

Chair's Statement



Kevin Boyd
Chair

As we navigate through an era of environmental challenges, our commitment to creating sustainable living has never been more important. Sustainability remains at the heart of our Group strategy, ensuring our products and services help the built environment to mitigate and adapt to the impacts of climate change.

Introduction

Sustainability continues to be at the centre of our Group strategy, helping us to achieve our purpose of creating sustainable living through our portfolio of products and services. As a Group, we are directly impacted by geopolitical change and policy affecting the construction industry, including initiatives for housebuilding and changes in environmental policy and legislation. Our Group is uniquely positioned to help others address the key climate-related drivers within the built environment. We have a range of leading brands, products and solutions, built upon the extensive technical expertise of our colleagues, with leading market positions in segments that benefit from growth tailwinds.

The decisions taken during the year were influenced by societal, environmental, commercial and political factors, while considering the impact of key decisions on our material stakeholders. We mitigate the risks associated with these factors as outlined in our Principal Risks and Uncertainties section on page 75. We continued to develop our product portfolio, centred around providing the built environment with products and services that manage and mitigate the consequences of climate change by reducing embedded and operational carbon. The sustainable solutions we offer enable us to navigate the complex external environment effectively, positioning ourselves for future success.

Our employees play a key role in creating innovative solutions for our customers, and during the year, we prioritised the learning and development of our colleagues across the Group. I am proud that we achieved Gold Member status with The 5% Club a year ahead of our 2025 target, with the number of employees in Earn & Learn programmes as at 31 December 2024 at 18.5%, up from 8.2% in 2023.

Purchase of renewable electricity

96.3%

Employees in Earn & Learn programmes

18.5%

Generating value for stakeholders

Chair's Statement continued

Our strategy positions us to capitalise on market trends



Solutions that aid resilience to climate change

How Genuit is positioned:

Climate change means our summers are becoming warmer, and extreme rainfall and flooding is becoming more severe and more frequent. Our range of water management and green urbanisation solutions seek to address this in a holistic manner, providing attenuation options that shield the existing stormwater infrastructure, whilst improving urban landscapes.



Solutions that help us adapt to climate change

How Genuit is positioned:

Our range of ventilation and heating products are increasingly being supplied with cooling modules that cool our homes with fresh, healthy air. Unlike recirculating air conditioning, our technology reduces the temperature of incoming fresh air as needed, to make indoor temperatures more comfortable.



The construction sector faces a skills shortage

How Genuit is positioned:

Over 250,000 people have left UK construction since the pandemic; both here and overseas there is a need to sustain construction in more efficient ways. Added-value solutions such as Polypipe Advantage complete more of the project in a quality-controlled efficient factory environment, improving build speeds on site and reducing reliance on scarce skills.



Customers want to mitigate the impact of climate change

How Genuit is positioned:

Genuit was the first amongst its peers to have validated science-based targets, and the carbon content of our products continues to be driven down by initiatives such as our industry-leading use of recycled polymers, our 96.3% sourcing of renewable energy and the provision of Environmental Product Declarations (EPDs), which allow customers to make informed carbon-based choices.

Performance and results

At Genuit, we are embedding the principles and tools of lean management across our businesses to create value and minimise waste, improve margins and reduce working capital. Our Genuit Business System is a key enabler for accessing synergies. We continue to use it to standardise processes, share best practice amongst our businesses and unlock synergies from our existing portfolio.

We also continue to focus on inorganic as well as organic growth, and are pleased to welcome new colleagues to the Group through the acquisitions of Sky Garden and the Omnie & Timoleon businesses in August.

During the year, the Group performed well, supported by the diversity of the Group's market segment exposure. The Group continued to focus on business simplification and operational efficiencies, and this proactive approach to cost management and continued commercial progress resulted in full-year underlying operating profit being in line with our expectations. Group revenue was 4.3% lower than prior year at £561.3m (2023: £586.5m). Underlying operating profit was £92.2m (2023: £94.1m) representing a margin of 16.4% (2023: 16.0%). Underlying basic earnings per share for the year was 24.6 pence

(2023: 25.2 pence). This robust performance, given market headwinds, is down to the hard work and determination of all of our colleagues around the Group, who have risen to, and overcome, the challenges we have faced during the year. You can read more about our 2024 financial performance in our Chief Financial Officer's report on page 24 and find further detail on our strategic progress in our Chief Executive Officer's report on page 9.

A healthy business culture

Our performance during the year is testament to the dedication and resilience of our employees, supported by our established Trademark Behaviours, requiring employees to work together, take ownership, and find a better way. These behaviours continue to be embedded across the Group in all areas of our businesses and are visible and measurable. We encourage employees to acknowledge each other's successes regularly and to highlight notable examples of our Trademark Behaviours in action. These behaviours help guide our decision-making and our engagement with stakeholders, and support us in working together to achieve our purpose.



Our performance is testament to the dedication and resilience of our employees."



Growth by acquisition

During the year, we completed acquisitions within our Water Management Solutions (WMS) and Climate Management Solutions (CMS) Business Units, as we welcomed Sky Garden and Omnie & Timoleon.

Sky Garden joined WMS and extended the Group's blue-green roof offering, complementary to the Keytec and Permavoid businesses. Omnie & Timoleon specialise in underfloor heating (UFH) board technologies along with UFH system design and services, which provide synergies with the existing Nu-Heat business in CMS, and with Polypipe's offering in the Group's Sustainable Building Solutions Business Unit.



Read more in our CMS and WMS Business Unit reviews on pages 16 to 21

The Board monitors culture closely and engages frequently with employees to understand how deeply it is embedded. More details on some of the mechanisms used are included in our People and Culture section on pages 56 to 63 and the Governance Report on page 98. The Group believes that the workplace we provide should be safe, and the teams within it should be inclusive and reflect the local communities within which we operate. We encourage open and meaningful conversations about all aspects of diversity and inclusion, encouraging our colleagues to bring their whole selves to work. Our diversity strategy is focused on four pillars: Leadership, Education, Policy & process, and Communication, and we have worked hard in the year to continue to raise awareness of our ambition, as reflected in the Group employee engagement survey score of 7/10.

Health and safety

Health and safety remains our priority and was discussed at each Board meeting held during the year, setting the tone from the top in fostering a safe, positive and productive working environment and a culture in line with our Trademark Behaviours. During the year, we continued to invest in initiatives and practices that improve the safety, health and the physical and mental wellbeing of our employees.

Maintaining and improving standards requires constant vigilance and part of this is identifying areas where we can do better. The Genuit Blue HSE Audit programme was launched in the first quarter of 2024, with 12 audits completed, and the remaining two completed in Q1 2025. We look forward to continuing to build on our achievements during 2024, striving to set new standards in workplace wellbeing and safety. Further detail about some of the activities in the year can be found in our Health, Safety and Environment Report on pages 54 to 55.

Sustainability

Sustainability is a key driver of our strategy, and we continue to hold ourselves accountable and work towards achieving the stretching targets we set ourselves. Overall, sustainability performance was strong during the year, with progress made against most of our non-financial sustainability KPIs, as outlined on page 22 of the Strategic Report. We published our first Sustainability Report during the year and submitted our first disclosure to the Carbon Disclosure Project (CDP), climate change questionnaire, scoring B overall. These additional disclosures provide opportunities for engagement with key stakeholders on our progress in this area.

In early 2024, we had our long-term net-zero targets approved by the Science Based Targets initiative (SBTi), which sets the Group a target of reducing scopes 1, 2 & 3 emissions by 90% by 2050. We made strong progress on decarbonisation in terms of our reduction in total carbon emissions across scopes 1, 2 & 3, and we saw further reductions in our scopes 1 & 2 carbon emissions intensity, in addition to increasing our purchase of renewable electricity from 90.7% in 2023 to 96.3% in 2024.

We continue to lead the sector in our use of recycled polymers. Headwinds such as product standards and the market position in respect of recycled materials present short-term challenges. Since setting our recyclate targets, there has been progress in other ways of reducing carbon content, and we are proud that we have sector leading recycled content usage, achieving our best performance to date of c.52% during the year. We remain committed to the principles of the circular economy and prioritising reductions in embedded carbon alongside the use of recycled materials. Sharing high-quality, verified data is key to achieving reductions in embedded carbon by providing customers with information to enable them to make informed and climate-smart decisions. Therefore, during the year, we significantly increased the availability of Environmental Product Declarations (EPDs) across the Group, and this will continue to be an area of focus for us in 2025.

Governance

Good corporate governance practices are the foundation to ensuring the long-term success of the Group, ensuring sustainable business practices, accountability, fairness and transparency. More detail on our governance practices can be found in our Governance and Committee Reports from pages 87 to 122. Whilst the Board's composition was unchanged during the year, we are pleased to welcome Lee Mellor, Managing Director of the CMS Business Unit, and Edel Conway, Chief People Officer to the Group as new members of our Executive Management Team and Risk Committee, and we look forward to working with Lee and Edel as we continue to position the Group for future success and growth.

Chair's Statement continued



The Genuit Business System in action

During the year, we held a kaizen event within the sustainability team to pilot and further develop our GBS Sustainability tool, bringing together our strategic initiatives of sustainability and GBS. The aim of the kaizen was to promote and establish a common vision and proactive participation across all of our Business Units, aligned with our sustainability strategy.

The pilot project was a great success and helped improve understanding of sustainability issues and how they relate to Genuit. It also resulted in greater visibility of sustainability targets and data quality across sites, whilst showcasing the effectiveness of cross-Group and external stakeholder collaboration.

The Sustainability tool forms part of our 'GBS Lean Tool Kit', making sustainability-related problem solving tangible and actionable at site level, as well as being underpinned by our Trademark Behaviours. The tool fosters cross-functional collaboration, enabling participants to share diverse perspectives for building sustainable solutions. It will help us to embed our sustainability objectives consistently and drive our purpose of creating sustainable living.



Dividend

We are pleased to be able to provide a reliable return to our shareholders, in accordance with our progressive dividend policy.

A 2024 final dividend payment of 8.4 pence per share is, therefore, recommended, subject to shareholder approval at the Annual General Meeting. In addition to the 2024 interim dividend payment of 4.1 pence per share, the total dividend for the year is 12.5 pence per share, or approximately £31.1m.

Future outlook

We will continue to foster a culture across our businesses that results in the right decisions and actions to promote the success of the Group, in the long term and for the benefit of our material stakeholders. We will continue to hold ourselves accountable against our sustainability targets and raise the bar for sustainability by promoting the creation of smarter and more sustainable policies and practices across our industry. Working together, we will make the built environment more sustainable for generations to come.

I would like to take this opportunity to thank all my Board colleagues, the Executive Management Team and our employees across the Group for their dedication, loyalty and hard work, which has underpinned our performance in 2024, and which will support us as we continue to make progress against our Sustainable Solutions for Growth strategy in 2025.

Kevin Boyd
Chair

11 March 2025