact	Mitigating actions	Scenario analysis and results	Short (< 5 years)	Medium (2030)	Long (2050)		Time horizon/ metrics/targets
Carbon taxes										
The potential financial impact of current and future potential carbon taxes applied to our own operations and supply chain.	Transition	Policy & Legal	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. Operations: Requirement for more comprehensive data assurance and verification of scopes 1, 2 & 3 carbon emissions.	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.	NZE (1.5°C) Early Action – Early implementation of a carbon pricing mechanism to all economies with a net-zero commitment. 2030: £114/tCO_2 2050: £203/tCO_2				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. 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: – 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.	**Time Horizon** Medium **Metrics** Annual carbon inventory in line with SBTs GHG emissions, scopes 1, 2 & 3 Non-financial KPI, Vitality Index **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 CO_2e 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
					APS (<2°C) Late Action – Pricing mechanisms are introduced later on and at lower rates. 2030: £109/tCO_2 2050: £162/tCO_2					
					STEPS (>3°C) Business as Usual – Only existing or announced carbon pricing schemes are applied under lower rates. 2030: £97/tCO_2 2050: £109/tCO_2					
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	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. Operations: Challenges in continuing operations or reduction in product offerings if materials become too costly.	The Group has established relationships with several raw material suppliers to ensure competition across its supplier base. Our move to increase our use of recyclate also mitigates against raw material volatility.	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.				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: – 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. 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** Short – medium **Metrics** Non-financial KPI, Recycling Margin over direct materials **Targets** 2025 target of 62% of tonnage from recycled plastics Achievement of the Group's operating margin targets
					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.					
					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.					

Task Force on Climate-Related Financial Disclosures continued

Risk	Risk type	TCFD category	Potential impact	Mitigating actions	Scenario analysis and results	Short (< 5 years)	Medium (2030)	Long (2050)		Time horizon/ metrics/targets
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	Financial: Increased price of raw materials, particularly polymers, resulting in reduced profit margins. Supply Chain: Disruption in supply of raw materials could reduce stock availability and cause delays in fulfilling customers' orders.	The Group monitors and reviews its supply chain and does not rely on one single supplier or geographic region for critical materials.	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.				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. 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.	**Time Horizon** Medium – long **Metrics** Non-financial KPI, Recycling (use of recyclate reduces exposure to internationally sourced virgin raw materials) **Targets** 2025 target of 62% of tonnage from recycled plastics 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
					SSP3-7.0 (2-3°C) Similar to trends observed in SSP1-2.6, with increased frequency and size of extreme weather events.					
					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.					

Opportunity	Opportunity type	TCFD category	Potential impact	Actions to capitalise	Scenario analysis and results	Short (< 5 years)	Medium (2030)	Long (2050)		Time horizon/ metrics/targets
Low emission products and services										
The potential revenue generated from further developing low emissions products and services.	Transition	Product & Services	Financial: Overall revenue growth from increased sales of low emission products and services. Access to new sources of finance. Operations: Reduced exposure to increasing carbon taxes due to reduced carbon intensity of products. Decrease in scope 3 GHG emissions.	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.	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.				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: – 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. 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 **Metrics** Revenues from low carbon products Non-financial KPI, Vitality Index Non-financial KPI, Recycling Measuring the carbon content of ranges as per Environmental Product Declarations **Targets** 2025 target of 25% of sales from products launched within preceding five years 2025 target of 62% of tonnage from recycled plastics 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
					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.					
					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.					

Task Force on Climate-Related Financial Disclosures continued

Opportunity	Opportunity type	TCFD category	Potential impact	Actions to capitalise	Scenario analysis and results	Short (< 5 years)	Medium (2030)	Long (2050)		Time horizon/ metrics/targets
Increased demand for flood mitigation technology										
The potential revenue generated from further developing the Groups water management solutions.	Transition	Market	Financial: Increased revenue due to demand for reliable drainage systems and growing Sustainable Drainage Solutions (SuDS) requirements in new major developments. Operations: Positive reputational impact through being a part of a key climate adaptation strategy.	The Group continues to develop water management solutions and pursue opportunities to expand the portfolio. The Group recognises the demand for a full solution and is working with customers and partners to provide comprehensive technology-based solutions.	SSP1-2.6 (<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.				The potential size of the opportunity increases from SSP1-2.6 (<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. – There is potential for significant increases in revenue as demand for resilient drainage systems increases under higher emissions scenarios across all time horizons. 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** Short **Metrics** Measured via revenue from qualifying product ranges **Targets** This is not disclosed due to commercial sensitivity
					SSP2-4.5 (2-3°C) Similar to trends observed in SSP1-2.6, with increased frequency and size of extreme weather events.					
					SSP5-8.5 (>3°C) Compared to 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.					
Upstream supplier engagement										
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.	Transition	Technology and Market	Financial: Protection from future pass through decarbonisation costs and increases to carbon pricing. Supply chain: Greater collaboration on decarbonisation and enhancements to circular economy thinking by greater use of recycled raw materials.	The Group continues to increase the use of recycled raw materials. The Group works with the supply chain to ensure that 83% of suppliers by emissions have a science-based climate target by 2027.	NZE (1.5°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.				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.	**Time Horizon** Short/Medium/Long **Metrics** 2027 SBTi and related carbon in the supply chain targets **Targets** 2025 target of 62% of tonnage from recycled plastics 2025 66% reduction of CO_2e 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
					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.					

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.

SCIENCE BASED TARGETS

BUSINESS AMBITION FOR 1.5°C

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.

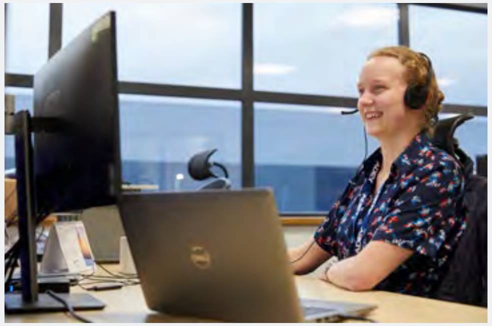
In 2023 we ran Lean Lighthouse projects at three key sites: Adey, Polypipe Building Products Broomhouse Lane plant, and Polypipe Civils & Green Urbanisation Horncastle plant. The latter was only commenced toward the end of the year and will run into 2024. Whilst these programmes are initially externally 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



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

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.

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.

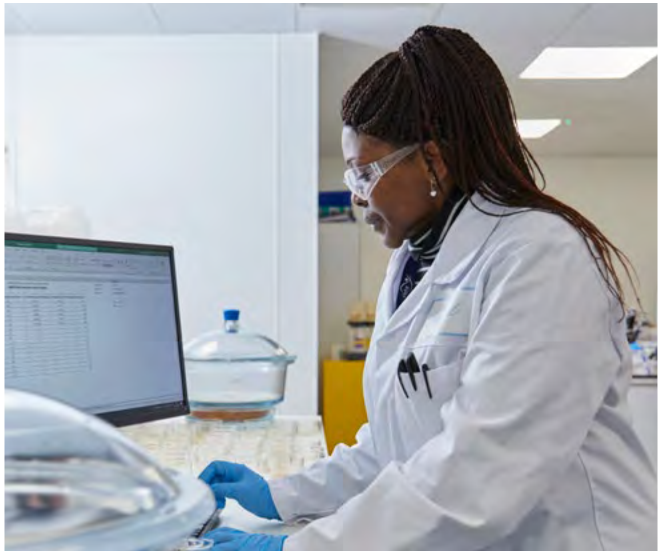
During 2022, we laid the foundations for our HR strategy and throughout 2023 built on these foundations, placing focus across: talent development, diversity and inclusion, improving policies to make them more engaging, improving processes and adding further value through the deployment of improved HR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

Female	819
Male	2,342
	3,161 total

(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.

Engaging with our stakeholders

Together, we create **sustainable living**

Effective engagement with our stakeholders is crucial for building strong, effective and mutually beneficial relationships for the long term. Our purpose, 'Together, we create sustainable living,' recognises the value that diverse perspectives bring, and the importance of collaboration.

By fostering a culture of collaboration, direct engagement, mutual respect and transparency, we effectively work together with our stakeholders to achieve this purpose. This engagement enhances our ability to meet our strategic objectives whilst building a more inclusive, sustainable and resilient business.

Customers

Engaging with our customers is key to Genuit's success. Our businesses have excellent customer relationships, with levels of technical expertise that are respected across our sector. Our customers are the spectrum of people who interact with our solutions, whether or not they are involved in direct transactions with us. This includes specifiers, consultants, merchants, contractors, end users and building owners. We address the needs of all of these groups and ensure that our sales structures, marketing programmes and R&D teams are actively assessing and addressing the needs of each. Each of our Business Unit MDs lead by example, regularly engaging with customers.

Employees

People and culture is a core theme of our Sustainable Solutions for Growth strategy. We recognise that we can only achieve our strategic aims with the right culture and an engaged and motivated team. Our businesses operate interactive briefing cascades, and we have invested in engagement tools such as Workplace by Meta. Workday, our HR platform has the Peakon engagement module, which will allow us to track employee engagement on a regular basis, and we have a designated Employee Engagement Non-Executive Director. We are committed to The 5% Club and we see this as a key enabler of engagement.

Shareholders

We view transparency and regular engagement with investors as a key responsibility of a listed business. We engage via formal mechanisms such as our results presentations, capital markets events, our website, social media and Annual Report and Accounts. We also conduct briefings and Q&A sessions via roadshow events, participation in various investor events and conferences. We believe that people invest in what they understand and we invite investors to our sites so they are able to see our operations first hand. Whilst our CEO and CFO lead our investor relations, we also welcome investor interaction with other members of our senior teams, as the strength of our leaders is a key driver of our success.

Suppliers

We understand the role that successful supplier partnerships play in our performance. We have invested further in our Group procurement function to ensure that we have strategic relationships with our largest suppliers and that they understand our strategy and how they can add value to it. We recognise our responsibilities around issues such as prompt payment, and believe that a partnership approach is the best way to long-term success. Many of our suppliers bring key technical capability, and so we ensure engagement across our R&D and technical colleagues in addition to our procurement functions.

Communities and the environment

Many of our businesses are significant employers in their local communities, and our connections with the communities in which we operate are hugely important to us. Our community engagement activities cover a spectrum of activities, from being active in local Chambers of Commerce, through to connections with many local schools, including our 'Wash and Squash' circular economy initiative. Our employees are encouraged to engage with their communities and participate in local fundraising activities, alongside sponsoring vocational training programmes in local colleges.

Engaging with our stakeholders continued

Engaging with our employees

Key topics

- Communication of strategic vision for the Group and continuous improvement of communications.
- Health and wellbeing of employees and ensuring diversity & inclusion (D&I) and equitable opportunities.
- Group-wide recruitment practices and an enhanced approach to talent review to recognise and reward employees.
- Creation of cross-Group Genuit Leadership Team (GLT) to enable further and more comprehensive interaction between colleagues and ensure messaging is cascaded in a consistent way.
- Development of Genuit Leadership Programme to further develop leaders across the GLT.
- Attracting of new talent and retention of employees.
- Harmonisation of pay framework across hourly paid roles and launch of Workday HRIS system.

How we engage

- Regular targeted communication within businesses and across the Group via various means including town halls, posters, Teams sessions, emails, Workplace posts and workshops, including employee engagement sessions.
- Monthly health and wellbeing-related promotions.
- Sharing of lessons learned with other business leaders, including root cause analysis and preventative action.
- Gathering direct input into the design of the Genuit Leadership Programme via surveys and interviews.
- D&I working group meetings to support deployment of D&I strategy.
- Employee Peakon survey.
- Establishment of GLT annual conference and monthly update and engagement calls.

Challenges

- Recruitment and retention of skilled workers and talent.
- Access to digital services for all employees and the challenges of communicating and sharing learning and messaging with non-PC user colleagues.

Outcome

- Increased visibility and access to consolidated data via Workday.
- Retention of talent.
- Improvements to D&I policies following employee engagement sessions, such as the enhanced Maternity and Paternity Pay Policies launched in January 2024.
- Maintained Investor in People Silver Membership status.
- Increased awareness of Group and pride in being part of an organisation which upholds high standards of ethics.

Value

- Development of talented leaders focused on driving the Group forward through the deployment of the Sustainable Solutions for Growth strategy.
- Engaged, high-performing and committed workforce.
- A consistent and collaborative culture, supported by the Trademark Behaviours.
- Resilient and supported workforce.

Site visits

During the year, we hosted site visits at two of our CMS sites (Adey and Nuaire) for analysts, led by our CFO and key members of the local team. We showcased the implementation of the Genuit Business System, including demonstrating examples of visual daily management and continuous improvement approaches.

Remuneration Policy 2024

Our Remuneration Policy is designed to deliver balanced outcomes for our key stakeholders. We consulted with our top shareholders on proposed changes to the Remuneration Policy, providing details of the proposed amendments and offering meetings with the Committee Chair. Feedback received from shareholders was positive and constructive, and the updated policy will be put to shareholders at our 2024 AGM.

Engaging with our stakeholders continued

Engaging with our customers

Key topics
- Availability of products due to peak demand.
- Pricing and terms in project and contract work to reflect inflationary and external pressures.
- Awareness and understanding of new legislation, such as Biodiversity Net Gain (BNG) or BNG reporting targets for housing products projects from 2024 onwards.
- Ability to supply and provide a source of credit.
- Innovative solutions to meet changing demands.
- Growing focus on sustainability.

How we engage
- Face-to-face meetings to negotiate support mechanisms and discuss pricing pressures.
- Industry boards, for example Constructing Excellence and the Construction Products Association.
- Representation on a range of subgroups such as UK Green Building Council, Institute of Engineering Technology and CIBSE, and The Future Homes Hub.
- Establishing strong and long-standing relationships and encouraging open discussions.
- Supporting and mitigating planning constraints where possible to address biodiversity and strategic conservation initiatives.

Challenges
- Managing all customer requirements and balancing supply and demand.
- Delivering products overseas, in particular the Middle East.
- Understanding how the various standards, codes and planning requirements are applied and the opportunities available.
- Contractors and third parties experiencing financial difficulties as a result of external pressures.

Outcome
- Minimising bad debt loss from third parties.
- Prevention of large-scale migration of customers.
- Streamlined shipping and transportation resulting in a reduction in costs and increase in quality.
- Investments in machinery and technology.
- Identification of Genuit Group products which assist with the challenges of obtaining BREEAM credits such as reductions in water, carbon and transportation.
- Engagement in proof of concept projects and being awarded a number of initial trials.

Value
- Improve technical knowledge of teams and create better specifications for customers.
- Marginal market share gain.
- Positive cash flow within businesses, minimised losses and ongoing supply.
- Improved customer satisfaction and loyalty.
- Faster deliveries and increased volume with a lower transfer price in new markets.

Engaging with our shareholders

Key topics
- Longer-term financial returns with demonstrable sustainability at the core.
- Ability to deliver above-market organic growth alongside an effective M&A strategy.
- Understanding of the Group's strategy and the progress being made against it.
- Confidence in senior leadership team and their ability to effectively execute and deploy the strategy.
- Resilient performance in the face of external market pressures.
- Limited exposure to commoditisation and downward price pressure.
- Effective risk management.
- Robust governance structure to provide confidence in the leadership of the Board.

How we engage
- Investor meetings offered annually by our Chair to our top shareholders.
- Direct engagement with our Remuneration Committee Chair on remuneration-related matters, including the updated Remuneration Policy.
- Increased participation in broker and bank-sponsored events, including lunches, fire-side chats, investor speed-dating events and other relevant conferences.
- Proactive direct shareholder engagement via one-to-one meetings and tours of our manufacturing sites with analysts and investors.
- Roadshows and salesforce briefings after each results announcement.
- Up-to-date information through publications on our website and establishment of internal workstreams to continuously improve external-facing communication channels.
- Strategy progress updates and Capital Market Events.

Challenges
- Changes in leadership following departure of CFO and COO during 2023 and requirement to maintain consistent messaging and confidence in the Executive Team.
- Demonstrating the effective deployment of our strategy within the context of external market pressures.

Outcome
- Continued demand for the Company's shares (heightened shareholder returns).
- Support for strategy and its deployment.
- Positive feedback on information shared and methods of communication which enable continuous improvement to levels of engagement.
- Attracting new investors, including those based overseas.
- Confidence of shareholders in the Company's governance structure and approach to remuneration.

Value
- Resilient business supported by its shareholders.
- Strategy Progress Update built on the positive momentum created via an earnings upgrade and share price outperformance of sector to date.
- Progressive dividend policy.

Engaging with our stakeholders continued

Strategy Progress Update

On 22 November 2023, Joe Vorih, Chief Executive Officer (CEO), and Tim Pullen, Chief Financial Officer (CFO), hosted a Strategy Progress Update in London for investors and analysts, which was also broadcast live for those unable to attend in person. Other key members of the leadership team were also in attendance.

The update focused on the progress against our Sustainable Solutions for Growth strategy, as first communicated at our Capital Markets Day in November 2022, and was an opportunity for management to engage directly with shareholders and share details of our progress on the deployment of our strategy, sustainability ambitions, and the effectiveness of the streamlined structure of three Business Units.

The event was well attended and included a presentation by the CEO and CFO, followed by a Q&A session, allowing in-person and virtual attendees to raise questions and receive direct feedback. We also offered attendees the opportunity to interact informally with other members of the senior management team.

Scan to register and view our SPU held in November 2023

Recycled material supplier optimisation

During the year we reached out to existing and potential new suppliers to highlight the importance of high-quality and consistent supply of recycled material. We engaged with suppliers to share internal material specification sheets and discuss the different testing and trialling capabilities of each to ensure they can test for the relevant properties and provide evidence their material would comply with our specifications over a sustained period.

We visited the suppliers' sites to view their waste treatment processes and testing labs to evaluate their processes for producing high-quality recycled materials from waste streams. The suppliers also visited our manufacturing sites to obtain a greater understanding of our processes. This built trust, improved communication channels throughout supply and delivery, and the increased sharing of knowledge meant suppliers were able to provide further advice to optimise our manufacturing processes.

Engaging with our suppliers

Key topics

- Decline in volume and softening of commodity and energy prices, resulting in suppliers being overstocked and reducing margin to gain volume.
- Ukraine/Russia conflict causing route to trade issues and affecting fuel, oil, timber and energy costs and supply.
- Payment terms and the ability to supply.
- Increasing focus on supply continuity and cost of recycled material.
- Sustainability issues and assurance of ethical working practices.

How we engage

- Targeted engagement with suppliers across Group and local businesses. Group procurement teams focus on agreements with key strategic suppliers, particularly on recycled materials, and local procurement teams focus on pricing.
- Face-to-face and virtual meetings, digital communications for general items and policy updates, formal tenders for sourcing and procurement.
- Specific engagement with recycled polymer suppliers including site visits in the UK, Belgium and the Netherlands.
- Invite suppliers for tours around the businesses to invigorate new product development.
- Issuing of Supplier Code of Conduct and Sustainability Code of Conduct to ensure clear and consistent messaging.
- Conduct supplier audits where relevant.

Challenges

- External market pressures and fluctuating prices.
- Suppliers attempting to drive lower prices and shorter payment terms.
- Evolving nature of PVC recycled material supply chain.

Outcome

- Increase a sustainable portfolio of products with longer-term surety of supply.
- Savings benefits above target expectations.
- Constant supply, minimal delivery issues and appropriate material availability.
- Reduction in risk and increased willingness from suppliers to provide requested stock.
- Consistent quality of recycled material ensuring efficiencies and progress with sustainability projects.
- Increased awareness of the Company's core vision on sustainability and the short and long-term needs from suppliers.

Value

- Savings benefits and framework to realise a reduction in supply chain risk.
- Improved process for supplier due diligence.
- Production continuity and customer orders fulfilled.
- Improved assurances of ethical working practices and compliance.
- Contribution to the maintenance of return on sales performance despite the current external market pressures.

Engaging with our stakeholders continued

Green Construction Board Biodiversity and Environmental Net Gain Group

The Green Construction Board identified biodiversity and environmental net gain as a key area of focus which needed greater emphasis within the construction industry, developing a biodiversity roadmap to provide a direction of travel for the industry on how to address the biodiversity crisis and move towards an environmental net gain. Genuit's engagement as a leader in surface water management, together with the expertise and data from our blue-green roofs, supports and encourages the industry to adopt a 'stacking' approach, combining water and ecosystems services to obtain BNG requirements. This provides the Group with a better understanding of the BNG planning requirements for new housing developments, and this early engagement allows Genuit as a leading manufacturer to be involved in the early stages of design and planning and to offer technical insight and innovative sustainable solutions as part of the wider challenge of adaptation to climate change.

The Housing Forum Futures Network

The Housing Forum is a cross-sector membership network of organisations, from the public and private sectors, driving quality and supply in UK housing. The Housing Forum has a Futures Network, which consists of a cohort of next generation professionals involved with the built environment. Each cohort of mentees has an individual mentor from The Housing Forum board to assist them during the project. One of our colleagues is Chair of the Futures Network and another colleague acts as a mentor. This insight allows for better understanding of the value of collaboration, how the different organisations function in the construction industry and provides support to individuals in the early stage of their development. This provides the Group with an opportunity to educate the industry on sustainable products, and helps the Group better understand the challenges key stakeholders have in delivering various forms of sustainable housing. It also provides a platform for Genuit to develop and support sponsored rising talent.

Engaging with our communities

Key topics

- Supporting local education to develop career aspirations, as well as local charities.
- Social inclusion and sharing of knowledge and expertise across communities.
- Employment opportunities.
- Sustainability and the impact of climate on the built environment, notably minimising environmental impact.
- Mental health and wellbeing.

How we engage

- Direct engagement at local trusts.
- Creating opportunities for students to develop their business knowledge and entrepreneurial skills including leadership and business modelling.
- Environmental tidy days across local sites.
- Encouraging applications for vacancies and promoting manufacturing companies as a great career opportunity across many occupations.
- Collaborating with local colleges to include neuro-diverse students as interns within the business.
- Charity and sponsorship for local schools, community groups, and sports teams.
- Educational initiatives and support in heating, engineering and reduction of carbon emissions.
- Attending social inclusion events to reinforce and support community understanding of the importance of inclusion.

Challenges

- Ensuring we dedicate time and resource meaningfully.
- Anticipated changes in industry regulations or advancements in technology, requiring the development of new training programmes.
- Reduction in opportunities due to market conditions.

Outcome

- Long-standing relationships with education sectors and charities across local communities.
- Improving the ability, opportunity and dignity of those disadvantaged within our local communities on the basis of their identity.
- A pipeline of work-ready students with engineering and digital specialisms.
- Cleaner and friendlier areas for the local communities.
- Full-time employment opportunities for interns.
- Increasing awareness of climate resilience and adaptation across the built environment.

Value

- Development of financial and practical skills to increase opportunities for those from low socio-economic backgrounds.
- Commitment to the delivery of effective education to disadvantaged student populations.
- Reducing the impact of our activities on the environment.
- Local business, Genuit brand awareness and development of reputation.
- Nurturing the next generation of engineering talent.
- Becoming an employer of choice in local communities.

Section 172 statement

The Board recognises that effective engagement with stakeholders is critical to achieving long-term sustainable success, and the needs of our different stakeholders are regularly considered by the Board. This section 172 statement gives further insight into some of the decisions taken by the Board where key stakeholders have influenced those decisions.

Key	s172 consideration	Page
1	The likely consequences of any decision in the long term	
	– Purpose and business model	18
	– Strategy	19
	– Principal risks	66
	– Sustainability	22
2	The interests of the Group's employees	
	– People and culture	43
	– Health, safety, environment and wellbeing	47
	– Stakeholder engagement	49
	– Employee engagement	86
3	The need to foster the Group's business relationships with suppliers, customers and others	
	– Business model	18
	– Strategy	19
	– Non-financial and sustainability statement	58
	– Stakeholder engagement	49
4	The impact of the Group's operations on the community and the environment	
	– Purpose	2
	– Greenhouse gas emissions	26
	– Sustainability	22
	– TCFD	31
5	The desirability of the Group to maintain a reputation for high standards of business conduct	
	– Health, safety, environment and wellbeing	47
	– Whistleblowing	112
	– Internal controls	110
	– Risk management	102
	– Non-financial and sustainability statement	58
6	The need to act fairly as between members of the Company	
	– Stakeholder engagement	49
	– Dividend	115
	– Strategy	19

Our key stakeholders

Our key stakeholders are integral to the Group's long-term strategy. The Executive Management Team is responsible for ensuring their needs form part of everyday decision making on behalf of the Board.

Using the feedback from senior management on these needs, the Board considers and then makes its strategic decisions against the backdrop of what it considers to be in the best interests of the long-term success of the Company.

Customers

Creating quality products with engineered solutions to enable a sustainable built environment.

Shareholders

Creating a competitive advantage to generate long-term value for our shareholders.

Communities and the environment

Understanding the impact of our operations on our local communities and environments.

Employees

Creating an environment which is diverse, inclusive, and offers a great place to work.

Suppliers

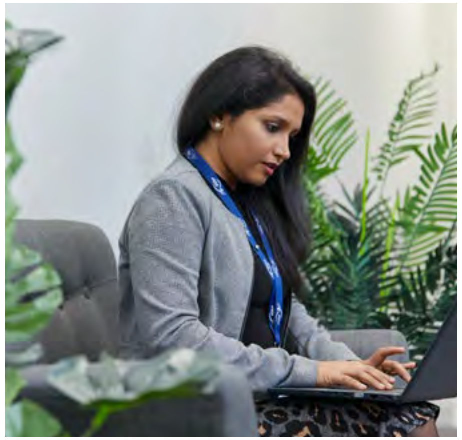
Creating and maintaining long-standing, ethical and reliable relationships.

Section 172 statement continued

How the Board complied with its s172 duty

Adequate consideration of key stakeholder groups in Board decisions has always been part of Board discussions and the decision-making process at Genuit.

The Board promotes the success of the Company for the benefit of its shareholders as a whole, whilst having regard to other stakeholders. It uses varying methods of engagement depending on the stakeholder to ensure it is fully informed of their needs. These include but are not limited to: press releases, announcements, surveys,one-to-one contact, newsletters, forums, emails, videos and town hall leadership sessions.



Key decisions in 2023

Our governance processes enable the Board to consider the interests of all stakeholders, having regard to all the relevant factors to select the course of action that best leads to high standards of business conduct and success of Genuit Group in the long term.

Effective engagement ensures that the Board is fully aware of any potential issues or likely impact, allowing it to promote those initiatives which are expected to have a positive outcome and minimise those which may have a negative impact. This allows for a detailed and thorough discussion at meetings, enabling a considered, informed and balanced approach to decision-making. In performing their duties during 2023, the Directors have had regard to the matters set out in s172 of the Companies Act 2006, as demonstrated within this statement and elsewhere in the Annual Report and Accounts.

Section 172 statement continued

Appointment of Chief Financial Officer

Context

A key responsibility of the Board and the Nomination Committee relates to Board succession and composition, to ensure there is an appropriate balance of skills, experience, diversity and independence on the Board. Following Paul James' decision to step down as CFO, the Chair, CEO and Chief People Officer (CPO) led the recruitment process to identify a successor, along with the appointed executive search firm. Following this process, Tim Pullen was appointed as CFO with effect from 1 November 2023.

→ Read more in our Nomination Committee Report on page 92

Shareholders
The CFO successor needed to be an experienced and commercial CFO with a strong finance and regulatory background, demonstrating commitment to ensuring the continued high performance and return for shareholders.

Employees
The extensive finance community within the Group meant that appointing the right candidate would be crucial to ensuring continued engagement and motivation within this team and the senior leadership team.

Outcomes and impact
The Board approved Tim's appointment, given his broad range of public market experience through a variety of fast-paced and dynamic businesses, as well as his impact in the role on an interim basis.

s172 considerations

1 2 3 5

Operational footprint review

Context

Against a backdrop of continued macroeconomic uncertainty, the Group continued to place focus on business simplification measures which increase the efficiency of operations and partially mitigate the impact of lower volumes. These measures included undertaking site consolidations to increase economies of scale, without any associated reduction in production capacity.

→ Read more in our Strategic Report on pages 8 and 59 to 60

Employees
A key priority during the decision-making process was to ensure that employees were consulted about the proposals and offered the opportunity to provide feedback.

Shareholders
Improving operational efficiencies and continuing to focus on business simplification ensures that long-term value for shareholders continues to be preserved during more challenging economic climates.

Customers
It was key to the decision-making process that the proposed measures would not impact our ability to continue to serve our customers to a high standard.

Communities
The Board considered the impact of multi-site operations on the environment, as well the impact of the proposed changes on the local communities.

Outcomes and impact
More streamlined operations and reduction in costs, reduced energy usage and GHG emissions and improved synergies between businesses, enhancing production and sales offering.

s172 considerations

1 2 3 4 5

Section 172 statement continued

External audit tender

Context

In line with the requirements in relation to external auditor rotation, the Board carried out a tender process during 2023. This process was managed by the Audit Committee Chair, alongside the then CFO and a team of cross-Group employees.

→ Read more in our Audit Committee Report on pages 110 and 111

Shareholders
Ensuring the audit tender process was transparent, independent, and aligned with shareholder interests to enhance trust and provide assurance on the viability and financial risk management of the Company.

Suppliers
Understanding the impact of audit on supplier relationships and selection for future audit activities with suppliers and their supply chains.

Customers
Being aware of the importance of customers and their impact on the Group financial statements, ensuring the process enhanced the relevance and reliability of our reported financial information.

Outcomes and impact
This brought a fresh outlook and new technology to the external audit process resulting in the re-appointment of Ernst & Young LLP as external auditor and continued assurance for all stakeholders regarding the financial reporting process.

s172 considerations
1 5 6

Appointment of Non-Executive Director

Context

A key responsibility of the Board and the Nomination Committee relates to Board succession and composition, to ensure there is an appropriate balance of skills, experience, diversity and independence on the Board. In light of Mark Hammond's impending retirement from the Board, the Chair, CEO and CPO led the process to appoint a new Non-Executive Director (NED), alongside the appointed executive search firm. Following this process, Bronagh Kennedy was appointed as NED with effect from 3 July 2023.

→ Read more in our Nomination Committee Report on page 92

Shareholders
The Board considered the skills, knowledge and experience required at Board level to support delivery of the Company's strategy and returns for shareholders. The Board considered Bronagh's knowledge and experience across sectors and within corporate governance, HR, legal and sustainability roles and determined that these would complement the current skills, diversity and composition of the Board.

Outcomes and impact
The Board approved Bronagh's appointment given her knowledge and broad experience, in particular in relation to sustainability which is an area identified as requiring enhancement within the 2022 reported Board skills matrix.

s172 considerations
1 2 3 5

Non-financial and sustainability information statement

The following table, in addition to our TCFD Report on pages 31 to 40, details the non-financial information required by Section 414CB of the Companies Act 2006 and highlights where more information can be found elsewhere within the Annual Report and Accounts.

Non-financial information reporting requirement	Development and actions	Our impact and any related principal risks	Page
Environmental matters – Advancing the circular economy – Tackling climate change – Task Force on Climate-Related Financial Disclosures (TCFD)	Providing solutions to the environmental challenges facing infrastructure, buildings and communities is at the heart of the Group's strategy and growth agenda. In addition to the ambitious targets to achieve by 2025, the Group has science-based targets (SBTs) with initial targets to achieve by 2027, as well as formulating its detailed transition plan to reduce CO_2e emissions as part of its Pledge to Net Zero, and an increase in its use of recycled plastics.	– Our business model	18
		– Non-financial KPIs	16
		– TCFD	31
		– Sustainability and net-zero transition plan	22
		– Principal risk 3 – climate change	68
Employees – Talent development – Developing apprentice and graduate careers – Diversity and Inclusion ambition – Health and safety – Culture and behaviours	As part of its efforts to consolidate and promote a healthy culture, the Group places focus on motivating and developing its employees so they feel valued and engaged with the strategic direction of the Group, and understand the contribution they can make to its growth. Attracting and retaining a diverse workforce and investing in employees' future opportunities is of paramount importance to the Group, which can be seen from initiatives such as the Graduate Scheme, our Apprentice programme, our Genuit Leadership Programme launched in 2023 and our membership of The 5% Club.	– People and culture	43
		– Health, safety, environment and wellbeing	47
		– Stakeholder engagement	48
		– Principal risk 9 – recruitment and retention of key personnel	71
		– Principal risk 11 – health, safety and environmental	72
		– Governance and culture	84
Social matters – Developing sustainable solutions	The Group is committed to carrying out its business responsibly, and ensuring it promotes sustainable operations and minimises adverse environmental and social impacts. Employees are actively encouraged to participate in initiatives within their communities which reduce the impact of climate change and to offer support and education to their local communities.	– Stakeholder engagement	49
		– People and culture	43
Human rights	Early in 2024, the Group issued a standalone Human Rights Policy and updated its Anti-Slavery Policy. Our Modern Slavery Act transparency statement is available on the Company's website, within which we state our zero-tolerance approach to any modern slavery or human trafficking rights violations. During the year, the Group implemented a new supplier onboarding process, which includes a Supplier Code of Conduct and Sustainability Code of Conduct to ensure our suppliers conform to ethical working practices and are aligned with our environmental targets. The Group also issued a Diversity Policy in 2023 which is reviewed and approved by the Board on an annual basis.	– Nomination Committee Report	92
		– Stakeholder engagement	49
		– Principal risk 1 – raw materials, supply and pricing	67
Anti-corruption and anti-bribery	The Group seeks to prohibit all forms of bribery and corruption within its businesses and complies with the requirements of all applicable anti-bribery and corruption laws. The Group requires all relevant employees to confirm bi-annually that they have complied with the Group's Anti-Bribery and Corruption Policy. Additional training was also conducted during the year across the Group for all employees.	– Audit Committee Report	106
		– Principal risk 6 – breach of legislation	69

Chief Financial Officer's Report

Focused on profitable growth

Tim Pullen
Chief Financial Officer

The Group had a strong performance in 2023 in its new operating structure with ongoing market and political uncertainty, but delivering results through transformation and self-help.

Revenue and operating margin

Group revenue for the year ended 31 December 2023 was £586.5m (2022: £622.2m), declining 5.7% despite an overall volume reduction of 12.4% year-on-year, in the context of market headwinds. UK revenue declined 7.4% but international revenue increased by 9.8%, representing 11.5% of revenue in the year (2022: 9.9%).

Underlying operating profit was £94.1m (2022: £98.2m), a decrease of 4.2% with a volume reduction offset by new product launches, balanced price and cost management and business simplification projects. As a result, the Group underlying operating margin increased by 20 basis points to 16.0% (2022: 15.8%), demonstrating progress towards medium-term margin targets despite the prevailing market softness.

The Group successfully completed several business simplification projects in 2022 and 2023, including a number of site closures and a centralised approach to procurement.

The Group also started the multi-year deployment of the Genuit Business System (GBS) which focuses on continuous improvement. These activities have successfully underpinned £15m of annualised cost savings without any reduction in capacity to ensure strong operating gearing as volumes normalise.

Profit before tax was £48.4m (2022: £45.4m), an increase of 6.6%. The Group continued to invest in product development and innovation throughout the year. In 2023, operating profit benefitted from £1.5m of HMRC approved Research and Development expenditure credit, relating to the year ended 31 December 2023.

"2023 was a year of business simplification, providing a strong platform for growth."

Revenue and operating margin

	2023 £m	2022 £m	Change %
Revenue	**586.5**	622.2	**(5.7)**
Underlying operating profit	**94.1**	98.2	**(4.2)**
Underlying operating margin	**16.0%**	15.8%	**20bps**

Revenue by geographic destination

	2023 £m	2022 £m	Change %
UK	**519.1**	560.8	**(7.4)**
Rest of Europe	**33.4**	32.4	**3.1**
Rest of World	**34.0**	29.0	**17.2**
Group	**586.5**	622.2	**(5.7)**

Scan to hear more from Tim Pullen and his reflections on 2023

Chief Financial Officer's Report continued

Business Review

Revenue

	2023 £m	2022 £m	Change %	LFL Change %
Sustainable Building Solutions	**242.8**	282.5	**(14.1)**	(14.1)
Water Management Solutions	**170.4**	172.4	**(1.2)**	(1.8)
Climate Management Solutions	**165.9**	158.6	**4.6**	4.6
	579.1	613.5	**(5.6)**	(5.8)
Other*	**7.4**	8.7	**(14.9)**	(14.9)
Total Group	**586.5**	622.2	**(5.7)**	(6.0)

* Relates to assets held-for-sale which are not reported as part of the Group's Strategic Business Units.

Underlying operating profit

	2023 £m	ROS %*	2022 £m	ROS %*	Change bps
Sustainable Building Solutions	**53.1**	**21.9**	59.3	21.0	**90**
Water Management Solutions	**17.7**	**10.4**	14.1	8.2	**220**
Climate Management Solutions	**22.7**	**13.7**	25.2	15.9	**(220)**
	93.5	**16.1**	98.6	16.1	**–**
Other**	**0.6**	**8.1**	(0.4)	(4.6)	**1270**
Total Group	**94.1**	**16.0**	98.2	15.8	**20**

* Return on sales (ROS) is equivalent to underlying operating margin (underlying operating profit / revenue).
** Relates to assets held-for-sale which are not reported as part of the Group's Strategic Business Units.

Revenue in the Strategic Business Units, for year ended 31 December 2023 was 5.6% lower than the prior year at £579.1m (2022: £613.5m). On a like-for-like basis, excluding the impact of acquisitions, revenue was 5.8% lower than prior year.

Ongoing self-help measures, deployment of the Genuit Business System and continued business simplification have strengthened our financial performance to offset continued levels of high inflation in materials, energy and labour costs. The team have worked hard on continuing to improve efficiencies, creating value and positioning us for growth.

We have built on the momentum from prior year in driving commercial excellence which has enabled us to successfully launch new products whilst balancing price and cost management. We have strived to improve our portfolio profit mix by taking ongoing actions on lower margin business. Against a backdrop of more challenging conditions, notably in the residential newbuild and RMI markets, we have continued optimising the cost base whilst maintaining capacity, investing in new equipment and boosting operational efficiency to ensure we are well positioned for improved market conditions.

Sustainable Building Solutions (SBS)

The strength and resilience of the SBS Business Unit was evident in a challenging market environment in 2023. Trading in SBS was resilient with revenue of £242.8m (2022: £282.5m), 14.1% lower than prior year. The volume decline was in-line with the UK residential new build and RMI sectors.

Despite volume challenges, underlying operating profit margin improved by 90 basis points, driven primarily by effective cost management through several improvement projects. As part of the wider Group business simplification plans, SBS executed an operating footprint consolidation with the completion on the sale of the Glasgow distribution centre and exiting of the Kirk Sandall site, both of which were integrated into the larger and strategic Doncaster facilities. The improvement projects were designed to simplify and improve the cost base without impacting service or reducing capacity.

The deployment of a lean transformation started with the continual, multi-year implementation of GBS at Polypipe Building Products (Doncaster) leading to improved customer service levels and providing a foundation for continuous business improvement. Management successfully completed a significant equipment refresh programme, which enabled a substantial reduction in past due orders, yielding both efficiency and inventory benefits. The Business Unit remains poised to take advantage of the eventual recovery in construction markets and in the meantime is focused on generating organic growth through significant product developments, including the PolyPlumb Enhanced range and value-add sustainability focused solutions such as Polypipe Advantage and Stax.

Water Management Solutions (WMS)

WMS revenue of £170.4m (2022: £172.4m) declined by 1.2% versus 2022 (1.8% on a like-for-like basis). The Business Unit performed well with revenue generated from new products and

"We'll be focusing on our growth strategy, underpinned by a continuing drive to deliver operational excellence, while keeping that focus on sustainability."

Chief Financial Officer's Report continued

geographical expansion. In the second half of 2023, WMS revenue grew by 2.1% driven by structural climate change relating to growth drivers, namely the increased frequency and severity of flood events resulting in a greater number of projects requiring stormwater attenuation solutions.

The Business Unit reported an underlying operating margin of 10.4% during the period, representing a 220-basis points improvement versus prior year. This improvement was driven by a combination of business and brand rationalisations, cost controls and focused investment in our people, processes and manufacturing capabilities.

The WMS medium-term growth strategy is underpinned by focused commercial activity, leveraging the increased levels of product development in 2023 and the Business Unit expects to benefit from changes in water management and biodiversity legislation.

Climate Management Solutions (CMS)

Revenue of £165.9m (2022: £158.6m) in CMS increased by 4.6% versus 2022. This increase was driven by strength in the residential ventilation market, with structural drivers associated with ventilating to reduce mould and damp problems, particularly in the social housing sector. This growth was partially offset by reduced demand for new boiler and heating system installations which has adversely affected the Adey business. The Adey business remains well positioned to benefit from the eventual recovery in the boiler market.

The CMS Business Unit reported an underlying operating margin of 13.7% in 2023, 220 basis points lower than 2022. This resulted predominantly from lower volumes at Adey and one-off IT security investment to achieve Group standard. The continual, multi-year implementation of GBS has begun in the Business Unit and business simplification projects including the consolidation of the Surestop business into Adey were completed in the year.

The Business Unit now has a solid foundation for profitable growth and is well-positioned to benefit from legislative and environmental tailwinds to deliver growth into the future.

Acquisitions

Keytec

On 31 March 2022, the Group acquired 100% of the voting rights and shares of Keytec Geomembranes Holding Company Limited (Keytec), for an initial cash consideration of £2.5m on a cash-free and debt-free basis plus a deferred consideration of £0.6m, which was paid in early 2023. The total cash consideration of £2.9m included a payment for net cash and working capital commitments on completion of £0.4m. Keytec is a supplier and installer of stormwater attenuation products, geomembranes and gas protection products.

No material intangible assets were identified. The goodwill arising on the acquisition primarily represented the technical expertise of the Keytec staff, synergies of companies offering both supply and install services and market share. The goodwill was initially allocated entirely to the Commercial and Infrastructure Systems, which is now the Water Management Solutions segment.

Plura

An amount of £1.8m has been recognised as a non-underlying expense in the Group Income Statement in the year ended 31 December 2023 in respect of the Plura contingent consideration arrangement. This takes the total amount recognised as a liability on the Group Balance Sheet at 31 December 2023 to £8.2m. A payment of £1.0m was made in relation to this arrangement in December 2023. Accordingly, the aggregate final total amount payable under the contingent consideration is expected to be approximately £9.2m. Contingent consideration was determined based upon the agreed purchase price of the remaining 49% of shares on 8 December 2023. There is no material difference between the cash consideration and the fair value.

Non-underlying items

Non-underlying items before tax decreased to £32.1m (2022: £45.2m). These were driven by non-cash amortisation of £14.8m (2022: £15.2m) and total impairment charges of £2.5m (2022: £14.8m), respectively. The Group incurred one-off costs of restructuring of £15.3m (2022: £9.3m) related to the business simplification projects that have underpinned the £15m of annualised savings.

Non-underlying items comprised:

Non-underlying items	2023 £m	2022 £m
Amortisation of intangible assets	**14.8**	15.2
Impairment of goodwill	**–**	12.0
Impairment of intangible assets	**2.5**	2.8
Restructuring costs	**15.3**	9.3
Employment matters	**2.0**	–
Contingent consideration on acquisitions	**1.8**	3.1
Workday configuration (SaaS)	**1.2**	–
Acquisition costs	**0.4**	0.2
Profit on disposal of property, plant and equipment	**(4.7)**	–
Product liability claim	**(1.2)**	1.0
Isolated cyber incident	**–**	1.2
Unamortised deal costs	**–**	0.4
Non-underlying items before taxation	**32.1**	45.2
Tax effect on non-underlying items	**(8.0)**	(5.2)
Non-underlying items after taxation	**24.1**	40.0

Chief Financial Officer's Report continued

Exchange rates

The Group trades predominantly in Sterling but has some revenue and costs in other currencies, mainly the US Dollar and the Euro, and takes appropriate forward cover on these cash flows using forward currency derivative contracts in accordance with its hedging policy.

Finance costs

Underlying finance costs increased to £13.6m (2022: £7.6m) due to significantly higher Standard Overnight Index Average (SONIA) interest rates partially offset by lower level of RCF borrowings. Interest cover was 8.2x for the year (2022: 16.0x).

Interest was payable on the RCF at SONIA (2022: SONIA) plus an interest rate margin ranging from 0.90% to 2.75%. The interest rate margin at 31 December 2023 was 1.65% (2022: 1.60%). The Group has commenced an interest rate hedging strategy in 2024 to provide increased certainty and manage interest rate risk.

Taxation

Underlying taxation

The underlying tax charge in 2023 was £17.9m, (2022: £14.1m) representing an effective tax rate of 22.2% (2022: 15.6%). This was below the composite UK standard tax rate of 23.5% (2022: 19.0%).

Taxation on non-underlying items

The non-underlying taxation credit of £8.0m (2022: £5.2m) represents an effective rate of 24.8% (2022: 11.5%).

Earnings per share

	2023 £m	2022 £m
Pence per share:		
Basic	**15.5**	14.7
Underlying basic	**25.2**	30.8
Diluted	**15.4**	14.6
Underlying diluted	**25.1**	30.5

The Directors consider that the underlying basic earnings per share (EPS) measure provides a better and more consistent indication of the Group's underlying financial performance and more meaningful comparison with prior and future periods to assess trends in our financial performance.

Underlying basic EPS decreased by 18.2% in 2023 predominantly the result of increased interest and tax costs, driven by external factors.

Dividend

The final dividend of 8.3 pence (2022: 8.2 pence) per share is being recommended for payment on 5 June 2024 to shareholders on the register at the close of business on 3 May 2024. The ex-dividend date will be 2 May 2024. The proposed increase in the full-year dividend reflects the Group's strong balance sheet and confidence in its medium-term strategy.

The Group aims to pay a progressive dividend, based on dividend cover of 2.0x or greater over the business cycle. The Directors intend that the Group will pay the total annual dividend in two tranches, an interim dividend and a final dividend, announced at the time of publication of the interim and final results.

Balance sheet

The Group's balance sheet is summarised below:

	2023 £m	2022 £m
Property, plant and equipment	**176.4**	169.9
Right-of-use assets	**22.9**	22.3
Goodwill	**454.1**	455.4
Other intangible assets	**142.7**	159.7
Net working capital	**28.3**	33.8
Taxation	**(44.7)**	(47.9)
Other current and non-current assets and liabilities	**6.2**	0.1
Net debt (loans and borrowings, and lease liabilities, net of cash and cash equivalents)	**(149.3)**	(166.2)
Net assets	**636.6**	627.1

The net value of property, plant and equipment has increased by £6.5m following the continued focus on investing in targeted capital expenditure offset by the sale of two additional sites.

Pensions

The Group does not have any defined benefit pension schemes and only has defined contribution pension arrangements in place. Pension costs for the year amounted to £5.4m (2022: £6.5m) reflecting the reduction in headcount in the Group across the year.

Chief Financial Officer's Report continued

Cash flow and net debt

The Group's cash flow statement is summarised below:

	2023 £m	2022 £m
Operating cash flows before movement in net working capital	**105.6**	113.6
Add back non-underlying cash items	**14.2**	9.6
Underlying operating cash flows before movement in net working capital	**119.8**	123.2
Movement in net working capital	**4.1**	(19.7)
Net Capital expenditure excluding non-underlying proceeds of sale	**(33.8)**	(40.9)
Settlement of lease liabilities	**(7.6)**	(6.2)
Underlying cash generated from operations after net capital expenditure excluding non-underlying proceeds of sale	**82.5**	56.4
Income tax paid	**(12.1)**	(7.0)
Interest paid	**(13.4)**	(3.7)
Non-underlying proceeds of sale	**6.9**	
Other non-underlying cash items	**(14.2)**	(9.6)
Settlement of deferred and contingent consideration	**(1.6)**	(0.5)
Acquisition of businesses	**–**	(2.6)
Debt issue costs	**–**	(3.1)
Dividends paid	**(30.5)**	(30.5)
Proceeds from exercise of share options net of purchase of own share	**0.3**	0.4
Other	**(0.7)**	2.2
Movement in net debt – excluding IFRS 16	**17.2**	2.0
Movement in IFRS 16	**(0.3)**	(2.5)
Movement in net debt – including IFRS 16	**16.9**	(0.5)

Delivery of strong cash generation remains core to the Group's strategy. Underlying operating cash conversion of 87.7% (2022: 57.4%) calculated as underlying operating cashflow (after payments for capital expenditure excluding non-underlying proceeds of sale and lease liabilities) divided by underlying operating profit. The Group remains committed to achieving a conversion rate of 90.0% over the medium-term.

A positive working capital movement in the year was achieved through lower levels of inventory following increases in prior periods to improve customer service performance following the recovery in demand and supply chain disruption that followed the pandemic.

Net capital expenditure investment (excluding non-underlying proceeds from sale) decreased to £33.8m (2022: £40.9m) as the Group continued to focus on investing in targeted manufacturing facility development, capacity and key, strategic and innovative projects.

Net debt of £149.3m comprised:

	2023 £m	2022 £m
Bank loans	**(145.0)**	(195.9)
Cash and cash equivalents	**17.0**	50.0
Net debt (excluding unamortised debt issue costs)	**(128.0)**	(145.9)
Unamortised debt issue costs	**2.1**	2.8
IFRS 16	**(23.4)**	(23.1)
Net debt	**(149.3)**	(166.2)
Net debt (excluding unamortised deal issue costs): pro-forma EBITDA	**1.1**	1.2

Chief Financial Officer's Report continued

Financing

The Group has a Sustainability-Linked Loan (SLL) committed through to August 2027 with one further uncommitted annual renewal through to August 2028 following a refinancing with the existing bank syndicate in 2022. The facility limit is £350.0m with an additional uncommitted 'accordion' facility of up to £50.0m. At 31 December 2023, £120.0m of the RCF was drawn down. Additionally, in 2022 the Group entered a fixed rate £25.0m seven-year private placement loan note until August 2029 with an uncommitted shelf facility of an additional £125.0m.

The Group is subject to two financial covenants. At 31 December 2023, there was significant headroom and facility interest cover and net debt to EBITDA covenants were comfortably achieved:

Covenant

	Covenant requirement	Position at 31 December 2023
Interest cover	>4.0:1	8.2:1
Leverage	<3.0:1	1.1:1

Going concern

The Group continues to meet its day-to-day working capital and other funding requirements through a combination of long-term funding and cash deposits. The Group's bank financing facilities consist of a £350.0m Sustainability-Linked Loan with an uncommitted 'accordion' facility of £50.0m and a seven-year private placement loan note of £25.0m with an uncommitted £125.0m shelf facility. At 31 December 2023, liquidity headroom (cash and undrawn committed banking facilities) was £247.0m (2022: £229.1m). The Group's focus will continue to be on deleveraging, and its net debt to EBITDA ratio stood at 1.1x pro-forma EBITDA at 31 December 2023 (2022: 1.2x). This headroom means the Group is well-positioned with a strong balance sheet.

As a result, the Directors have satisfied themselves that the Group has adequate financial resources to continue in operational existence for a period of at least the next 21 months to 31 December 2025. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

Forward-looking statements

This report contains various forward-looking statements that reflect management's current views with respect to future events and financial and operational performance. These forward-looking statements involve known and unknown risks, uncertainties, assumptions, estimates and other factors, which may be beyond the Group's control, and which may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. All statements (including forward-looking statements) contained herein are made and reflect knowledge and information available as of the date of preparation of this report and the Group disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements due to the inherent uncertainty therein. Nothing in this report should be construed as a profit forecast.

Tim Pullen
Chief Financial Officer
12 March 2024

Q&A

Tim Pullen
Chief Financial Officer

Q What attracted you to join Genuit Group?
From the outside in, I could see a very clear strategy, inspiring leadership from our CEO Joe Vorih and a strong future opportunity. I also liked the context of the Genuit story. This is a business that is going through change and experiencing a cyclical downturn, but one that also has powerful structural drivers that will enable growth and, of course, Genuit has sustainability at its core. These are great ingredients for making an impact and achieving success.

Q Has anything surprised you in your first few months?
It was clear to me that the Genuit group is comprised of a number of excellent and resilient businesses, just look at the brands and the market shares! But beyond that I was also pleasantly surprised by the level of proactivity that was already underway in reducing the structural cost base of the business. Without any reduction in our capacity this business simplification has increased the operational gearing at a time when volumes are low, and this will improve the profit potential of the business as volumes increase through the cycle.

Q What are your priorities for 2024?
Our business simplification provides a strong foundation for our growth agenda. Whilst the market remains challenging and we enter 2024 with a degree of uncertainty, we have confidence in our medium-term goals. During this coming year, we'll be focusing on our growth strategy, underpinned by a continuing drive to deliver operational excellence, while keeping that focus on sustainability.

Q What is Genuit's biggest opportunity for growth?
That's simple. Our business is built for the transition. Here I am referring to the changing market dynamics and the regulatory environment around sustainability, which includes the twin challenges of lowering the carbon footprint of the built environment while adapting to the impacts of climate change. In turn this affords a significant opportunity for Genuit's portfolio of sustainable building products.

Q What is the greatest challenge the industry is facing?
Clearly climate change represents both a challenge and an opportunity for Genuit. In addition to this, I can see that labour shortages in the construction industry remain a key challenge, particularly if the growing demands for more housing in the UK are to be met. But again, Genuit's approach to innovation can really help meet this challenge. We can deliver simplified, kitted products and multi-product solutions, which enable lower labour costs for our construction customers and help make new housing more affordable.

Principal Risks and Uncertainties

Top down
Identifying, assessing and mitigating risk at Group level.

The Board
The Board continually assesses and monitors the Group's key risks, and the Group has developed a risk management framework to identify, report and manage its principal risks and uncertainties, and emerging risks.

This includes:

- The recording of all principal risks and uncertainties on a Group Risk Register, and an emerging risks register, which are updated at least every six months
- Analysing risks and allocating owners
- Scoring risks for impact and probability to determine the exposure for the Group
- Outlining which risks should be prioritised and what mitigation is required

Internal audit
The effectiveness of key mitigating controls is continually monitored and subject to rotational testing by the Group's internal audit function.

Operational level
The risk management processes are embedded into the different operational areas within the Group.

Bottom up
Identifying, assessing and mitigating risk at business level.

Risk Management

Framework for managing risk

The Board has overall responsibility for ensuring that the Group maintains an effective risk management system, enabling it to deliver its strategic objectives. It determines the Group's culture and approach to risk management and is responsible for maintaining appropriate processes and controls. The Board reviews and approves the risk appetite and determines the policies and procedures to mitigate exposure to risk. The Board is central to the Group's risk review process, including the scenario planning and detailed stress testing associated with the Group's Viability Statement. The Board is assisted in this role and with its responsibilities by the Risk Committee, a formal sub-committee of the Board.

Process

The Board continually assesses and monitors the Group's key risks, and the Group has developed a risk management framework to identify, report, and manage its principal risks and uncertainties, and emerging risks. This process includes the recording of all principal risks and uncertainties on a Group Risk Register. Emerging risks are those that could significantly impact our industry and/or the Group. These emerging risks are evolving and often new, and thus, their full potential impact is still uncertain. The Risk Committee regularly reviews these emerging risks and, where deemed appropriate, they are added to the Group's Risk Register.

Principal and emerging risks are analysed, allocated owners, scored for both impact and probability to determine the exposure for the Group, prioritised, assessed for what mitigation is required, and updated at least every six months.

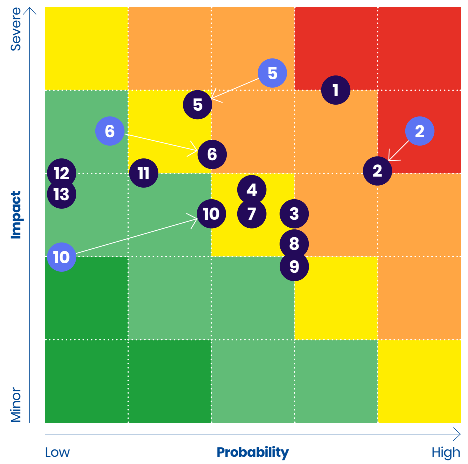
External risks include macroeconomic conditions, climate change, Government action, policies and regulations, raw material supply and pricing, and information systems disruption. Internal risks include reliance on key customers, and recruitment and retention of key personnel. The Board seeks to mitigate the Group's exposure to both external and internal risks. The effectiveness of key mitigating controls is continually monitored and subject to rotational testing by the Group's internal auditors.

The following heatmap sets out the impact and probability scores for our principal risks and further detail of these risks, and emerging risks, is set out in the tables below. The analysis is not intended to be a comprehensive list of all risks actively managed by the Group.

The heat map highlights the principal risks and uncertainties that could have a material impact on the Group's performance and prospects, net of our mitigating activities which are aimed at reducing the impact or likelihood of a major risk materialising. These risks have all been considered by the Board when developing the Group's Viability Statement. The Board does recognise, however, that it will not always be possible to eliminate these risks entirely. In addition, the principal and emerging risks listed below do not comprise all of the risks that the Group may face.

Risk appetite

The Board determines the risk appetite, tolerance and strategy for operating the Group and delivering its strategic objectives. A key focus of the Board is minimising exposure to: operational; financial; regulatory and compliance; health, safety and the environment; and people risks.



1 Raw materials supply and pricing
2 Macroeconomic and political conditions
3 Climate change
4 Reliance on key customers
5 Business disruption
6 Breach of legislation
7 Failure of information systems or cyber breach
8 Intellectual property
9 Recruitment and retention of key personnel
10 Execution of M&A strategy
11 Health, Safety and Environmental
12 Product failures
13 Liquidity and funding

Principal Risks and Uncertainties continued

Risk	Potential impact	Mitigations	KPI
1. Raw materials supply and pricing			
The Group is exposed to security of supply risks in respect of prime and recycled raw materials, components and haulage, including associated cost volatility, due to (amongst other matters) the consequence of economic uncertainty, the Russian-Ukraine conflict, supply interruptions in China, the relationship between the UK and the EU post-Brexit, fluctuations in the market price of crude oil and other petroleum feedstocks, foreign currency exchange rate movements, and changes to suppliers' capacity. The increased friction and potential for a trade war or other geopolitical disputes, including between the US and China, could destabilise supply chain activity. Over the longer-term, supply chain issues could be caused by physical or transition risks of climate change.	Suppliers may not be able to meet our demand for prime or recycled raw materials and/or the price we pay for the raw material is adversely impacted. Supply chain disruption could lead to inefficient production and/or distribution which could adversely affect the Group's financial results. Supply chain constraints could reduce sales and organic growth, increased costs could reduce margins, and limited availability or regulatory changes could result in our failure to achieve recycled material consumption targets. Our product development efforts may be redirected to find alternative materials and/or components.	– During the year the Group has appointed a permanent Group Procurement Director, upweighted its procurement and supplier relationship management capabilities, and continued to implement the improvements identified during the 2022 strategic review of its procurement activities. – A new Supplier Code and onboarding process has been implemented. – Utilise different purchasing strategies as appropriate, from dual sourcing to guaranteed availability. – Focus on supplier relationships, flexible and/or fixed supply contracts as appropriate, and introduced an energy risk management strategy. – Maintain adequate, but not excessive, inventories which act as a limited buffer in the event of supply chain disruption. – Own and manage a significant proportion of our required haulage capacity. – Significant contracts are reviewed by Group Legal to avoid unfavourable and/or inflexible terms. – We assess this risk from a climate perspective using qualitative and quantitative scenario analysis, which informs decision-making when identifying appropriate mitigations and impacts as outlined on pages 37 and 38.	SG UOM UEPS CC ROCE R GHG
2. Macroeconomic and political conditions			
The Group is dependent on the level of activity in its end markets, especially the construction industry, and is therefore susceptible to any changes in its cyclical economic conditions, Government policy, Government elections, rates of inflation, interest rates, any political and economic uncertainty and impacts of global conflicts or trade tensions.	Macroeconomic and political conditions could have an adverse impact on the Group's markets and ultimately demand for its products. In addition, Government policy has the potential to be either positive or adverse to markets and demand. Lower levels of activity within our end markets, especially the construction industry, could reduce sales and production volumes, thereby adversely affecting the Group's financial results.	– Diversity of our businesses and end markets; and the proactive development of our brands, products, and services. – Target those end markets where profitable growth prospects are greatest. – Monitor trends and lead indicators, invest in market research and an active member of the Construction Products Association. – Actively manage our demand forecasts and costs through regular operational review meetings. – Undertake scenario planning to support business resilience. – Focus on innovation, new product development and ESG driven opportunities to leverage our competitive advantage. – We assess this risk from a climate perspective using quantitative scenario analysis, which informs decision-making when identifying appropriate mitigations and impacts as outlined on pages 36 and 37.	SG UOM UEPS CC ROCE GHG

Risk appetite	Low	Medium	High
Risk treatment category	Reduce	Maintain	Increase
Change in potential impact and/or probability	Decreased	No Change	Increased

Financial KPIs		Non-Financial KPIs
SG Sales growth	CC Cash conversion	R Recycling
UOM Underlying operating margin	ROCE Return on capital employed	AF Accident frequency
UEPS Underlying diluted EPS		DOW Developing our workforce
		GHG Greenhouse gas emissions

Principal Risks and Uncertainties continued

Risk	Potential impact	Mitigations	KPI
3. Climate change			
The increase in frequency, intensity and impact of weather events such as flooding, drought and coastal erosion. The longer-term implications of climate change give rise to the transition risk to address the challenges expediently.	Adverse weather events could damage, disrupt or lead to temporary closure of the Group's facilities and operations. Prolonged periods of severe weather could result in a slowdown in site construction activity thus reducing demand for the Group's products. Growing stakeholder focus on corporate action to meet emissions reduction targets may result in increased reputational risk and reduced customer and/or employee loyalty, investor divestment and impacts to customer activity levels. All the above potential impacts could adversely affect the Group's financial results and investment proposition.	– Climate change risk analysis has been developed and associated actions are being undertaken where relevant. – A clearly defined sustainability framework has been developed. A series of measures, action plans, metrics and targets (described in our TCFD disclosure on page 40) were adopted to accelerate the Group's progress. – Embedding its sustainability agenda across the workforce is a key focus for the Group in achieving its objectives. Our Sustainable Solutions for Growth strategy is focused on both mitigation and adaption opportunities, and as part of the former, reducing our carbon impact is a key aspect. – In the event of flooding in the short term, production of certain products can be transferred to other sites. In the longer term, climate change impact is monitored and, where deemed appropriate, flood defence systems could be installed. – As part of our scope 3 supplier engagement target, and as affirmed by our TCFD quantitative analysis, we are now progressing supplier engagement to ensure they are on a carbon reduction pathway and also managing their own exposure to climate-related risk. – Details of our response to specific climate change risks and opportunities is described in our TCFD disclosure on pages 31 to 40.	SG UOM UEPS ROCE GHG
4. Reliance on key customers			
Some of the Group's businesses are dependent on key customers in highly competitive markets. We may fail to adequately manage relationships with these key customers.	Any deterioration in our relationship with a key customer could lead to a loss of business thereby adversely affecting the Group's financial results.	– The Group continually seeks to innovate and develop its brands, products and services to better meet the needs of its customers. – The Group's strategic objective is to broaden its customer base wherever possible. – The Group focuses on delivering exceptional customer service, which is constantly monitored, and maintains strong relationships with major customers through direct engagement at all levels. – The Group actively manages its customer pricing, rebates and credit terms to ensure that they remain both competitive and commercial. These are negotiated and approved by senior management, and governance procedures are in place to ensure that these are reviewed by Group Legal, where required.	SG UOM UEPS ROCE GHG

Risk appetite	Low	Medium	High
Risk treatment category	Reduce	Maintain	Increase
Change in potential impact and/or probability	Decreased	No Change	Increased

Financial KPIs		Non-Financial KPIs
SG Sales growth	CC Cash conversion	R Recycling
UOM Underlying operating margin	ROCE Return on capital employed	AF Accident frequency
UEPS Underlying diluted EPS		DOW Developing our workforce
		GHG Greenhouse gas emissions

Principal Risks and Uncertainties continued

Risk	Potential impact	Mitigations	KPI
5. Business disruption			
The Group's facilities and operations could be subjected to disruption due to incidents including, but not limited to, fire, failure of equipment, power outages, workforce strikes, pandemics, or unexpected or prolonged periods of severe weather. Over the longer-term, business disruption issues could be caused by physical or transition risks of climate change.	Such incidents could result in the temporary cessation in activity, or disruption, at one of the Group's facilities impeding the ability to deliver its products to its customers, thereby adversely affecting the Group's financial results.	– The Group has established business continuity, crisis response, and disaster recovery plans. – The Group performs regular maintenance to minimise the risk of equipment failure. – Finished goods holdings across the operations act as a limited buffer in the event of an operational failure. – The Group continually invests in the maintenance and upgrade of IT infrastructure and information systems which, amongst other matters, facilitates remote working. – The Group maintains sufficient liquidity to meet our liabilities when due under both normal and stressed conditions. – The Group maintains appropriate insurance to cover business interruption and material damage to property from such incidents. – Independent insurer inspections take place periodically across all sites to identify and assess potential hazards and business interruption risks. – We assess this risk from a climate perspective using qualitative scenario analysis, which informs decision-making when identifying appropriate mitigations and impacts as outlined on page 36.	SG UOM UEPS CC ROCE GHG
6. Breach of legislation			
Failure to comply with elements of a significantly increased and continually evolving governance, legislative and regulatory business environment including, but not limited to, Data Protection Regulation, Competition Law, the Bribery Act, Sanctions Compliance and the Building Safety Act.	Significant increases in the penalty regime across all areas of business could lead to significant fines and financial penalties in the event of a breach, alongside damage to the Group's reputation and potential current and future business.	– The Group's in-house legal department and other specialist functions, supported by specialist external advisers and membership of appropriate industry bodies, are responsible for monitoring changes to laws and regulations that affect the Group and related ongoing monitoring and training. – Specific policies are in place where relevant to maintain and demonstrate compliance with regulations, such as Data Protection, Competition Law, Anti-Bribery and Corruption, Sanctions Compliance and the Building Safety Act. Guidance documents and Codes exist within the Group detailing expected standards of behaviour and compliance. – Training and guidance documents are provided to all relevant new employees on Competition Law, including those changing roles. In addition, mandatory training is also in place in relation to compliance with Data Protection Regulation and the Bribery Act. – Regular declarations of compliance are undertaken in respect of Data Protection Regulation, Competition Law, the Bribery Act, Sanctions Compliance and adherence to ethics and compliance expectations. – All business in higher-risk countries requires approval by Group Legal. A third party system is used to screen companies and/or individuals located in, or linked to, sanctioned countries. – The independent third party Safecall whistleblowing helpline is available to employees. – The Group has in place a data security solution which gives it the ability to automatically discover, classify and label personal data; and where necessary remediate potential data exposure and misconfigurations instantly.	UOM UEPS ROCE

Risk appetite	Low	Medium	High
Risk treatment category	Reduce	Maintain	Increase
Change in potential impact and/or probability	Decreased	No Change	Increased

Financial KPIs		Non-Financial KPIs
SG Sales growth	CC Cash conversion	R Recycling
UOM Underlying operating margin	ROCE Return on capital employed	AF Accident frequency
UEPS Underlying diluted EPS		DOW Developing our workforce
		GHG Greenhouse gas emissions

Principal Risks and Uncertainties continued

Risk	Potential impact	Mitigations	KPI
7. Failure of information systems or cyber breach			
The Group is increasingly dependent on the continued efficient operation of its information systems and is therefore vulnerable to potential failures due to power losses, telecommunication failures, or from a security breach including the increasing levels and evolving tactics of sophisticated cyber criminals targeting businesses.	Disruption or failure of the information systems could affect the Group's ability to conduct its ongoing operations and/or result in data loss, which could adversely affect the Group's financial results, reputation, and compliance with data protection regulators.	– Best-in-class firewalls are in place to protect the perimeter of the Group's networks and any off-site access to the Group's servers and applications is through secure Virtual Private Network connections. – Advanced email and internet traffic filtering intelligence is in place to protect against potential viruses or malware entering the Group's networks. User and server computing devices have anti-virus software installed to protect from potential infection, together with an outsourced managed virus detection and response service. – Best-in-class anti-virus and malware protection is in place across all the end points and servers within the Group's businesses. – The Group employs an outsourced best-in-class managed detection and response service, which includes strict SLAs and covered by a cyber warranty. – Identity management is in place covering our core internal and external services, including Multi-Factor Authentication (MFA) and advanced behaviourally heuristic protection. – Data protection is implemented on our cloud-based storage and local file servers, giving oversight and audit of folder and file access, and potential threats to data loss. – The Group undertakes cyber security risk audits and penetration testing performed by internal and external specialists, including the expedient introduction of mitigation controls and other recommended procedure updates.	SG UOM UEPS CC ROCE
8. Intellectual property			
The Group depends on its extensive and unique intellectual property (IP), and differentiated products, to defend its market positions and sustain higher margins.	IP infringements, including copycat or counterfeit products, subsequent loss of business and/or loss of brand value could adversely affect the Group's financial results, reputation, compliance with IP regulators and the Group's ability to implement and deliver its Sustainable Solutions for Growth strategy.	– Regular interaction with the Group's product development and R&D teams to ensure the Group's IP strategy is being implemented at all stages of the product life cycle. – Regular reviews are performed of the Group's IP portfolio, including mapping and gap analysis across patents, designs, trademarks and copyright. – Potential infringement of the Group's IP is regularly monitored, assisted by third party IP experts, and robustly challenged or defended as appropriate.	SG UOM UEPS ROCE R

Risk appetite	Low	Medium	High
Risk treatment category	Reduce	Maintain	Increase
Change in potential impact and/or probability	Decreased	No Change	Increased

Financial KPIs		Non-Financial KPIs
SG Sales growth	CC Cash conversion	R Recycling
UOM Underlying operating margin	ROCE Return on capital employed	AF Accident frequency
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Principal Risks and Uncertainties continued

Risk	Potential impact	Mitigations	KPI
9. Recruitment and retention of key personnel			
The Group is dependent on attracting and retaining people with the right skills, experience, and capability as well as the continued wellbeing and mental health of our people.	Loss of any key personnel without adequate and timely replacement, and/or skills shortages, could disrupt business operations, increase salary inflation, and adversely impact the Group's ability to profitably implement and deliver its Sustainable Solutions for Growth strategy.	– Track staff turnover and key people indicators monthly. – Learning and development programmes embedded across the Group, including Diversity & Inclusion. – The Group has a mental health policy and associated training in place, as well as Employee Assistance and Wellbeing programmes. – Following the implementation of the Workplace by Meta platform in 2022, the Group's employee communication and engagement has improved. – During the year, the Group successfully completed the implementation of initial modules of the Group-wide HR information system which enables recruitment, performance management and talent management; and improves employee engagement survey capability. – A culture programme has been launched as part of our Sustainable Solutions for Growth strategy.	SG UOM UEPS ROCE DOW
10. Execution of M&A strategy			
The management of acquisitions activity and their integration play a part in delivering the Group's Sustainable Solutions for Growth strategy. Acquisitions may fill a strategic gap in the Group's portfolio; enable sales or operational synergies and/or provide access to new or diversified markets. There is a risk that any executed acquisitions may not perform as expected in the acquisition case and that benefits, and value does not accrue in line with expectations.	Ineffective management of acquisitions could lead to management distraction, a drain on financial resources, and impact on the Group's ability to successfully implement and deliver its Sustainable Solutions for Growth strategy, including the ability to meet medium-term financial targets.	– Formal Board-level approvals are required in accordance with the Group's delegation of authority matrix for any acquisition activity. – Full due diligence is performed before any acquisition is made. – The Group seeks contractual assurances from the sellers to mitigate against any identified issues or risks. – Where appropriate, the Group will pay contingent consideration linked to the ongoing performance of the acquisition. – The progress of any integration is closely monitored at Board and senior management team level. – The Genuit Business System will be deployed into any new acquisitions.	SG UOM UEPS CC ROCE AF

Risk appetite	Low	Medium	High
Risk treatment category	Reduce	Maintain	Increase
Change in potential impact and/or probability	Decreased	No Change	Increased

Financial KPIs		Non-Financial KPIs
SG Sales growth	CC Cash conversion	R Recycling
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Principal Risks and Uncertainties continued

Risk	Potential impact	Mitigations	KPI
11. Health, Safety and Environmental			
The Group is subject to the requirements of UK and European environmental and occupational safety and health laws and regulations, including obligations to take the correct measures to prevent fatalities or serious injury, and prevent and/or investigate and clean up environmental contamination on or from properties.	Lack of management focus, poor cultural attitude or failure of the Group to comply with health, safety and environmental regulations and other obligations relating to environmental matters could result in harm to individuals, the environment or property and the Group being liable for fines, suffering reputational damage, requiring modification to operations, increasing manufacturing and delivery costs, and could result in the suspension or termination of necessary operational permits, thereby adversely affecting the Group's operations and financial results.	– The Group has a formal Health, Safety and Environmental policy, and procedures are in place to monitor compliance with the policy. – There is a Group Health, Safety and Environmental Director (with a team throughout the Group) with clear accountability for health, safety and environment (HSE). HSE performance is regularly tracked, reported and reviewed by all levels of management including the Board. – The Group performs internal HSE audits and is subject to external HSE audits. – Investigations are performed to identify root causes and key learnings with a view to continuously improving. Learnings are shared across the Group, as necessary. Key messages are constantly reinforced throughout the Group.	SG UOM UEPS ROCE AF
12. Product failures			
The Group manufactures products that are potentially vital to the safe operation of its customers' products or processes. These products are often incorporated into the fabric of a building or dwelling or buried in the ground as part of an infrastructure system and in each case, it would be difficult to access, repair, recall or replace such products.	A product failure could result in a liability claim for personal injury or other damage leading to substantial financial settlements, damage to the Group's brands, costs and expenses and diversion of key management's attention from the operation of the Group, which could all adversely affect the Group's financial results.	– The Group operates comprehensive quality assurance systems and procedures at each site. – Wherever required, the Group obtains certifications over its products to the relevant national and European standards including Kitemarks, BBA, WRC and WRAS accreditations. – The Group maintains product liability insurance to cover third party property damage or personal injury claims arising from potential product failures.	SG UOM UEPS ROCE
13. Liquidity and funding			
The risk that the Group will not be able to meet its short-term liquidity and long-term funding financial obligations as they fall due.	Insufficient cash deposits and/or finance facilities could be an inhibitor to the Group's Sustainable Solutions for Growth strategy, leading to the Group not being able to fund its operations or strategic investments or in needing to raise emergency finance that degrades shareholder value.	– The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. – This is achieved through suitable committed and uncommitted banking facilities with significant headroom, regular communication with the Group's investors and relationship banks (including visits to the Group's businesses), regular review of its banking covenants and capital structure, ensuring its future cash flow is sustainable through detailed budgeting processes and reviews, robust forecasting and budgeting processes, and ensuring that credit risk arising from cash deposits with banks is mitigated by investments of surplus funds only being made with banks that have, as a minimum, a single A-credit rating. – Net borrowing costs are now hedged following the adoption in Q1 2024 of a hedging strategy to increase certainty.	SG UOM UEPS ROCE

Risk appetite	Low	Medium	High
Risk treatment category	Reduce	Maintain	Increase
Change in potential impact and/or probability	Decreased	No Change	Increased

Financial KPIs		**Non-Financial KPIs**
SG Sales growth	CC Cash conversion	R Recycling
UOM Underlying operating margin	ROCE Return on capital employed	AF Accident frequency
UEPS Underlying diluted EPS		DOW Developing our workforce
		GHG Greenhouse gas emissions

Emerging risks

Artificial Intelligence

Artificial Intelligence (AI) is a technology being rapidly adopted by businesses, consumers and governments across the world. The Group is:

- Creating a Group AI framework and usage policy, which includes which providers, models and use cases we will use AI for;
- Incorporating AI into the Group's Data Loss Prevention (DLP) processes, technically securing processing and use of AI;
- Continuing to explore the use of AI in key areas where we see potential commercial and/or service advantage (such as process automation in (1) back-office functions; and (2) design, quotation, and project support);
- Exploring recruitment and training of automation capabilities within the Group data and business intelligence team; and
- Controlling the Group's access to Generative AI services.

Social change

Changes in values, attitudes and behaviours are driving changes in society and consequently the workplace. These evolving social changes include an increasing focus on work-life balance, the growing role of social media and shifting attitudes to consumer behaviours. Values are significantly influenced by age, education and geography. The Group is enhancing the employee value proposition through:

- Targeted rewards packages (to counter high inflation/cost of living) and introduction of total reward concept;
- Increased skills-building and training opportunities;
- Reduced business travel, together with investment in meeting technologies;
- Introduction of flexible, hybrid and/or remote working;
- Provision of employer-funded wellbeing services;
- Improved employee benefits;
- Career development and mentoring programmes; and
- Introduction of secondment programmes and the relaunch of an improved Genuit graduate training programme.

Joe Vorih
Chief Executive Officer
12 March 2024