# Highlights

## Financial highlights

### Revenue £m

£561.3m

| | |
|---|---|
| 2024 | 561.3 |
| 2023 | 586.5 |
| 2022 | 622.2 |

### Underlying operating profit £m

£92.2m

| | |
|---|---|
| 2024 | 92.2 |
| 2023 | 94.1 |
| 2022 | 98.2 |

### Profit before tax £m

£46.3m

| | |
|---|---|
| 2024 | 46.3 |
| 2023 | 48.4 |
| 2022 | 45.4 |

### Underlying operating margin %

16.4%

| | |
|---|---|
| 2024 | 16.4 |
| 2023 | 16.0 |
| 2022 | 15.8 |

### Dividend per share (p)

12.5p

| | |
|---|---|
| 2024 | 12.5 |
| 2023 | 12.4 |
| 2022 | 12.3 |

### Underlying operating cash conversion %

99.3%

| | |
|---|---|
| 2024 | 99.3 |
| 2023 | 87.7 |
| 2022 | 57.4 |

### Net debt £m

£129.1m

| | |
|---|---|
| 2024 | 129.1 |
| 2023 | 149.3 |
| 2022 | 166.2 |

### Cash generated from operations £m

£115.5m

| | |
|---|---|
| 2024 | 115.5 |
| 2023 | 109.7 |
| 2022 | 93.9 |

Financial KPIs
Page 23

## Non-financial highlights

### Carbon intensity

0.124t$CO_2$e/t

| | |
|---|---|
| 2024 | 0.124 |
| 2023 | 0.140 |
| 2022 | 0.136 |

### Scopes 1, 2 & 3: category 1 carbon

-6.5%

| | |
|---|---|
| 2024 | -6.5 |
| 2023 | -33.0 |
| 2022 | 9.6 |

### Electricity sourced from renewable sources

96.3%

| | |
|---|---|
| 2024 | 96.3 |
| 2023 | 90.7 |
| 2022 | 91.0 |

### The 5% Club

18.5%

| | |
|---|---|
| 2024 | 18.5 |
| 2023 | 8.2 |
| 2022 | 3.5 |

### Use of recycled polymers

52.0%

| | |
|---|---|
| 2024 | 52.0 |
| 2023 | 49.2 |
| 2022 | 48.7 |

### Vitality Index

18.0%

| | |
|---|---|
| 2024 | 18.0 |
| 2023 | 21.5 |
| 2022 | 24.7 |

Non-financial KPIs
Page 22

# Genuit at a glance

## Our purpose

Together, we create sustainable living

## ... is delivered through our Sustainable Solutions for Growth strategy ...

Learn more on page 11

### 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.

Learn more on page 30

### Sustainability

We provide solutions which address the need for the built environment to adapt to climate change. We are committed to being 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.

### 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.

Learn more on pages 16, 18 & 20

### 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.

Learn more on page 56

## ... and guided by 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

### 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

### 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

# Creating a clear pathway to deliver value

## Climate Management Solutions

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

| Revenue | Underlying operating margin |
| --- | --- |
| £161.6m | 14.9% |

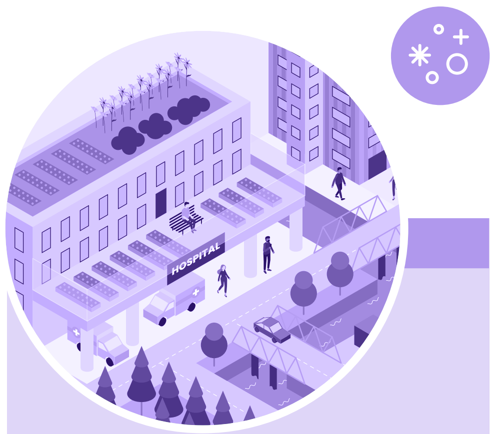
Learn more about Climate Management Solutions on page 16


## Water Management Solutions

Enabling climate adaptation and resilience through integrated surface and drainage solutions

| Revenue | Underlying operating margin |
| --- | --- |
| £160.9m | 8.5% |

Learn more about Water Management Solutions on page 18



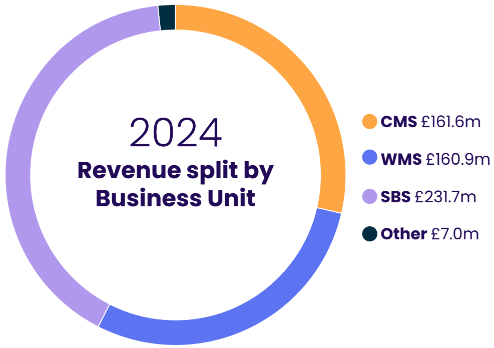

## Sustainable Building Solutions

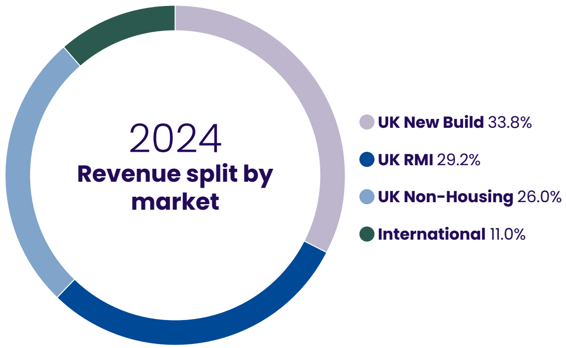
Providing a range of solutions to reduce the carbon content of the built environment and assist construction labour efficiency

| Revenue | Underlying operating margin |
| --- | --- |
| £231.7m | 23.5% |

Learn more about Sustainable Building Solutions on page 20

### Revenue breakdown



# Investment case

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

### 1. Operating in built environment sectors with inherent sustainability-linked growth drivers

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

2-4%

**through-cycle outperformance target** 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
- Being the leader in the use of recyclate among our European peers

66% reduction

in scopes 1 & 2 emissions intensity 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

UK served addressable market

### 4. Significant margin expansion potential

- Clear pathway to improve operating margin, through:
  - Business simplification
  - Genuit Business System (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 through strategic acquisitions

- Complementing organic growth with value-creative acquisitions, including overseas
- Successful M&A track record, reinforced by adoption and implementation of GBS approach

>15%

**ROCE** target

### 6. Highly cash-generative business model, with effective capital allocation

- Successful track record of cash generation
- Progressive dividend policy, based on dividend cover of 2.0x or greater over the business cycle

Over 90%

**cash conversion** target

# Chair’s Statement

**Kevin Boyd**
Chair

## Generating value for stakeholders

**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.**

**Purchase of renewable electricity**

96.3%

**Employees in Earn & Learn programmes**

18.5%

### 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.

## 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

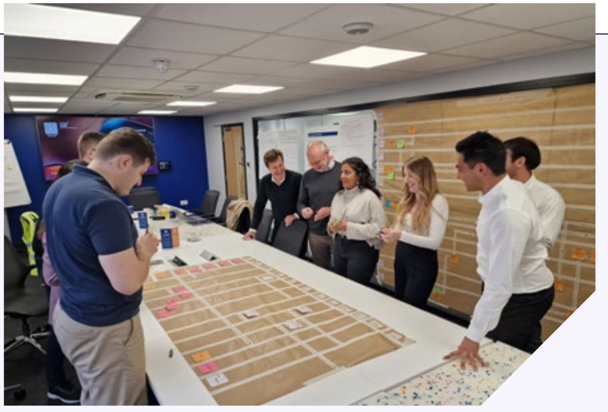
Sustainability is a key driver of our strategy, and we continue to hold ourselves accountable and work towards achieving the stretching targets we set ourselves. Overall, sustainability performance was strong during the year, with progress made against most of our non-financial sustainability KPIs, as 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.



# 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

# Chief Executive Officer's Review

## Resilient performance despite challenging backdrop

### Further margin improvement and strong cash generation

**Joe Vorih**
CEO

**Click or scan to hear more from Joe Vorih on Genuit's performance in 2024**

| | | |
|---|---|---|
| **Revenue**<br>£561.3m | Down<br>4.3% | Market headwinds |
| **Underlying profit margin**<br>16.4% | Up<br>40bps | Improved operational gearing |
| **Underlying operating profit**<br>£92.2m | Down<br>2.0% | Volume reduction offset by cost reduction |
| **Underlying cash conversion**<br>99.3% | Up<br>11.6pps | Focus on working capital |
| **Net debt**<br>£102.9m | Reduced<br>19.6% | Leverage reduced from 1.1x (December 2023) to 0.9x |
| **Dividend per share**<br>12.5p | Up<br>0.1p | Delivering shareholder returns |

I am pleased with the progress we are making as a Group, despite another challenging year for our sector. Continued focus on our Sustainable Solutions for Growth strategy during 2024 has delivered a resilient performance, and I would like to thank our Genuit Leadership Team and all of our c.3,200 colleagues for their continued hard work and dedication.

Our annual underlying profit margin improved from 16.0% to 16.4% despite a market-driven decline in revenues of 4.3%. This performance is testament to our ongoing Group-wide deployment of the Genuit Business System (GBS), generating lean productivity and efficiency savings, alongside measures taken to gain market share.

Following business simplification in 2023, the Group is more streamlined, agile and better placed to manage market challenges, whilst also well-placed to deliver profitable growth as volumes recover. The Genuit Business System will enable us to continue driving margin expansion, with strong operational gearing and at least 20% available capacity to increase production.

Underlying operating cash conversion was also strong at 99.3%, exceeding our 90% mid-term target, with net debt to underlying pro-forma EBITDA falling to 0.9 times, enabling us to continue investing in long-term growth.

In line with the Group's progressive dividend policy, we are pleased to be able to propose an increase in our full-year dividend to 12.5p.

## Our Customers: Ongoing market softness

2024 experienced reduced volumes across most segments, and the timing of the eventual market recovery remains uncertain. Construction industry challenges continued through 2024, with ongoing labour shortages, a construction workforce some 250,000 below pre-Covid levels, and an ongoing high rate of contractor insolvencies (particularly impacting our commercially focused businesses). Housing starts in the UK decreased from 171,622 to 135,110, and housing transactions of 1,093,410 remained at historically low levels, and contributed to an RMI market 4.0% below prior year.

Despite this reduction in volume, there were signs of market stabilisation in the second half, and competitive consolidation has led to share-gain opportunities for the Group.

The Group is encouraged by the UK Government's commitment to significantly increase the levels of new housebuilding to address the structural shortage of homes, alongside improvements in the facilitation of infrastructure projects that contribute to economic growth and to the decarbonisation of the built environment. We believe that pressing ahead with this regulatory framework is essential to reconcile the government's climate commitments with its desire to address the structural housing shortage, as well as supporting construction as a growth engine for the economy.

We are confident in our innovative labour-saving products and value-add solutions, such as Polypipe Advantage, will help to enable the higher levels of construction activity, needed, despite labour shortages.

Well publicised floods in the UK, Europe and UAE caused by prolonged, more frequent and intense rainfall, require the upgrade of ageing infrastructure as well as a new more holistic approach to water management. Our green urbanisation strategy addresses both stormwater resilience along with improving urban landscapes and increasing biodiversity.

The built environment accounts for over 40% of the UK's greenhouse gas (GHG) emissions, and the carbon output of heating and cooling systems are the largest contributors. Legislative drivers including the Future Homes Standard continue to provide opportunities for growth for several of our product ranges such as MVHR, and underfloor heating. Evolving regulations are increasing the requirements for insulation, and with that the need for better ventilation and clean, healthy, indoor air. At the same time, in our existing buildings, there is a pressing need for better ventilation to solve damp and mould problems in social housing, schools, and hospitals.

Genuit is focused on sustainability-driven growth; helping the built environment respond to climate adaptation and mitigation challenges. The economic and social imperative to increase levels of construction and housebuilding in the UK continues to be strong and our portfolio of low carbon, labour-saving, and energy efficient solutions play an important role in supporting sustainable growth.

Learn more in our Business Unit reviews from page 16

> "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**

Providing the lowest carbon choice for our customers to maximise exposure to structural growth drivers

**Genuit Business System**

Creating value through lean transformation and operational excellence

**People and Culture**

Enabling growth through the capability, expertise and development of our employees

Through continued focus on these commitments in 2024, we have secured new revenue opportunities, expanded our solution offering through acquisitions, reduced our overall carbon impact, made strong progress in deploying the Genuit Business System, and we have continued to invest in our people, including the continuation of our Genuit Leadership Programme. All of which has helped to strengthen our overall position going into 2025.

Learn more about our strategy framework on page 15

## Growth

We remain focused on outperforming the broader construction market by providing products and solutions to built environment markets with sustainability-led growth drivers. These markets benefit from a range of structural tailwinds, including the need to adapt to and mitigate climate change, regulatory changes, ongoing labour shortages and shifting customer preferences.

Despite the continued softness in the UK construction sector in 2024 and the decline in volumes, we have secured new revenue opportunities across all three Business Units, including through the launch of new product lines bolstered by strategic acquisitions.

We also remain focused on products that address current commercial construction challenges. For example, we have secured several projects with Modern Methods of Construction (MMC) manufacturers of pods and volumetric modules, which are attractive low labour solutions at a time where skilled labour is scarce.

In August 2024, we welcomed new colleagues from two acquisitions, Sky Garden and Omnie & Timoleon, both of which align with our M&A strategy.

Sky Garden was acquired for a cash consideration of £2.6m and is a leader in green roof technologies, providing design, supply, installation and maintenance services for green and bio-solar roofs, podium decks and green walls. It complements Permavoid's geo-cellular roofing solutions business and creates synergies with Keytec's water management installation business.

Omnie & Timoleon was acquired for a cash consideration of £2.7m. It is a leader in underfloor heating (UFH) board technologies and provides full UFH system design and supply services. It extends the Group's UFH offering within CMS and is complementary to the existing Nu-Heat and Polypipe underfloor heating solutions. Underfloor heating is expected to grow significantly as its share of new-build homes increases under the transition to the Future Homes Standard.

We are actively pursuing additional strategic acquisitions that add to our organic growth potential and enhance shareholder returns.

## Sustainability

Expectations for technological advancement in the built environment to solve the urgent challenges facing our infrastructure, buildings, communities and planet have never been greater.

Sustainability is at the heart of our business, and Genuit remains focused on sustainability-driven growth; enabling the built environment to respond to climate adaptation and mitigation challenges, whilst staying committed to reducing our overall impact on the environment, driving carbon from our business and the supply chain.

During 2024, we published our first Genuit Group Sustainability Report which enhanced our sustainability disclosures and showcased our progress in improving our performance across a wide range of sustainability topics.

We continue to lead the industry as the largest user of recycled polymers, with over 52.0% of our total tonnage in the year and we have held the Green Mark since 2019 with 70% green revenues.

In 2024, the Science Based Targets initiative (SBTi) verified our long-term carbon reduction targets, which amongst other commitments, will see us reduce our scopes 1, 2 & 3 GHG emissions by 90% by 2050 compared to 2021.

We have accelerated our adoption of Environmental Product Declarations (EPDs) with the support of our GBS processes and have bold targets for 2025 to increase our EPD coverage across our businesses, to enable our customers to make carbon-based choices.

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

# Our science-based targets

| Our targets | Progress |
| --- | --- |
| Reduce absolute scopes 1 & 2 GHG emissions 30% by 2027 | 31.9% (24.0%) |
| Increase annual sourcing of renewable electricity from 94% in 2021 to 100% by 2027 through 2030 | 96.3% (90.7%) |
| 83% of suppliers (by emissions) of purchased goods and services will have science-based targets by 2027 | 28.0% (32.0%) |

We made strong progress on decarbonisation in terms of our reduction in total carbon emissions across scopes 1, 2 & scope 3: category 1 Purchased goods and services. Year-on-year we achieved a 10% reduction in scopes 1 & 2 carbon emissions. We also saw a significant reduction in our carbon intensity between 2023 and 2024, with a reduction of 54% since the base year of 2019. A major driving force behind these improvements has been our continued drive towards 100% renewable electricity and between 2023 and 2024 we increased purchases of renewable electricity by 5%, reaching 96% in 2024.

We also saw a 6% reduction in emissions from the raw materials we buy; scope 3: category 1. When combined with the reductions in scopes 1 & 2 emissions and our use of renewable electricity we are delivering on our ambition to be the lowest carbon supplier of choice.

Learn more about our climate targets on page 37

## Genuit Business System

The Genuit Business System (GBS) is enabling the Group to streamline processes, share best practices and achieve benefits of scale whilst unlocking the full potential of our business for our people. GBS is at the core of our journey to achieving our medium-term >20% operating margin target through creating a culture of continuous operational improvement and excellence – this is at the heart of our value creation strategy.

The deployment of GBS has gained further momentum in 2024. We have continued embedding GBS principles through kaizen events, alongside educating and empowering our leaders to drive GBS, through four leader orientation sessions held during the year. We have seen productivity improvements, financial savings and space savings from this lean transformation work so far. A great example has been at Polypipe Building Services, where the team used the GBS tool ‘SMED’ (Single Minute Exchange of Dies) on one of its injection moulding machines and reduced changeover time by more than 80%, giving an additional 10,000 hours of machine availability by reducing changeover time from 4 hours to 46 minutes.

We completed over 20 kaizen events across all our businesses in 2024 and now c.15% of Genuit employees have participated in lean kaizen events or training, representing good progress but with significant benefits still to realise. The positive momentum and the energy from our teams is pleasing to see and we are confident this will continue to help, empower and inspire our people to make positive change.

## People and Culture

Involving our people in the roll-out of GBS has complemented our overall approach to creating an environment where people have a voice and feel included.

In 2024, we ran our first Group-wide employee survey ‘Your Voice’, an important new channel for employee listening where we can all take direct action to learn from our people at all levels. We had a solid level of participation and will move to an annual survey cycle alongside more frequent pulse engagement surveys to enable us to continually listen, learn and act.

An 18-month culture programme culminated this year with the well-received launch and roll-out of our Trademark Behaviours. This has been a driver for increased collaboration across businesses, and enabled our people to recognise how they, and each other, contribute to our growth and deliver on our purpose to create sustainable living.

We have continued strong investment into building careers in 2024; over half of our Genuit Leadership Team (our top leaders across the Group) have now participated in the Genuit Leadership Programme and across our workforce, we have seen over 100 internal promotions in 2024, 30% of which were female.

I am proud of our achievement of Gold Member status of The 5% Club, one year ahead of plan and with c.18% of our colleagues in recognised Earn & Learn programmes across several levels and disciplines. Our Early Careers Programme continues to evolve with the launch of a Graduate Programme in Q3 2024, and further intake planned for 2025. We also started work with The 10,000 Interns Foundation to drive diversity through our Early Careers activity.

We are continually working to create an environment where all employees can be their authentic selves, and where they can respectfully ask questions and learn from one another. As a Strategic Partner of the Construction Inclusion Coalition (CIC), we are working to drive change and champion Diversity & Inclusion (D&I) not only in our business, but across the broader industry. Whilst we have more to do, we saw progress reflected through our overall scores for inclusivity in the Your Voice survey, and an increase in engagement in our dedicated D&I group ‘Our Genuit’ on Workplace.

## Summary

This year we have made solid progress towards our medium-term targets while advancing our Sustainable Solutions for Growth strategy. We continued to create a more lean, agile and streamlined business, and demonstrated continual margins improvement.

With some signs of market stabilisation in the second half of 2024, the Group is well positioned for market recovery. With a focus on mitigating the National Insurance and National Minimum Wage increase through balanced price and cost management, the Group continues to navigate the near-term headwinds whilst making further strategic progress.

We are moving in the right direction, and the Group remains confident in the medium-term growth prospects for the business, given its exposure to structural growth drivers.

The Group delivered a resilient performance in 2024, continuing to improve underlying operating margin despite ongoing subdued market conditions.

The team at Genuit have remained dedicated and supportive of the strategic goals and together we all create sustainable living. The drive and the passion of all my colleagues has been evident in 2024 and I thank them for all their hard work.

**Joe Vorih**
Chief Executive Officer

11 March 2025

# Business model

## Our purpose — Together, we create sustainable living

### Our resources

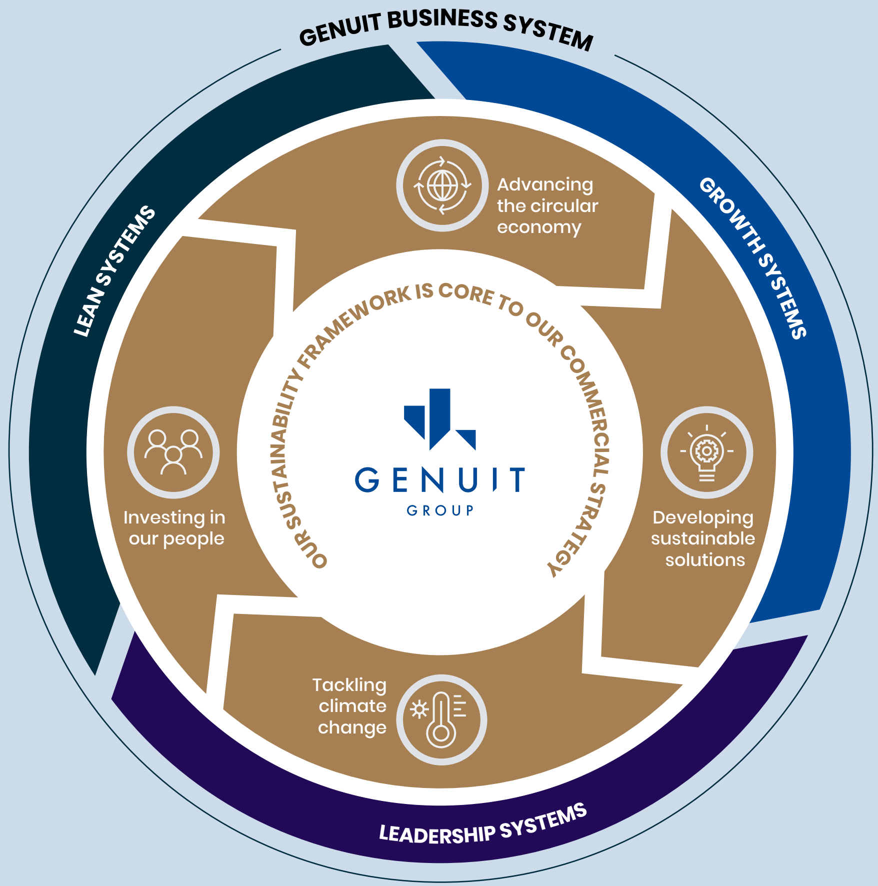
**People**
Experts who are knowledgeable about our customers' applications and are empowered to act.

**Expertise**
Innovation, continuous improvement and unique intellectual property 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, which is consistent with our strategic objectives.

### How we create value




**Climate Management Solutions**
Addressing the need for clean, healthy air and low-carbon heating and cooling

**Water Management Solutions**
Enabling 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 and assist construction labour efficiency

**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<br>– Contract installers<br>– Civil engineers and contractors<br>– M&E consultants | – Housebuilders<br>– Civils and Commercial sector developers<br>– Asset owners and self-builders<br>– Civil engineers and contractors<br>– M&E consultants |

### Creating stakeholder value

**Customers**
With quality and innovative products offering engineered solutions that enable a sustainable built environment.
Providing support, value, range, bespoke solutions and market-leading brands.

**Shareholders**
Share price appreciation and progressive dividend. Responsible and ethical investment.

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

**Suppliers**
Long-standing relationships, fair negotiation, certainty on payment and reputation.

**Local communities and the environment**
Working to enhance the built environment whilst engaging with local communities and charities.

# Strategy framework

## Sustainable Solutions for Growth strategy

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.

Our purpose is that **'Together, we create sustainable living'**. This means we empower our customers to create a sustainable built environment, providing the solutions they need to future-proof places that support thriving communities and growing economies. If we succeed, together, we can transform the relationship between the built environment, society and the planet.

### Growth

Our strategy is firmly based upon climate-related growth drivers. This involves focusing on application areas such as flood resilience, low-carbon heating, and cooling our homes sustainably, as well as working towards ensuring we are the lowest carbon supplier of choice for our customers. The two acquisitions completed in 2024 enable us to extend our solution offering in low-carbon heating, urban greening and flood resilience.

The built environment contributes c.40% of greenhouse gas (GHG) emissions. Government and businesses are committed to reducing this impact, creating regulatory and societal structural drivers for low carbon and climate-resilient solutions. This is anticipated to create tailwinds for the Group, supporting above-market growth for the medium term.

Learn more on page 11

### Sustainability

Across the world, our built environment has never been more important. With increased urbanisation and growing populations, society faces the pressing task of ensuring our towns and cities can grow and become fit for the future, without exacerbating the impacts of climate change or placing too much strain on our nature and water systems. With this, Genuit has a crucial role to play.

Our use of renewable 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. Not only are we focused on providing solutions to help mitigate and adapt to the effects of climate change, we remain committed to being the lowest carbon supplier of choice to our customers.

Learn more on page 30

### Genuit Business System

The Genuit Business System (GBS) is how we operate. It enables us to work in a more efficient and productive way so that we can fulfil our purpose, execute our strategy and deliver value for customers and stakeholders. Put simply, it is a systematic approach to running the business, built on lean principles.

Embedding the lean transformation of the business and creating a culture of continuous operational improvement and excellence is at the heart of how we create value. GBS will enable the Group to standardise its processes, share best practices and achieve benefits of scale, and is at the core of our journey to achieving our medium-term >20% operating margin target.

Learn more on pages 16, 18 and 20

### People and Culture

We believe that our purpose and strategy are best achieved through an engaged workforce sharing a common culture, committed to collaboration. We are focusing on attracting the best talent, unlocking the full potential of our people, driving the right behaviours and ultimately creating an engaged and retained workforce.

We are committed to enhancing the overall employee experience through investment, driving our diversity and inclusion strategy, and introducing new ways to listen to, and learn from, our people.

This investment will provide significant business benefit through the retention of key talent, access to critical skills and experience, lower colleague attrition rates, and drive collaboration and continuous improvement across our businesses.

Learn more on page 56

# Business Unit review

## Climate Management Solutions

The Climate Management Solutions (CMS) Business Unit is focused on addressing the need for clean, healthy air and low-carbon heating and cooling. The built environment accounts for approximately 40% of the UK greenhouse gas (GHG) emissions, and the operational carbon of heating and cooling systems are the largest contributors. Evolving regulations are increasing the requirements for insulation and with that, the need for better ventilation and cleaner air. In addition, lower carbon and more efficient heating systems are needed. Our mission is to offer solutions which meet these needs across residential and commercial settings.

**Revenue £m**

£161.6m

| | |
|---|---|
| 2024 | 161.6 |
| 2023 | 165.9 |
| 2022 | 158.6 |

**Underlying operating profit £m**

£24.0m

| | |
|---|---|
| 2024 | 24.0 |
| 2023 | 22.7 |
| 2022 | 25.2 |

### Key activities in 2024

A key highlight of 2024 was the acquisition of Omnie & Timoleon, reinforcing the Genuit Group as a market leader in underfloor heating (UFH). We see great opportunities in both residential new build and RMI markets as part of the transition to more efficient heating systems for homes which operate with a lower carbon footprint. With a portfolio of brands and offerings, we are looking to support our customers in the transition to underfloor heating, providing training to installers, design services and expert advice and the ability to provide a full solution.

We have seen rising demand for ventilation products in the residential sector, in particular driven by the need to improve social housing. Sales of Mechanical Ventilation Heat Recovery (MVHR) have also been strong and we anticipate increasing demand in new housebuilding over the coming periods. We have also seen a rise in sales of MVHR systems with incremental cooling, which help address the problem of over-heating in the summer.

### Winning with the Genuit Business System (GBS)

We have continued to embed the GBS toolkit across CMS and have seen improvements to productivity and the efficiency of operations, improving the daily work of our people and offering increased value to our customers through better product availability and service. Adey has continued to improve operational efficiency in 2024 using GBS and has worked on embedding visual management, workplace organisation and a 'go and see' approach. Creating daily habits across the organisation enables teams to work together and make continuous improvements.

At our Nuaire ventilation business, with an expected increase in demand for our XBC commercial ventilation product, we held a kaizen on increasing production capacity whilst maintaining quality and customer lead times. By implementing standard work, workplace organisation and daily visual management, it has benefitted the team through easier and more efficient working processes. The result is a 30% improvement in efficiency output, a 75% reduction in sub-assembly defects, and a reduced lead time of 10 days for our highest-volume products.

### A focus on sustainability

Whilst many of our solutions in CMS enable lower operational carbon of the places in which we live, work and play, we are also working on reducing the embedded carbon of our offerings.

At Nuaire we have reviewed our raw material supply chain and have made a switch to lower embedded carbon materials which in 2024, led to a saving of almost 2,000 tonnes of scope 3 embedded carbon.

At Adey, new sustainably-sourced brown boxes use 30% less cardboard than the previous design. They are also printed with earth inks and on Forest Stewardship Council (FSC) card, which is much better for the environment. The new boxes will reduce the amount of cardboard by 72 tonnes per year.

### Shining a spotlight on our people

This year has seen us focus on rolling out the Trademark Behaviours across CMS to enable greater collaboration and innovation.

With the acquisition of Omnie & Timoleon, our team in Nu-Heat worked closely with Omnie to combine our UK offices and start finding better ways to work together for their customers, as part of the integration plan. At Nuaire, we sponsored Pride Caerffili and we also celebrated the achievements of our teams across the businesses, having been both finalists and winners of a number of awards. Highlights include Nuaire being selected as a finalist in the BESA Industry Awards for Equality, Diversity and Inclusion, and being highly commended at the HVR Awards for Domestic Ventilation Product of the Year for Hybrid Cooling. Nu-Heat also won Underfloor Heating Innovation of the Year at the Build It Awards; testament to the value of working together and finding a better way for our customers.

### Outlook for 2025

- **Legislative drivers, including the Future Homes Standard, continue to provide opportunities for growth across the CMS solution offerings.**
- **Pent-up demand in the residential existing homes market offers the potential for a recovery in housing sales and subsequent RMI growth.**
- **The trend towards better ventilation to solve damp and mould problems in social housing and to deliver cleaner, healthier air in schools, hospitals and commercial buildings is set to continue.**
- **We are encouraged by the UK Government's focus on growth and, specifically, their aim to build 1.5 million homes and reform the planning framework.**
- **CMS is well placed for growth, with sufficient capacity to meet potential demand.**

## Brands

Click or scan to view our latest Nuaire GBS case study

"I'm excited to have joined Genuit Group and look forward to the opportunity to work with the CMS team on delivering solutions that help create sustainable living."

**Lee Mellor,**
**Managing Director,**
**CMS Business Unit**

**Omnie**

We have gained manufacturing capabilities in structural board underfloor heating, providing cost-saving efficiencies and more product offerings to residential and commercial customers.

**Launch of MagnaClean AtomSC**

Gaining 'Voice of Customer' feedback from the Dodd Group, Adey developed a compact magnetic filter so that installers could fit a small filter immediately under, or in a tight space alongside, the boiler.

## Nuaire XBC

Heat recovery units are supply and extract systems delivering filtered fresh air into a building whilst extracting stale, stagnant air from the interior. Each unit has a heat recovery element, transferring the heat that would otherwise be lost into the incoming air flow. The XBC units feature an innovative arrangement, allowing the position of extract/intake ducts to be flipped to either the left or right side during installation stage. This means that unit air-path handling is flexible, giving more options at the design stage and making installation simpler.

# Business Unit review

## Water Management Solutions

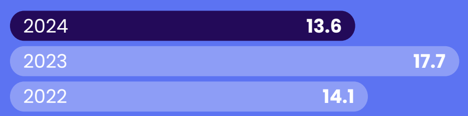
The Water Management Solutions (WMS) Business Unit is focused on upgrading the stormwater and wastewater infrastructure to adapt to the increasingly challenging impacts of climate change. As the climate warms, the air is capable of holding more water and this creates more frequent bouts of extreme rainfall. Often, ageing infrastructure is not designed for this volume of water. In parallel with this problem, the so-called concretisation of our urban areas is accelerating surface water runoff rates. Our green urbanisation strategy addresses stormwater resilience, along with urban greening and biodiversity net gain.

**Revenue £m**

£160.9m


**Underlying operating profit £m**

£13.6m




### Key activities in 2024

A highlight of 2024 for the WMS green urbanisation strategy was the acquisition of Sky Garden, a leader in green roof technologies providing design, supply, installation and maintenance services for green roofs, podium decks and green walls. This acquisition bolsters our offering in blue-green roofs and creates the potential for vertically integrated solutions with our Permavoid business, which designs water capture, retention and irrigation solutions.

In the UAE, we saw strong demand for both Polystorm and Permavoid stormwater tanks, assisting in flood mitigation across the region.

In the UK, we continued to support clients and contractors to deliver enhanced urban-greening, as well as stormwater resilience. Our Polypipe and Permavoid solutions helped deliver stormwater management and urban-greening across a series of paths, cycleways and an elevated two-acre park located above Stockport Interchange's new bus station.

Whilst market conditions have remained subdued in 2024, eventual market recovery and growth is anticipated as a result of numerous factors. There is an increasing need for stormwater attenuation and urban-greening solutions and the planned recovery of the UK housebuilding and construction sectors, which is a stated goal of the UK Government. Forthcoming spending under the Asset Management Programme 8 (AMP8) regulatory cycle will also focus investment on stormwater capacity, and the need to avoid sewerage discharge into the UK water environment.

### Winning with the Genuit Business System (GBS)

In 2024, we have continued to make investments to position WMS for future growth. As well as capital investment, we have created operational efficiency improvements through the deployment of the GBS.

As an example, at our Horncastle site, we have re-organised heavy goods vehicle (HGV) parking to drive efficiency and health and safety through centralised loading. The one-way system and segregation of HGVs and fork-lift trucks from pedestrians has led to an increase in loading capacity, resulting in improvements in serving our customers.

During the year, we exited two manufacturing sites consolidating operations into strategic sites, with no loss of capacity. These underpin previously reported annualised savings, providing further operational efficiencies.

### A focus on sustainability

Within Polypipe Civils & Green Urbanisation, we have completed 11 projects to further increase the proportion of recyclate polymers being used, beyond the 76.5% achieved in 2023. We are also working to support our customers' environmental obligations and have c.65% coverage by revenue of products with Environmental Product Declarations (EPDs).

We have gained PAS2080 carbon management certification, supporting the infrastructure sector in its carbon reduction programme, and have recently completed a pilot to move 45 fork-lift trucks from diesel to electric.

### Shining a spotlight on our people

During 2024, WMS colleagues invested time in supporting their local communities, demonstrating how our Trademark Behaviours extend beyond the business and across our stakeholders. We worked together with local schools on fundraising litter picks which funded educational school trips, during Great British Spring Clean week we volunteered our time to collecting litter in local areas, towns, woodland and beaches, and we continued to mark the annual Maddie Rose Day with multiple fundraising activities. We also organised the first WMS Business Unit conference, bringing the businesses together to collaborate, share best practice and identify synergy opportunities.

### Outlook for 2025

- **The continued impact of climate change on both stormwater resilience and urban-greening is likely to increase interest in solutions to build resilience in urban areas in the UK and internationally.**
- **The water utility sector is preparing for the AMP8 spending cycle and we are engaged at a strategic level to help deliver solutions for stormwater management that offer the potential for significant growth in 2026 and beyond.**
- **WMS has a strong pipeline of GBS projects to improve the efficiency and productivity of its businesses.**
- **The Irish construction and housebuilding market remains one of the most buoyant in Europe. Through our operations in Ulster, WMS has strong ambitions to grow market share across a range of products.**
- **WMS is well placed for recovery in civil infrastructure and development projects, as well as growth in green urbanisation, with sufficient capacity to meet potential demand.**

**Brands**

Polypipe

permavoid

POLYDECK

KEYTEC INSTALLATION SERVICES

SkyGarden

Click or scan to view our latest Polypipe Civils & Green Urbanisation GBS case study

**Sky Garden Bio-solar system**

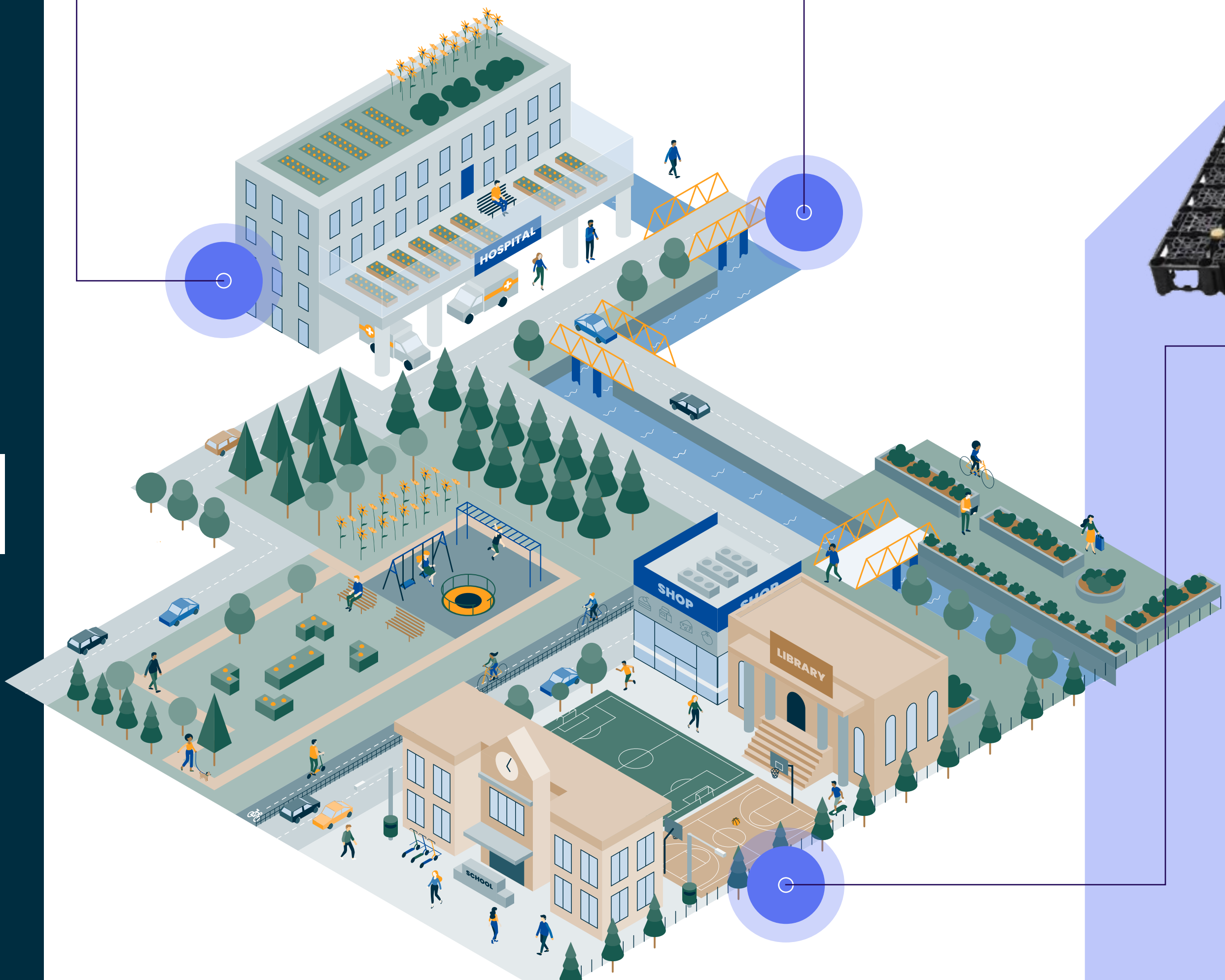
Bio-solar systems combine green roof and solar photovoltaics (PV) panels. Customers who install these systems benefit not only from enhanced biodiversity and water management, but also the greenery of the roof, which cools the ambient air, boosting the efficiency of the solar panels.

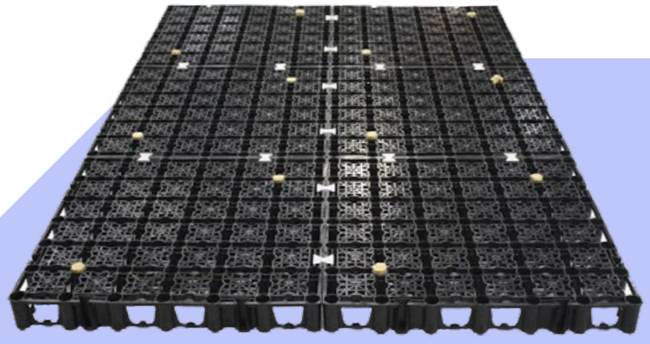
**Launch of Keytec Installation Services**

During 2024, we merged the Keytec and Alderburgh businesses and re-launched them as Keytec Installation Services. The team install stormwater attenuation tanks across the UK, and have now added blue-green roofs and Polydeck bridges and walkways to their capabilities.

"This acquisition marks an exciting new chapter for Sky Garden, bringing enhanced capabilities and synergy opportunities to expand our products and services to the urban greening sector."

**Philip Weatherley-Hastings, Managing Director, Sky Garden**



**Permavoid**

Sports pitches occupy a significant surface area in cities across the world and not only provide social amenities, but also help cool our cities. This year we added Heracles Almelo Asito to the list of sports pitches featuring Permavoid. This Dutch football club transitioned to natural turf. The Permavoid layer under the entire playing field ensures optimal drainage serving as a water buffer with the capacity to store more than 600,000 litres of water, increasing its stormwater resilience. Through the use of capillary cones, the system provides grass with the water it needs in a natural way.

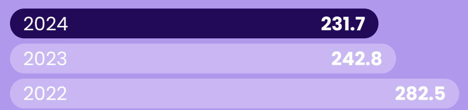
Business Unit review

# Sustainable Building Solutions

The Sustainable Building Solutions (SBS) Business Unit provides its customers with a range of market-leading products in plumbing and water supply, drainage and other building accessories. These solutions are designed with efficient installation in mind, serving leading builders' merchants, residential housebuilders and commercial contractors. This Business Unit continues to play a key part in our proposition to be the lowest carbon supplier of choice and has made further progress in reducing carbon in its products through both the use of recyclate and reducing mass.

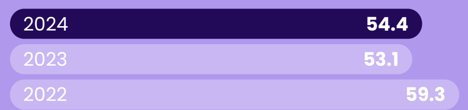
**Revenue £m**

£231.7m




**Underlying operating profit £m**

£54.4m




## Key activities in 2024

In 2024, there continued to be subdued market conditions related to new build residential developments. Despite a slowdown in volumes, the Business Unit was successful at winning new customers, increasing share of wallet with existing customers, driving operational efficiencies through deployment of the Genuit Business System and managing costs, resulting in a year-on-year improvement in margin.

Another continuing trend is the significant skills shortages faced by the construction industry. This has led to an increase in demand for solutions like Polypipe Advantage, where prefabricated drainage stacks are designed and manufactured bespoke to the project, enabling faster and more efficient installation. Off-site fabrication is seen as a growth opportunity in the coming years.

## Winning with the Genuit Business System (GBS)

This year, SBS has made good progress in deploying GBS to deliver operational efficiencies and unlock growth potential.

The roll-out of GBS has continued in our operations, where we held multiple kaizen workshops to drive productivity and efficiency initiatives. As an example, at our Aylesford site, we held a kaizen to review our injection moulding machines, where a team of 15 people across the business worked together to reduce our tool changeover time from 4 hours to 46 minutes, leading to a significant capacity increase. We also held a kaizen on our prefabricated drainage stacks manufacturing process, enabling us to increase our capacity with an improved workflow.

In addition, the roll-out of Genvue, our Salesforce Customer Relationship Management (CRM) system, has led to an improvement in sales efficiencies using data analytics to accelerate decision making. The implementation of Sales Funnel Management and Voice of Customer, from the GBS toolkit, enabled the team to identify and win in new markets and with new customers.

## A focus on sustainability

We continue to drive down the carbon impact of both our products and operations, in our efforts of being the lowest carbon supplier of choice. During the year, we invested in injection moulding machines that are 25% more efficient, manufactured our Terrain PVC range with up to 65% recycled content, and replaced the packaging on our PolyPlumb Enhanced range to one that has 50% recycled content.

This year we conducted a trial between Polypipe Building Products and national merchant, Wolseley UK, to collect, sort and recycle plastic waste, potentially preventing that plastic from going to landfill. This project gained recognition at the Builders' Merchant News awards by winning Sustainable/Environmental Initiative of the Year.

## Shining a spotlight on our people

This year, we placed focus on our Trademark Behaviours across SBS, to enable greater collaboration and innovation. We worked together across sites to share learnings on operational efficiencies for recycled PVC, accelerating our progress in increasing the use of recycled content across our products. Employees also took on the National Three Peaks Challenge, raising money for Yorkshire Air Ambulance.

We are finding better ways to solve customer problems by increased customer visits and roundtables, and we continue to play our role in upskilling the industry by conducting training at local schools and colleges, as well as investing in our own apprenticeships and graduate schemes.

## Outlook for 2025

- Labour shortages continue to be a significant challenge for the construction industry, and we anticipate continued demand for our solutions to help mitigate this issue.
- We are encouraged by the UK Government's focus on growth and, specifically, their aim to build 1.5 million homes and reform the planning framework.
- We are engaging with housebuilders in preparation for the implementation of the Future Homes Standard. Polypipe underfloor heating solutions are a key enabler for this and also a component of a broader solution offering from the Genuit Group as a whole.
- SBS is well-placed for recovery in new housebuilding, RMI and commercial markets, with sufficient capacity to meet potential demand.

**Brands**

Polypipe

TERRAIN

MECFLOW

Manthorpe

EFFAST

### Added Value Solutions

We have continued to gain momentum by working with modern methods of construction providers, looking at where we can add value through our service and solution offerings.

### Expanded MecFlow range

We have expanded our solutions in commercial water supply providing riser to tap solutions developed to meet the tough standards demanded by commercial construction projects.

"The roll-out of Genvue and the GBS strategic framework has given the team clarity, rigour and accountability, enabling us to win new customers in new markets."

**Tony Brayford,**
Commercial Director, SBS


### Bat Ridge Roost

Launched in 2024, the Bat Ridge Roost provides a habitable roost space for bat species found in the UK. The roosting product is pre-assembled for ease of installation, offering a secure, self-contained and thermally stable environment for bats where so many of these important spaces have been lost. This is just one of the ways we are showing our commitment to biodiversity, wildlife conservation and sustainability.

# 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.

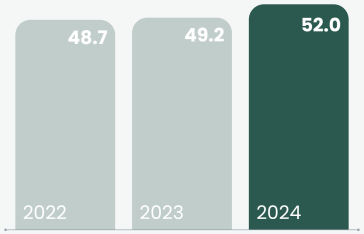
We have defined our Key Performance Indicators (KPIs) to measure alignment between our operating activity and strategic goals.

- Growth
- Sustainability
- Genuit Business System
- People and Culture

## Non-Financial KPIs

### Use of recycled polymers
%

52.0%




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

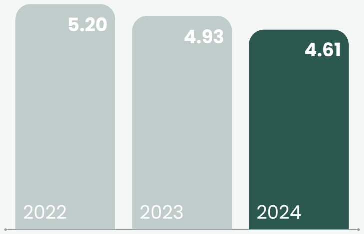
**Importance to Genuit**
The Group has a commitment to achieving the highest standards of environmental performance, preventing pollution and minimising the impact of its operations including reducing waste to landfill.

**Commentary**
Our use of recycled polymers increased to 52.0% of our total tonnage consumption.

**Link to strategic objectives**

### Accident frequency
per 100,000 hours worked

4.61




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

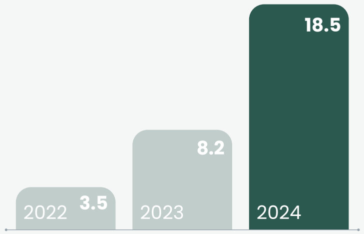
**Importance to Genuit**
Beyond mere compliance, this is an indicator of the health and safety performance at our various sites and the degree to which the workers are protected from work-related hazards at their workplace. Our aspiration is to achieve zero accidents every year.

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

**Link to strategic objectives**

### Developing our workforce
%

18.5%




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

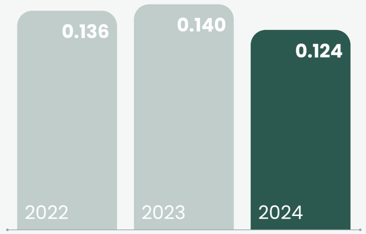
**Importance to Genuit**
Developing and investing in our colleagues drives revenue growth, operational efficiency and profitability, whilst facilitating employee retention and enhancing workforce morale.

**Commentary**
We achieved Gold Member status during 2024 with 18.5% of our colleagues in qualifying Earn & Learn schemes.

**Link to strategic objectives**

### Carbon intensity
Intensity ratio

$0.124tCO_2e/t$




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.

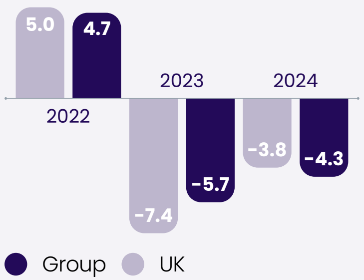
**Commentary**
Our scopes 1 & 2 carbon intensity has decreased by 11.4% as we continue to be on track towards our goal of a 66% reduction since the 2019 baseline data was established through reductions in transport emissions and increasing our renewable energy purchases. To date we have achieved a cumulative intensity reduction of 54.4%.

**Link to strategic objectives**

## Financial KPIs

### Revenue growth
%

# -4.3%




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

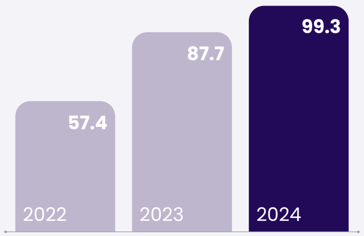
**Importance to Genuit**
Our strategy is to ensure that investment in our people and operations drives revenue growth which outperforms the construction market, thus enhancing our market leadership position.

**Commentary**
Group revenue decreased 4.3% against 2023 due to overall volume reduction. UK revenue decreased by 3.8%. The market showed some signs of stabilisation in the second half of 2024.

**Link to strategic objectives**

### Underlying operating cash conversion
%

# 99.3%




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

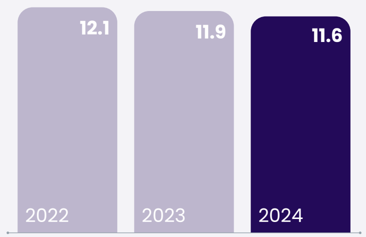
**Importance to Genuit**
Cash conversion demonstrates our focus on efficiency, as well as enabling us to fund future organic and inorganic growth.

**Commentary**
Our cash conversion improved by 11.6 percentage points achieved through focus on working capital improvements.

**Link to strategic objectives**

### Return on capital employed
%

# 11.6%




**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 and taxation.**

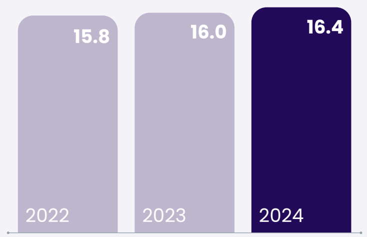
**Importance to Genuit**
A key indicator of the efficient deployment of capital focusing on the right initiatives and of the Group's overall business performance.

**Commentary**
Return on capital employed was slightly behind 2023 due to assets being consolidated that were held-for-sale in the prior year.

**Link to strategic objectives**

### Underlying operating margin
%

# 16.4%




**Underlying operating profit as a percentage of revenue.**

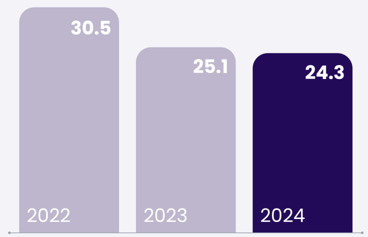
**Importance to Genuit**
Indicates that we are investing in the right initiatives and operating efficiently, by driving out non-value added costs and delivering productivity gains.

**Commentary**
Underlying operating margin percent was 16.4% driven by productivity gains through the Genuit Business System and purchasing savings delivered in the year.

**Link to strategic objectives**

### Underlying diluted EPS
pence per share

# 24.3p



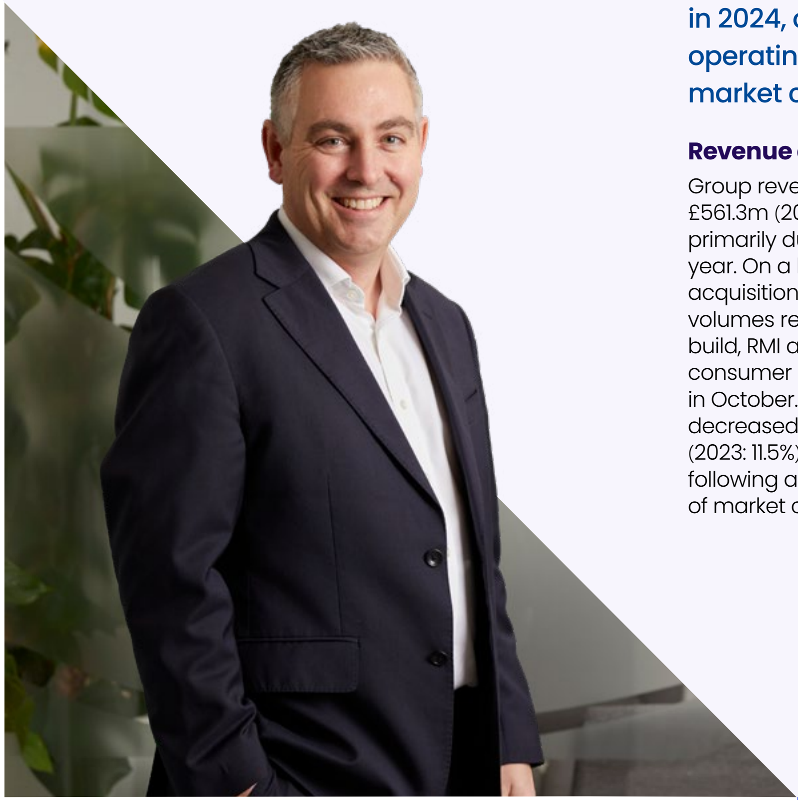

**Underlying diluted earnings per share.**

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

**Commentary**
Underlying diluted earnings per share decreased by 3.2% due to a lower reported operating profit and a higher effective tax rate.

**Link to strategic objectives**

# Chief Financial Officer's Report



**Tim Pullen**
Chief Financial Officer

## A resilient performance in 2024

**The Group delivered a resilient performance in 2024, continuing to improve underlying operating margin despite ongoing subdued market conditions.**

### Revenue and Profitability

Group revenue for the year ended 31 December 2024 was £561.3m (2023: £586.5m), which was lower by 4.3% year-on-year, primarily due to an overall volume reduction of 4.1% year-on-year. On a like-for-like basis, excluding the impact of acquisitions, revenue was 5.3% lower than prior year. Market volumes remained subdued due to ongoing weakness in new build, RMI and commercial markets and lower business and consumer confidence surrounding the UK Government Budget in October. UK revenue declined 3.8% and international revenue decreased by 8.0%, representing 11.0% of revenue in the year (2023: 11.5%). Second-half revenue increased 2.5% year-on-year following a 10.6% decline in the first half, reflecting a stabilisation of market conditions.

Underlying operating profit was £92.2m (2023: £94.1m), a decrease of 2.0%, primarily due to the reduction in volumes. However, the Group increased underlying operating margin by 40 basis points to 16.4% (2023: 16.0%), demonstrating progress towards medium-term margin targets despite the prevailing market softness. The primary contributors to the increase in margin were procurement savings generated by improved centralised buying, and productivity improvements generated by Genuit Business System improvement projects.

Profit before tax was £46.3m (2023: £48.4m), a decrease of 4.3%. The Group continued to invest in product development and innovation throughout the year. In 2024, operating profit benefited from £1.5m of HMRC approved Research and Development expenditure credit (2023: £1.5m).

Underlying profit after tax was lower than the prior year at £61.1m (2023: £62.6m). Underlying basic earnings per share was 24.6 pence (2023: 25.2 pence).

Including non-underlying items, profit after tax was £33.5m (2023: £38.5m), and basic earnings per share was 13.5 pence (2023: 15.5 pence).

| Revenue and operating margin | 2024 £m | 2023 £m | Change % |
|---|---|---|---|
| Revenue | **561.3** | 586.5 | **(4.3)** |
| Underlying operating profit | **92.2** | 94.1 | **(2.0)** |
| Underlying operating margin | **16.4%** | 16.0% | **40bps** |

| Revenue by geographic destination | 2024 £m | 2023 £m | Change % |
|---|---|---|---|
| UK | **499.3** | 519.1 | **(3.8)** |
| Rest of Europe | **32.9** | 33.4 | **(1.5)** |
| Rest of World | **29.1** | 34.0 | **(14.4)** |
| Group | **561.3** | 586.5 | **(4.3)** |

## Business Review

| Revenue | 2024 £m | 2023 £m | Change % | LFL Change % |
|---|---|---|---|---|
| Climate Management Solutions | **161.6** | 165.9 | **(2.6)** | (4.1) |
| Water Management Solutions | **160.9** | 170.4 | **(5.6)** | (7.5) |
| Sustainable Building Solutions | **231.7** | 242.8 | **(4.6)** | (4.6) |
| | **554.2** | 579.1 | **(4.3)** | (5.3) |
| Other* | **7.1** | 7.4 | **(4.1)** | (4.1) |
| **Total Group** | **561.3** | 586.5 | **(4.3)** | (5.3) |

* Relates to sites which are not reported as part of the Group's Strategic Business Units.

| Underlying operating profit | 2024 £m | ROS %* | 2023 £m | ROS %* | Change bps |
|---|---|---|---|---|---|
| Climate Management Solutions | **24.0** | **14.9** | 22.7 | 13.7 | **120** |
| Water Management Solutions | **13.6** | **8.5** | 17.7 | 10.4 | **(190)** |
| Sustainable Building Solutions | **54.4** | **23.5** | 53.1 | 21.9 | **160** |
| | **92.0** | **16.6** | 93.5 | 16.1 | **50** |
| Other** | **0.2** | **2.8** | 0.6 | 8.1 | **(530)** |
| **Total Group** | **92.2** | **16.4** | 94.1 | 16.0 | **40** |

* Return on sales (ROS) is equivalent to underlying operating margin (underlying operating profit/revenue).

** Relates to sites which are not reported as part of the Group's Strategic Business Units.

### Climate Management Solutions

The Climate Management Solutions (CMS) Business Unit is focused on addressing the need for clean healthy air and low carbon heating and cooling.

Revenue of £161.6m (2023: £165.9m) in CMS decreased by 2.6% versus 2023 (4.1% on a like-for-like basis). The year finished strongly for Adey and Nuaire residential sectors, however, not offsetting the headwinds within the residential boiler market and commercial ventilation sector. The Business Unit remained flat, (0.8%) like-for-like, in the second half of the year reflecting the stabilisation of market conditions.

CMS reported an underlying operating margin of 14.9% in 2024, 120 basis points higher than 2023, resulting from productivity improvements through the deployment of the Genuit Business System. Integration of the Omnie & Timoleon underfloor heating business (acquired August 2024) is proceeding well with a focus on go-to-market strategy and operational synergies The Business Unit remains well placed to capitalise on regulatory and structural drivers related to renewable heating, energy efficiency and cleaner, healthier air.

### Water Management Solutions

The Water Management Solutions (WMS) Business Unit is enabling the upgrade of the stormwater and wastewater infrastructure to adapt to the increasingly challenging impacts of climate change.

Revenue of £160.9m (2023: £170.4m) in WMS decreased by 5.6% versus 2023 (7.5% on a like-for-like basis). Revenue was adversely affected by project delays, including the impact of prolonged wet weather and low business confidence.

WMS reported an underlying operating margin of 8.5% during the year, representing a 190-basis points decline versus prior year, impacted by lower volumes. Management are accelerating a strong pipeline of GBS projects to improve efficiency and profitability in 2025. Integration of the acquired Sky Garden business is proceeding well, with focus a on growth and improving profitability through vertical solution selling and increasing scale.

The WMS medium-term growth strategy is underpinned by focused commercial activity and product solutions, and the Business Unit expects to benefit from changes in water management, biodiversity legislation, more effective rainwater collection and reuse, and attenuation of flooding and storm runoff which is now more prevalent than ever.

### Sustainable Building Solutions

The Sustainable Building Solutions (SBS) Business Unit provides its customers with a range of market-leading products in plumbing and water supply, drainage and other building accessories which reduce labour requirements to help address shortages and reduce the carbon footprint of the built environment.

Trading in SBS was resilient in 2024 with revenue of £231.7m (2023: £242.8m), 4.6% lower than prior year in line with subdued market volumes.

Despite volume challenges, underlying operating profit margin improved by 160 basis points, driven primarily by effective cost management, including purchasing savings from aggregated buying and the impact of GBS projects on productivity and efficiency.

The Business Unit is well placed to capitalise on structural trends in the industry over the medium term, including the transitions to labour-efficient solutions, use of off-site pre-fabrication and modular building, reductions in carbon intensity and adherence to legislation such as the Future Homes Standard.

## Acquisitions

### Sky Garden

On 5 August 2024, the Group acquired 100% of the voting rights and shares in Sky Garden Limited for cash consideration of £2.6m, which included an amount for net cash and working capital commitments on completion. Sky Garden is a leader in green-roof technologies providing design, supply, installation and maintenance services for green and bio-solar roofs, podium decks and green walls.

No material intangible assets were identified. The goodwill arising on the acquisition primarily represented the assembled workforce, technical expertise, synergies with companies offering both supply and install services and market share in markets Genuit currently does not operate in from the acquisition. The goodwill is allocated entirely to the Infrastructure & Landscape CGU.

Sky Garden contributed £3.3m of revenue and £0.1m loss of EBITDA to the reported results of the Group over five months of trading.

### Omnie & Timoleon

On 6 August 2024, the Group acquired the trade and assets of Ridgespear Group, including the Omnie & Timoleon brands and its Polish subsidiary Timoleon Sp.z o.o for cash consideration of £2.7m. Omnie & Timoleon are leaders in underfloor heating (UFH) board technologies and providers of full UFH system design and supply services. Integration of the acquired operations into the Group's Nu-Heat UFH business is underway.

No material intangible assets were identified. The goodwill arising on the acquisition primarily represented the assembled workforce, technical expertise and synergies with Group companies offering underfloor heating solutions. The goodwill has been allocated to the Nu-Heat CGU.

Omnie & Timoleon contributed £2.5m of revenue and £0.6m loss of EBITDA to the reported results of the Group over five months of trading.

## Non-underlying items

Non-underlying items marginally increased to £33.0m (2023: £32.1m) before tax. These included non-cash amortisation of £14.4m (2023: £14.8m) and non-cash impairment charges of £12.4m (2023: £2.5m) reported in H1 financials, in respect of the Adey business which has encountered prolonged delays to recovery in market conditions. In addition, the Group incurred one off costs of £4.3m in respect of a dispute with a third party back-office software supplier that was recognised in H1 and fully settled in the second half of the year.

| Non-underlying items | 2024 £m | 2023 £m |
|---|---|---|
| Amortisation of intangible assets | **14.4** | 14.8 |
| Impairment of goodwill | **12.4** | – |
| Impairment of intangible assets | **–** | 2.5 |
| Restructuring costs | **1.8** | 15.3 |
| Employment matters | **(1.1)** | 2.0 |
| Contingent consideration on acquisitions | **–** | 1.8 |
| Workday/CRM configuration (SaaS) | **1.1** | 1.2 |
| Acquisition costs | **1.1** | 0.4 |
| Software supplier dispute | **4.3** | – |
| Profit on disposal of property, plant and equipment | **(1.1)** | (4.7) |
| Product liability claim | **0.1** | (1.2) |
| **Non-underlying items before taxation** | **33.0** | 32.1 |
| Tax effect on non-underlying items | **(5.4)** | (8.0) |
| **Non-underlying items after taxation** | **27.6** | 24.1 |

## 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 decreased to £12.9m (2023: £13.6m) primarily due to a lower level of borrowings. Group net debt excluding lease liabilities reduced from £128.0m as at 31 December 2023 to £102.9m as at 31 December 2024, with a corresponding reduction in debt to EBITDA leverage from 1.1x to 0.9x. Interest cover was 8.3x for the year (2023: 8.2x).

Interest was payable on the RCF at SONIA plus an interest rate margin ranging from 0.90% to 2.75%. The interest rate margin at 31 December 2024 was 1.63% (2023: 1.65%). During the year an interest rate hedging strategy was implemented to provide greater certainty over interest costs and reduce the risk of potential volatility.

## 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 £6.3m (2023: £5.4m) reflecting the introduction of a salary sacrifice scheme and increased up take enhancing our employee value proposition.

## Taxation

### Underlying taxation

The underlying tax charge in 2024 was £18.2m (2023: £17.9m) representing an effective tax rate of 23.0% (2023: 22.2%). This was below the composite UK standard tax rate of 25.0% (2023: 23.5%).

### Taxation on non-underlying items

The non-underlying taxation credit of £5.4m (2023: £8.0m) represents an effective rate of 16.4% (2023: 24.8%).

## Earnings Per Share

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 2.4% in 2024.

| Earnings per share | 2024 £m | 2023 £m |
|---|---|---|
| Pence per share: | | |
| Basic | **13.5** | 15.5 |
| Underlying basic | **24.6** | 25.2 |
| Diluted | **13.3** | 15.4 |
| Underlying diluted | **24.3** | 25.1 |

## Dividend

The final dividend of 8.4 pence (2023: 8.3 pence) per share is being recommended for payment on 4 June 2025 to shareholders on the register at the close of business on 2 May 2025, in line with the Group's progressive dividend policy. The ex-dividend date will be 1 May 2025. The full year dividend of 12.5p is marginally higher than the prior year 12.4p per share, reflecting the strength of the balance sheet and the Board's confidence in the Group's 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 preliminary results.

## Balance Sheet

The Group's balance sheet is summarised below.

| | 2024 £m | 2023 £m |
|---|---|---|
| Property, plant and equipment | **183.7** | 176.4 |
| Right-of-use assets | **27.0** | 22.9 |
| Goodwill | **451.5** | 454.1 |
| Other intangible assets | **128.7** | 142.7 |
| Net working capital | **27.3** | 28.3 |
| Taxation | **(45.8)** | (44.7) |
| Other current and non-current assets and liabilities | **(0.2)** | 6.2 |
| Net debt (loans and borrowings, and lease liabilities, net of cash and cash equivalents) | **(129.2)** | (149.3) |
| Net assets | **643.0** | 636.6 |

The net value of property, plant and equipment has increased by £7.3m following the continued focus on investing in targeted capital expenditure offset by the sale of two additional sites.

## Cash flow and net debt

The Group's cash flow statement is summarised below.

| | 2024 £m | 2023 £m |
|---|---|---|
| Operating cash flows before movement in net working capital | **106.5** | 105.6 |
| Add back non-underlying cash items | **12.7** | 14.2 |
| Underlying operating cash flows before movement in net working capital | **119.2** | 119.8 |
| Movement in net working capital | **9.0** | 4.1 |
| Net capital expenditure excluding non-underlying proceeds of sale | **(26.0)** | (33.8) |
| Settlement of lease liabilities | **(10.6)** | (7.6) |
| Underlying cash generated from operations after net capital expenditure excluding non-underlying proceeds of sale | **91.6** | 82.5 |
| Income tax paid | **(10.4)** | (12.1) |
| Interest paid | **(11.4)** | (13.4) |
| Non-underlying proceeds of sale | **4.9** | 6.9 |
| Other non-underlying cash items | **(12.7)** | (14.2) |
| Settlement of deferred and contingent consideration | **(1.6)** | (1.6) |
| Acquisition of businesses | **(5.2)** | – |
| Dividends paid | **(30.8)** | (30.5) |
| Proceeds from exercise of share options net of purchase of own shares | **0.8** | 0.3 |
| Other | **(0.9)** | (0.7) |
| **Movement in net debt – excluding IFRS 16** | **24.3** | 17.2 |
| Movement in IFRS 16 | **(3.3)** | (0.3) |
| **Movement in net debt – including IFRS 16** | **21.0** | 16.9 |

Delivery of strong cash generation remains core to the Group's strategy. The Group's post-capex underlying operating cash conversion was 99.3% (2023: 87.7%) calculated as underlying operating cash flow (after payments for capital expenditure excluding non-underlying proceeds of sale and lease liabilities) divided by underlying operating profit. The Group's pre-capex underlying operating cash conversion was 107.6% (2023: 103.4%) calculated as underlying operating cash flow (before payments for capital expenditure excluding non-underlying proceeds of sale and lease liabilities) divided by underlying EBITDA.

A positive working capital movement in the year was achieved through lower levels of inventory and improved creditor position, both achieved through purchasing projects of aggregating spend with buying strategically and improvements generated by GBS. In 2025 the Group will focus on continuing to achieve over 90% operating cash flow conversion.

Net capital expenditure investment (excluding non-underlying proceeds from sale) decreased to £26.0m (2023: £33.8m). The Group has continued to focus on investing in targeted manufacturing facility development, capacity and key, strategic and innovative projects.

Net debt of £129.2m (2023: £149.3m) comprised:

| | 2024 £m | 2023 £m |
|---|---|---|
| Bank loans | **(146.5)** | (145.0) |
| Cash and cash equivalents | **43.6** | 17.0 |
| Net debt (excluding unamortised debt issue costs) | **(102.9)** | (128.0) |
| Unamortised debt issue costs | **1.3** | 2.1 |
| IFRS 16 | **(27.6)** | (23.4) |
| Net debt | **(129.2)** | (149.3) |
| Net debt (excluding unamortised deal issue costs): pro-forma EBITDA | **0.9** | 1.1 |

## Financing

The Group has a Sustainability-Linked Loan (SLL) committed through to August 2027 with one further uncommitted annual renewal through to August 2028. The current facility limit is £350.0m with an additional uncommitted 'accordion' facility of up to £50.0m, at 31 December 2024, £121.5m 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 2024, there was significant headroom and facility interest cover and net debt to EBITDA covenants were comfortably achieved:

| Covenant | Covenant requirement | Position at 31 December 2024 |
|---|---|---|
| Interest cover | **>4.0:1** | 8.3:1 |
| Leverage | **<3.0:1** | 0.9:1 |

## 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 up to £50.0m and a seven-year private placement loan note of £25.0m with an uncommitted £125.0m shelf facility. At 31 December 2024, liquidity headroom (cash and undrawn committed banking facilities) was £272.1m (2023: £247.0m).

The Group's focus will continue to be on deleveraging, and its net debt to EBITDA ratio stood at 0.9x pro-forma EBITDA at 31 December 2024 (2023: 1.1x). 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 2026. 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

11 March 2025

# Sustainability

Sustainability is at the heart of our business, and our targets provide the framework for driving improvements

## Climate change target

We are committed to reducing the greenhouse gas (GHG) emissions from our operations and products by focusing on reducing overall emissions without resorting to carbon offsetting

**66%**

reduction in $CO_2e$ emissions intensity from a 2019 base year (scopes 1 & 2)

**30%**

reduction of absolute scopes 1 & 2 emissions from a 2021 base year

## Circular economy target

We want to continue to lead the industry in our usage of recycled polymers, as well as focus on reducing our own waste, to become a zero-to-waste operation

**62%**

of our polymer tonnage is to be from recycled inputs. This represents the current available ceiling, given the standards regimes governing the use of recycled materials

## Sustainable solutions target

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

**25%**

of our revenue coming from products launched within the preceding five years

## Our people target

We recognise the contribution that a diverse group of colleagues makes to the achievement of our goals. We also believe that providing development pathways in the workplace is a key enabler of social mobility

**5%**

of colleagues to be in accredited Earn & Learn programmes

**Our purpose is 'Together, we create sustainable living'. This means that we empower our customers to create a sustainable built environment, providing the solutions they need to future-proof places that support thriving communities and growing economies. If we succeed, together, we can transform the relationship between the built environment, society and the planet.**

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 be the lowest carbon supplier of choice for our customers, and 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 fundamental to us as a business.

Expectations upon the built environment to change, in order to solve the urgent challenges facing our infrastructure, buildings, communities and planet have never been greater. We have a role to play in making the built environment more sustainable. We do this by becoming a sustainable, low carbon business ourselves, as well as delivering sustainable solutions at scale.

Our Sustainability Framework on page 32, sets our short-term agenda on sustainability and showcases the significant progress we have made over the last few years. In addition, Genuit Group have near-term targets that were approved by the SBTi, and during 2024, we obtained further approval for our long-term 2050 targets.

As part of this process, we have committed to reducing our scopes 1 & 2 greenhouse gas (GHG) emissions by 30% by 2027 from a 2021 baseline year. This goes beyond the already significant reductions achieved; between 2019 and 2021, when 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 typically 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 long-term reductions in GHG emissions by 2050 by 90%.

The transition to recycling and other low carbon materials will continue to play a key role for us. Using recycled polymers has a significantly lower carbon impact than using virgin polymers, and we continue to focus on raw material selection in day-to-day operations and product development. The use of recycled materials is key to increasing and enhancing the circular economy benefits that come with using materials that can be recycled, repeatedly, through the manufacturing process.

# 96.3%

**of the electricity we purchased across all Genuit Group manufacturing, warehouse and office-based sites is from renewable sources. Furthermore, all of our larger manufacturing sites use 100% renewable electricity.**

# Our sustainability framework

| | Advancing the circular economy | Developing sustainable solutions | Tackling climate change | Investing in an engaged and diverse workforce |
|---|---|---|---|---|
| **Our 2025 targets** | 62% of our polymer tonnage is 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 in $CO_2e$ emissions intensity from a 2019 base year (scopes 1 & 2) | 5% of colleagues to be in accredited Earn & Learn programmes |
| **2023 achievement** | 49.2% | 21.5% | 48.6% | 8.2% |
| **Our progress** | We continue to lead the sector in our use of recycled polymers and achieved 52.0% during the year, our best performance to date. We remain committed to the principles of the circular economy and are prioritising reductions in embedded carbon alongside use of recycled polymers. | The result was impacted by high-value innovations moving out of the five-year qualifying window, that will be replaced but will take time to deliver. | Strong progress during the year, with reductions achieved through site consolidation and improvements in energy efficiency (including transport emissions), and an increase in purchase of renewable electricity from 90.7% to 96.3%.<br>All three Business Units achieved a reduction in scopes 1 & 2 emissions. | We achieved this target two years early, and have continued beyond the 2025 target through 2024, with 18.5% of colleagues now in qualifying Earn & Learn programmes. |
| **2024 achievement** | **Recycled materials:** 52.0% | **Vitality Index:** 18.0% | **Carbon reduction (intensity): Cumulative reduction of** 54.4% | **Percentage in Earn & Learn programmes:** 18.5% |

# Developing sustainable solutions

**Genuit Group's purpose is to create sustainable living by developing sustainable solutions for the built environment. Originally founded in 1980 as a manufacturer of extruded and moulded plastic products, Genuit has grown through acquisitions and innovation to become the leading provider of sustainable and climate adaptation and mitigation solutions.**

We are organised around three Business Units: Climate Management Solutions (CMS), Water Management Solutions (WMS) and Sustainable Building Solutions (SBS), each with a distinct offering of sustainable products.

### In our businesses

We aim to minimise the impact of our operations on the environment and, by 2027, to have reduced our scopes 1 & 2 carbon emissions by 30%, without offsetting.

In 2020, we achieved ISO 50001 certification for energy management systems in some of our largest operational sites, providing a clear focus on energy management.

The Group has set ambitious near-term science-based greenhouse gas (GHG) reduction targets and made long-term reduction commitments to achieve net-zero, in line with the latest thinking on climate science.

The Group's absolute scopes 1 & 2 GHG emissions were 10.4% lower than in the 2023 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 0.124 tonnes $CO_2e$ per tonne of product during 2024, a strong performance year-on-year.

### In our solutions

Scope 3 GHG emissions are dominated by the goods and services that we purchase. In this area, we recognise the key role that our supply chain plays; therefore, we have set a target to engage with our suppliers so that they reduce their carbon impact.

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 a significantly lower carbon impact than virgin polymers and the use of recycled materials is key to increasing and enhancing the circular economy benefits that come with using materials that can be recycled, repeatedly, through the manufacturing process.

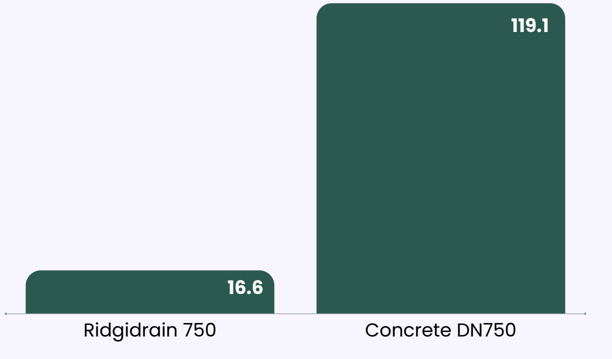
As part of our Sustainable Solutions for Growth strategy, we will provide solutions that are the most sustainable and economically viable solutions at that point in time. By offering polymer alternatives to legacy materials such as concrete or copper, we are able to offer more sustainable products than those legacy alternatives.

However, technology is not at a standstill, and we continue to invest Research and Development (R&D) resources 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.

## Environmental Product Declarations case study

Typical concrete pipes (DN750) have over 7.2x more embodied carbon (kg $CO_2e$) than Ridgidrain (750mm) per metre of pipe

**Polymer-based Polypipe Ridgidrain versus concrete pipe** (kg $CO_2e$ per metre)




This comparison has been calculated using EN 15804+A2 & ISO 14025/ ISO 21930 publicly available Environmental Product Declarations for one metre of pipe

- Ridgidrain 750 embodied carbon per metre (A1-A3) = 16.6kg $Co_2e$
- Concrete DN750 embodied carbon per metre (A1-A3) = 119.1kg $Co_2e$

# The value chain

**Genuit recognises the importance of the value chain in achieving our long-term net-zero targets. By overlaying our Greenhouse Gas inventory on our product life cycles, we can see where to prioritise and focus our improvement activities**

### Scope 3 upstream

- Working with our suppliers to ensure that the value chain embraces science-based targets
- Using lower carbon raw materials
- Optimising our manufacturing processes and designs to minimise raw material use

### Scope 3 downstream

- Working with customers to optimise transport and distribution and provide pre-consumer recycled choices where possible
- Supporting and driving the circular economy

### Scope 1

- Driven by our near-term science-based targets
- Reductions in fuels used for heating
- Continual optimisation of our transport and service vehicle fleet

### Scope 2

- Improvements in energy efficiency, driven by our deployment of the Genuit Business System (GBS) across our Business Units
- Increasing our use of renewable electricity to 100% by 2030

# Advancing the circular economy

**We are leaders in the industry in terms of recycled materials and in establishing a robust end-of-life solution for plastics. Our aspiration is to maximise recyclability and explore innovative opportunities to further enhance our sustainability efforts.**

The Group acknowledges the imperative need to adopt an approach based upon the circular economy, minimising the consumption of raw materials and maximising the re-use of so-called 'waste materials'. We envisage a future where fewer resources are discarded and, instead, re-purposed or recycled. We aim to increase the production of new products using recycled materials that have already served their initial purpose within the economy and society, reducing reliance on virgin materials.

In moving to a circular economy, there will be a reduction in the use of virgin materials, and, as a consequence, society will benefit from:

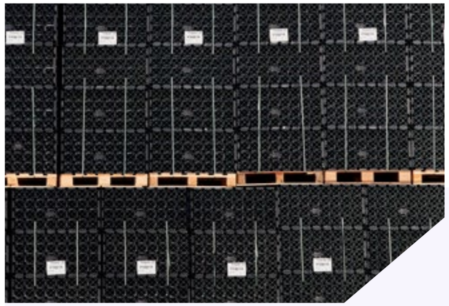
- reduction in waste destined for disposal;
- reduction in materials lost into the environment; and
- reduction in carbon impact ($CO_2e$ emissions), as the majority of embedded carbon in products is associated with the first use of virgin materials, such as for plastic, cement, steel and aluminium.

We have embraced a circular economy approach by prioritising the use of recycled polymers at our manufacturing facilities and establishing targets to maximise their utilisation. These recycled polymers generally exhibit lower embedded carbon compared to virgin materials. Consequently, by increasing our reliance on recycled polymers to support a transition to a circular economy, we not only reduce our supply chain's carbon footprint but also achieve a significant reduction in our scope 3 greenhouse gas (GHG) emissions.

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

Two of the main strategic objectives within our sustainability strategy are addressing climate change, and closing the loop by our use of recycled materials. The Group ambition is to be the lowest carbon supplier of choice for our customers, meaning that we must continue 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 the loss of plastic pellets, flakes or powder into the environment.

Our use of recycled materials has increased year-on-year and accounted for 52.0% of all our polymer requirements met by secondary materials during 2024.



## Use of recycled and alternative materials

Genuit Group is an industry leader in utilising recycled materials. Our commitment to circular economy principles has contributed to a substantial reduction in scope 3: category 1 Purchased Goods and Services emissions, which represents a significant portion of our overall carbon impact. We are committed to the use of recycled materials to help achieve our ambition of being the lowest carbon supplier of choice for our customers.

## Recycled PVC success in extrusion

Manthorpe Building Products completed a recycling project where they moved 13 different product ranges from virgin PVC to 100% recycled PVC. This resulted in 311 tonnes of recycled PVC being switched away from virgin PVC, saving 284 tonnes of $CO_2e$ in 2024. With the completion of this project, Manthorpe Building Products' recycled material percentage went above 50% for the first time.

# Tackling climate change

**The Group has set ambitious near-term and long-term greenhouse gas (GHG) reduction targets to achieve net-zero reductions in line with the latest climate science. The Science Based Targets initiative (SBTi) approved the Group's science-based emissions reduction targets.**

The Group's climate-related targets include a commitment to reducing emissions in the near and long term.

The establishment of science-based climate change targets is key to providing a robust framework to guide climate action.

Going beyond the SBTi near-term targets, and recognising the need to reduce carbon across the whole supply chain in order to achieve long-term targets, Genuit is also committed to reducing absolute scope 3 GHG emissions for our purchased goods and services, and had already achieved the 2027 target by 2023.

The Group's previously established carbon target of reducing the $CO_2e$ intensity remains a key element of our Sustainability Framework and is aligned with and complementary to our science-based targets (SBTs). Moving forward, we place greater emphasis on absolute carbon numbers, which is consistent with our SBTs and reflects that preference.

As described above, reducing the carbon emissions from our supply chain is an important initiative for the Group, given that 96.1% of our total 2024 carbon emissions fell within scope 3. 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. In 2024, 28% of our emissions were from purchased goods and services supplied by partners who had an SBT. We will continue to engage with our suppliers on science-based targets to support reductions in carbon emissions across the supply chain.

During 2024, the Group has continued to use significant volumes of recycled materials, leading the sector in the use of recycled polymers, and achieved a level of 52.0% during the year, our best performance to date. Headwinds such as product standards and some minor delays on project implementation provide challenges. Despite these headwinds, we remain committed to the principles of the circular economy, and are prioritising reductions in embedded carbon alongside the use of recycled materials. As a result, we see our Environmental Product Declarations (EPDs) carbon values being some of the lowest in our sector when compared to our competitors, either in terms of like-for-like or dissimilar raw materials, driven by our focus on the circularity of materials and the decarbonisation of operations and energy.

By offering polymer alternatives made from either recycled or virgin sources, to legacy materials such as concrete or copper, we are able to offer lower-carbon products than those legacy alternatives. We can see from the EPDs that we have published that there is a significant reduction in our embedded carbon; see page 33 for an example of the difference that is achievable. We continued in our engagement activities with standards regimes to be less prescriptive on how products are made, in terms of legacy materials, without compromising on performance and environmental and health standards.

We aim to use our leadership position as a way of driving change and to ensure that our customers have access to products that 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 their carbon impact.

During 2024, we submitted our Carbon Disclosure Project (CDP) climate change questionnaire for the first time. Our overall score for the Climate was a B, an excellent result for our first disclosure.

CDP
Discloser
2024

## Our climate targets

| | Science Based Targets initiative (SBTi) approved target | Target value | Current performance | Target year |
|---|---|---|---|---|
| Reduction in scopes 1 & 2 GHG emissions intensity ($tCO_2e/t$) (versus 2019 baseline year) | | 66% | 54.4% | 2025 |
| Reduction in absolute scopes 1 & 2 GHG emissions ($tCO_2e$) (versus 2021 baseline year) | ✓ | 30% | 31.9% | 2027 |
| | | 90% | | 2050 |
| Reduction in absolute scope 3: category 1 Purchased Goods and Services GHG emissions ($tCO_2e$) (versus 2021 baseline year) | | 13% | 31.3% | 2027 |
| Suppliers by emissions covering purchased goods and services with science-based targets (%) | ✓ | 83% | 28.1% | 2027 |
| Annual sourcing of renewable electricity (%) | ✓ | 100% | 96.3% | 2030 |
| Reduce absolute scope 3 GHG emissions ($tCO_2e$) (versus 2021 baseline year) | ✓ | 90% | 10.5% | 2050 |

## Genuit Group GHG inventory for 2024

We made excellent progress across all three GHG emissions scopes, with a reduction of 6% in scope 1, 40% in scope 2, and 6% in scope 3: category 1 Purchased Goods and Services year-on-year. These resulted in a 6.5% reduction in carbon emissions across our key GHG categories of scopes 1, 2 (market-based) & 3: category 1 Purchased Goods and Services.

Our carbon intensity has reduced by 54.4% since the base year of 2019. Table 1 on page 38 presents our full GHG inventory, while the table above shows how we are progressing against our climate targets.

To support our efforts to reduce scope 2 emissions, we increased our purchase of renewable electricity from 90.7% to 96.3%, as well as driving improvements in energy efficiency. Our energy use decreased by 1.6%, as shown in Table 4 on page 39.

Scope 3 emissions continued to reduce as a result of a combination of increasing material efficiency, the use of recycled materials, the use of lower-carbon alternative materials and engagement with suppliers on information-sharing and reducing value-chain emissions.

In producing the 2024 energy and GHG data, we used updated emissions factors (including country specific grid intensity factors) in line with the GHG protocol and reflecting changes to the published emission factors.

### Boundary, methodology and exclusions

An 'operational control' approach has been used to define the GHG emissions boundary. This approach captures the emissions associated with the operation of all Group buildings, such as warehouses, offices, and manufacturing sites, and company-owned transport. This information was collected and reported in line with the methodology set out in the UK Government's Environmental Reporting Guidelines. Emissions have been calculated using the latest conversion factors provided by the UK Government or other appropriate agency. The reporting period is from 1 January to 31 December. There are no material omissions from the mandatory reporting of scopes 1 & 2 emissions.

We have obtained limited assurance over our 2024 scope 1 GHG emissions, scope 2 GHG emissions (locations- market-based) and GHG intensity (scopes 1 & 2) per tonne of production data from Ernst & Young LLP; the GHG Assurance Report can be found on the Company's website.

The reporting of scope 3 emissions is in line with the GHG protocol. Based on this report, it is evident that scope 3 accounts for 96.1% of all emissions and amounts to 353,873 $tCO_2e$. This proportion is consistent with that of other businesses that rely on raw material suppliers to support manufacturing processes. Scope 3 activity data for Sky Garden, which was acquired in August 2024, has been included in the GHG inventory disclosed for 2024. However, not all scope 3 data is included for Omnie & Timoleon (also acquired in August 2024), but will be fully integrated during 2025, and reported in our scope 3 reporting for 2025.

During 2024, we enhanced our assessment of scope 3: category 11: Use of Sold Products. At Nuaire and Nu-Heat, we continued to assess our energy-consuming products. We used estimates on energy use and the design life of the products to produce the category 11 data, which resulted in an uplift of emissions.

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

Tackling climate change continued

## Table 1 Greenhouse Gas Inventory

| | Base year value 2021 ($tCO_2e$) | Emissions covered by targets ($tCO_2e$) (%) | 2023 reporting value ($tCO_2e$) | 2024 reporting value ($tCO_2e$) |
|---|---|---|---|---|
| Scope 1 ($tCO_2e$) | 19,547 | 19,547 (100%) | 13,893 | **13,063** |
| Scope 2 (market-based) ($tCO_2e$) | 1,487 | 1,487 (100%) | 2,093 | **1,264** |
| **Total scopes 1 & 2 (market-based) ($tCO_2e$) (ABS1)** | **21,034** | **21,034 (100%)** | **15,986** | **14,327** |
| **Electricity** | | | | |
| **Total electricity use (MWh)** | **81,102** | **81,102 (100%)** | **69,986** | **71,547** |
| Electricity procurement from renewable sources (MWh) | 76,236 | | 63,460 | **68,926** |
| % of electricity from renewable sources (O1) | 94.0% | | 90.7% | **96.3%** |
| **Scope 3 ($tCO_2e$)** | | | | |
| Category 1: Purchased Goods and Services | 335,282 | 335,282 (100%) | 245,734 | **230,264** |
| Category 2: Capital Goods | 17,803 | | 15,685 | **10,780** |
| Category 3: Fuel- and Energy-Related Activities | 10,879 | | 11,673 | **5,029** |
| Category 4: Upstream Transportation and Distribution | 9,204 | | 1,024 | **8,816** |
| Category 5: Waste Generated in Operations | 1,052 | | 1,060 | **555** |
| Category 6: Business Travel | 636 | | 416 | **1,157** |
| Category 7: Employee Commuting | 6,932 | | 6,964 | **4,085** |
| Category 8: Upstream Leased Assets | n/a | | n/a | **n/a** |
| Category 9: Downstream Transportation and Distribution | 6,002 | | 761 | **7,414** |
| Category 10: Processing of Sold Products | n/a | | n/a | **n/a** |
| Category 11: Use of Sold Products | 4,464 | | 3,670 | **84,852** |
| Category 12: End-of-Life Treatment of Sold Products | 3,054 | | 3,024 | **921** |
| 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: category 1) (O2) | 0% | | 32% | **28%** |

Notes: a) Genuit Group performed full inventory assessment of its scopes 1, 2 & 3 emissions during 2024 b) 3% of the GHG inventory is based on estimates including scope 3: category which was based on an employee survey and scope 3 category 1 where a minor amount of activity was estimated c) Scope 3: category 2 – 7, 9, 11, 12 and 13 excludes Omnie & Timoleon activity data d) 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 e) Data is prepared following the GHG Protocol methodologies with the following notes and alternative methodologies for scope 3 categories as detailed in note f (https://ghgprotocol.org/sites/default/ files/2022-12/AppendixD.pdf) f) 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'

## Energy use and reporting

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 injection-moulding and extrusion operations use significant amounts of electricity. We monitor our electricity usage very closely, even at a machine level, and take a proactive approach to improving 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 from 1 January 2024 to 31 December 2024. Our total GHG emissions, reportable under Streamlined Energy and Carbon Reporting (SECR) during the period specified above, was 15,818 tonnes $CO_2e$. This figure has been derived using the UK Government's most recent GHG Conversion Factors for Company Reporting (2024) and other appropriate emission factors. This is in line with standard industry practice and allows fair comparison with other UK businesses. The scope 3 emissions presented in Table 3 include transmission & distribution (T&D) losses and emissions from business travel in private vehicles (grey fleet), in line with previous submissions. A full scope 3 inventory is presented in Table 1.

The Group's SECR reported scopes 1, 2 & partial scope 3 (grey fleet and T&D losses) GHG emissions were 9.2% lower than in the 2023 reporting period. This resulted in the Group achieving an emissions intensity of 0.124 tonnes $CO_2e$ per tonne of product during 2024.

## 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 ISO 50001, and we have production sites that are included in the UK Government Climate Change Agreement (CCA) scheme. During 2024, the business complied with the UK's Energy Savings Opportunity Scheme (ESOS) Phase 3 compliance deadline, with site-based energy audits and the identification of energy-saving projects. These, along with CCA audits and the continuous improvement required by ISO 50001, have given the sites and the Group a wide range of energy reduction programmes to take forward in the short-term.

During 2024, we achieved a reduction of 1.6% in energy consumption (see Table 4).

Our focus on reducing scopes 1 & 2 emissions, measured by absolute emissions and emissions intensity, is providing the impetus to reduce our use of energy. The Genuit Business System, GHG and energy efficiency programmes are supporting improvements in both carbon emissions reduction and relative improvements in energy efficiency.

### Table 2 Group GHG emissions (tonnes $CO_2e$) by source and reporting period for SECR reporting

| Source | 2023 | 2024 | Change | Percentage share |
|---|---|---|---|---|
| – fuel combustion (stationary) | 4,200 | **3,836** | -8.7% | 24.2% |
| – fuel combustion (mobile) | 9,815 | **9,390** | -4.3% | 59.4% |
| – fugitive emissions (F-gas) | 39 | **57** | 46.2% | 0.4% |
| – purchased electricity, including T&D losses* | 3,372 | **2,536** | -24.8% | 16.2% |
| **Total emissions ($tCO_2e$)** | 17,426 | **15,819** | **-9.2%** | **100%** |

* The 2024 emissions figure for purchased electricity given 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 that a company has and instead uses a national carbon emissions factor for electricity. Following the location-based methodology (which is also required to be also reported under SECR regulations alongside market-based figures), our 2024 emissions from electricity were 15,234 $tCO_2e$ (excluding transmission and distribution (T&D) losses), giving total emissions of 29,788 $tCO_2e$ (inclusive of T&D losses) and an intensity of 0.259 $tCO_2e$ per tonne of production – a 2.9% reduction year-on-year. The remaining electricity emissions figure given above of 1,264 $tCO_2e$ is from electricity not covered by our zero-carbon tariff.

UK legislation requires the public reporting of scopes 1 & 2 emissions, with the reporting of scope 3 emissions for quoted companies being optional. Tables 2 and 3 present limited scope 3 emissions resulting from the losses associated with the use of grid electricity and grey fleet use, in order to maintain year-on-year comparisons. Full reporting of scope 3 emissions is shown in Table 1 on page 38.

### Table 3 Group GHG emissions (tonnes $CO_2e$) by scope and reporting period for SECR reporting

| Emissions scope | 2023 | 2024 | Change | Percentage share |
|---|---|---|---|---|
| Scope 1 | 13,893 | **13,063** | -6.0% | 82.6% |
| Scope 2 | 2,093 | **1,264** | -39.6% | 8.0% |
| Scope 3 (limited scope)* | 1,440 | **1,492** | 3.6% | 9.4% |
| Total emissions ($tCO_2e$) SECR* | 17,426 | **15,819** | -9.2% | 100% |
| **Total emissions ($tCO_2e$) of scopes 1 & 2** | 15,986 | **14,327** | **-10.4%** | |
| Output (tonnes of production) | 113,873 | **115,138** | 1.1% | |
| Intensity ($tCO_2e$ per tonne of production) | 0.140 | **0.124** | -11.4% | |

* Scope 3 emissions resulting from the transmission and distribution losses associated with the use of grid electricity and the grey fleet, which is defined as the use of personal vehicles used for business purposes.

When the SECR-related emissions are split by type, as shown in Table 2, it is fuel combustion in transportation and the combustion of fossil fuels at our sites that make up the largest portion of the portfolio, at 83.6%.

Table 4 below shows the total energy consumption for the Group and the split in energy source/fuel type. We can see a reduction in energy consumption for other fuels, including natural gas for heating and transport fuel, year-on-year. The Group energy consumption, shown in Megawatt Hours (MWh) by type and reporting period, was as follows:

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

| Emissions scope | 2023 | 2024 | Change | Percentage share |
|---|---|---|---|---|
| Other fuel (MWh) (inc. T&D losses) | 29,017 | **26,671** | -8.1% | 19.3% |
| Transport fuel (MWh) | 41,391 | **39,976** | -3.4% | 28.9% |
| Electricity (MWh) (delivered) | 69,986 | **71,547** | 2.2% | 51.8% |
| **Total consumption (MWh)** | 140,394 | **138,194** | **-1.6%** | **100%** |

## UK and global consumption

A requirement of SECR reporting for applicable companies is that they provide information on the 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 5 Energy consumption (MWh) by type and reporting period

| Territory | Scope | $tCO_2e$ | MWh |
|---|---|---|---|
| UK | 1 | **12,483** | **59,616** |
| Global | 1 | **580** | **556** |
| UK | 2 | **812** | **69,973** |
| Global | 2 | **452** | **1,574** |
| UK | 3 | **1,463** | **6,349** |
| Global | 3 | **29** | **126** |
| **Total** | | **15,819** | **138,194** |

* Scope 3 emissions resulting from the transmission and distribution losses associated with the use of grid electricity and the grey fleet, which is defined as the use of personal vehicles used for business purposes.

# Pathway to Net-Zero

### 1. The journey so far

- Carbon intensity decreased by 54.4%
- Recycled content at 52.0%
- Scopes 1 & 2 emissions decreased by 31.9%
- 96.3% of purchased electricity from renewable sources
- Emissions from purchased raw materials decreased by 31.9%
- Suppliers by emissions covering purchased goods and services, 28.1%

### 2. Leading the pack

- Aligning ambitions with climate science through the setting of science-based targets
- Decarbonising our own site operations
- Reducing emissions from transport with plug-in hybrid electric vehicles (PHEVs) or full electric vehicles (EVs) and bio-fuels
- Reducing embedded carbon from new materials and using recycled polymer content
- 30% reduction in absolute scopes 1 & 2 GHG emissions by 2027


### 3. 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 the value chain through supply chain science-based target commitments
- 100% purchase of renewable electricity

### 4. Delivering net-zero

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

# Pathway to Net-Zero

**We are committed to long-term Group-wide emission reductions in line with net-zero and the Science Based Targets 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 June 2024, the SBTi approved our long-term commitment of a 90% reduction in scopes 1, 2 & 3 emissions by 2050.**

We are pleased to announce that in June 2024, our long-term reduction plans were approved by the SBTi, including a 90% reduction in scopes 1 & 2 and a 90% reduction in scope 3 emissions by 2050. In making these commitments, Genuit has set defined targets required as part of our climate-related transition plan and Pathway to Net-Zero.

Goods purchased for the manufacture of products account for the majority of our GHG inventory (scopes 1, 2 & 3). 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. In line with circular economy thinking and industry-recognised practices, once materials go through their first use and come back into 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 securing our position as one of the leading consumers of recycled polymers.

In the short and medium terms, the switch from virgin materials to recycled materials 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 more viable, offering a lower embedded carbon content than conventional materials. These innovations will be crucial where applications do not allow for the use of recycled materials. Bio-polymers are materials where the base component is produced from natural sources, for example being chemically synthesised from a biological material.

A key element of achieving our Pathway to Net-Zero is the setting of challenging targets in the short term to provide the impetus for continuous progression and to remain on the required trajectory. As part of this journey, and since 80% of our total GHG inventory is in our purchased goods i.e. the raw materials we buy to manufacture our finished goods, supply chain engagement is crucially important. We have set ambitious scope 3 targets in terms of the 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 $CO_2$e 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 considered carbon neutral if residual emissions are offset by other carbon reduction activities and a third party assessment has verified the claim. These 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?

Net-zero is 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 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% made before 2050 are crucial for net-zero targets to align with current thinking on climate science.

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

### What is the 'Science Based Targets Initiative' (SBTi)?

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

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

The SBTi develops criteria and provides 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 received approval for its near and long-term targets from the SBTi.

### What are 'science-based targets'?

Science-based targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping to 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, we understand the serious threat that climate change poses to our planet and recognise our responsibility in mitigating and adapting to its impacts through sustainable business practices and climate-resilient products.

We acknowledge the scale of action required and the role that 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 solutions, 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 supplier of 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 the 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 pages 36 and 37.

During 2024, we built on our 2023 assessments, and continued to enhance our understanding and quantification of risks and opportunities with the deployment of quantitative analysis for both transition and physical risks and opportunities. In both cases, a third party was used to build bespoke scenario models. For transition risks 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 that 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 below 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.

**We comply with the FCA's Listing Rule 6.6.6R(8) and make disclosures consistent with the 2017 and amended 2021 TCFD recommendations along with the 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.

| TCFD Pillar | TCFD Recommendation | More detail on pages |
|---|---|---|
| **Governance** | a) Board oversight | 43 |
| | b) Management's role | |
| **Strategy** | a) Climate-related risks and opportunities | 45 to 53 |
| | 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 | 44 to 46 |
| | b) Risk management process | |
| | c) Integration into overall risk management | |
| **Metrics and targets** | a) Climate-related metrics to assess climate risks and opportunities | 22, 32 and 37 |
| | b) Scopes 1 & 2 and, if appropriate, scope 3 GHG metrics and the related risks | 53 |
| | c) Climate-related targets and performance against targets | 37 |

# 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 the monitoring and management of these risks and opportunities to the Risk Committee. Details of the membership, activities, responsibilities, and frequency of meetings can be found in our Risk Committee Report on page 87 and 111.

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 by mitigation against physical risks (such as flooding and extreme heat) through integrated surface and drainage solutions and through building cooling systems. It is a key factor in decision-making and is considered by senior executives when setting ambitions for Group strategy. During 2024, we continued to integrate the monitoring, reporting and understanding of climate-related risks and opportunities into our individual businesses. The climate-related risks detailed within the Business Unit risk registers are reviewed and captured as part of our principal risks, 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 due 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 87, and the risk management framework can be found on page 112.

Climate-related risks and opportunities in the context of the TCFD framework are a standing agenda item at Risk Committee meetings and were considered at the January, July and October meetings during 2024. Mechanisms, such as the use of a specific pro-forma template that is structured as a dedicated climate-related risks and opportunities register, provides the Committee with detailed assessments of these risks and opportunities.

The Board is updated after each meeting on the key discussions and decisions at the Risk Committee meetings, which includes detail on the discussions surrounding climate-related risks and opportunities. This is via a written report, as well as a verbal update from the Risk Committee Chair, to allow Board members to effectively challenge and question decisions and outcomes. 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 97.

The Board monitors climate-related targets through the non-financial KPIs relating to scopes 1, 2 & 3 emissions, as outlined within the Strategy section of this Report on pages 22 and 32. 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 sustainability targets are embedded in our long-term incentive plan, with carbon reduction targets being a 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 Directors' Remuneration Report on pages 128 to 130.

## Risk management

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

Climate change 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 and 2024, the Group's use of quantitative scenario modelling for transition and physical risks and opportunities have enabled a deeper understanding of the progression of mitigating actions and key performance indicators resulting in a reduced overall net scoring to Climate as a principal risk. Further details on the structure of the Group's risk management framework and climate risk as a principal risk can be found in our principal risks and uncertainties on pages 77 to 85 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 reports to the Risk Committee on a rotational basis; these include 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 Management Team member and a member of the Risk Committee) and supported by the Group's Sustainability Director, during the year, the climate-related risks and opportunities risk register was reviewed and updated in line with the risk management framework and the latest quantitative analysis. 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. There is a mechanism and opportunity for challenge and scrutiny by the Risk Committee of the climate-related risks and opportunities, which ensures adequate approvals are in place for any significant changes. At its meeting in July 2024, the Risk Committee approved the identified transition and physical risks and opportunities undergoing an 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 risks and opportunities, the models enable the Group to analyse various possible short, medium, and long-term scenarios and how they may impact the business.

The 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. These are detailed and disclosed on pages 47 to 53 and include the latest analysis performed in 2024.

Undertaking this analysis and discussing the methodology and outputs with the Risk Committee has provided further educational opportunities regarding the increasing impact of climate-related risk on the Group's operations, also confirming the opportunities that it presents, which are linked with 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 that the Group is informed of future regulatory direction, we engage with industry bodies within the UK and Europe, such as the Construction Products Association (CPA), The European Plastic Pipes and Fittings Association (TEPPFA), the British Plastics Federation (BPF), Future Homes Hub and the British Electrotechnical and Allied Manufacturers' Association (BEAMA), and provide 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 is important to continuously review and update our analysis which 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 can be found on our website. During 2024, our climate-related risks and opportunities were periodically updated and reviewed by the Risk Committee. The Group intends to continue to update its analysis on climate-related risks and opportunities during 2025, 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 that progress continues to be adequately reported to the Board.

## 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 that may cause varying levels of financial and reputational risk 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 the transition and physical risks that climate change poses that we seek to address and mitigate. However, we acknowledge that with these risks comes various opportunities, given our Sustainability Framework (read more on pages 31 and 32 of the Strategic Report). It should be noted, therefore, that whilst climate change is assessed to be a principal risk, this is based on 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 2024, a review of climate-related risks and opportunities was conducted to identify those that 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 review was then used to assess the residual risk, following any implementation of appropriate mitigations.

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 that have potential to make a considerable impact on our operations, strategy or financial performance if they are not suitably controlled. Significant opportunities are those that have the 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 were, of significance to the business.

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

**Medium term**
This period is consistent with our view on SBTs and Genuit's Pathway to Net-Zero.

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

| Time horizon | Period |
|---|---|
| Short term | (0-5 years) |
| Medium term | (5-10 years) |
| Long term | (10+ years) |

## Task Force on Climate-Related Financial Disclosures continued

These identified risks and opportunities are a key factor in the financial and operational planning process, both for long-term strategic decision-making and in the short to medium term. Our Pathway to Net-Zero transition plan, as detailed on page 40, 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 2024, 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 and maintain our usage of recycled materials. 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 2024, with c.89% 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 that we are in keeping with the relevant jurisdiction targets as part of our economic evaluation of those opportunities.

Following the identification and assessment of climate risks and opportunities relevant to our businesses through engagement with key stakeholders (see the Risk Management section of this Report on page 44), 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 of 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 that we have identified and assessed our climate risks and opportunities against. Furthermore, these time frames align with our short/medium-term business planning processes and our longer-term strategic overview.

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, within 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 the 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 that 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.

| 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) | SSPI[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) |

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. Physical climate impacts are expected to be lowest and greatest under RCP 2.6 and RCP 8.5 respectively.
3 IPCC – The Intergovernmental Panel on Climate Change RCPs are the market-accepted reference scenarios that 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 contexts), in the absence of further climate policy, (i.e. technological, economic and demographic contexts).

**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 time frame, which aligns with the Paris Agreement and other governmental net-zero 2050 targets.
- Broadly align with scenarios commonly used in TCFD reporting, facilitating better comparison between disclosures.
- Include reputable and broadly used data and assumptions.

Disclosure definition/materiality

- <£1m financial impact Low risk
- £1m to £10m financial impact Medium risk
- >£10m financial impact High risk

## Climate-related risks and opportunities

| 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 we are 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 we are 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 was assessed but scenario analysis was not undertaken | | | | | **Time horizon** Short to medium<br>**Metrics** Annual carbon inventory GHG emissions, scopes 1, 2 & 3<br>**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.<br>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 are 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:<br>– increased costs in the medium to long term, due to damage and disruption from extreme weather events requiring asset restoration;<br>– revenue lost due to business disruption in the medium to long term under all scenarios; and<br>– reduction in asset values due to increased exposure to physical risk. | **Time horizon** Medium to long<br>**Metrics** Annual carbon inventory<br>Proportion of sites deemed as at flood risk during annual review process<br>**Targets** No worsening of flood risk assessment |
| | | | | | SSP2-4.5 (2-3°C) Similar worsening of flood risk assessment 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. | | | | During 2024, 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. | |

## Task Force on Climate-Related Financial Disclosures continued

Disclosure definition/materiality

- <£1m financial impact Low risk
- £1m to £10m financial impact Medium risk
- >£10m financial impact High risk

| 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 the 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.<br><br>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 with guidance from our advisers. Changes that impact the Group are communicated to the Board and action is taken where appropriate. Our SBTs and journey to net-zero will mitigate our exposure to carbon-related tax. | (1.5°C) Early Action – Early implementation of a carbon pricing mechanism to all economies with a net-zero commitment. 2030: £114/t$CO_2$ 2050: £203/t$CO_2$. | | | | 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 that our value chain predominantly operates in countries with net-zero commitments, this could result in the following potential financial implications:<br>– increased expenditure due to the cost of carbon taxes and indirect costs passed through our supply chain; and<br>– we may have to absorb this cost, leading to reduced profit margins. Alternatively, we may need to increase prices, potentially impacting our competitiveness.<br><br>During 2024, 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**<br>Medium<br><br>**Metrics**<br>Annual carbon inventory in line with SBTs<br><br>GHG emissions, scopes 1, 2 & 3<br><br>Non-financial KPI, Vitality Index<br><br>**Targets**<br>2025 target of 25% of sales from products launched within, the preceding five years<br><br>2025 target of 62% of tonnage from recycled polymers<br><br>2025 target of 66% reduction of $CO_2e$ emissions intensity (scopes 1 & 2) from 2019 base year<br><br>2027 target of 30% reduction in scopes 1 & 2 emissions from 2021 base year<br><br>2027 target of 13% reduction in scope 3: category 1: 'Purchased Goods and Services' emissions from 2021 base year<br><br>83% of suppliers by emissions covering purchased goods and services will have science-based targets by 2027 |
| | | | | | (<2°C) Late Action – Pricing mechanisms are introduced later on and at lower rates. 2030: £109/t$CO_2$ 2050: £162/t$CO_2$. | | | | | |
| | | | | | (>3°C) Business as usual (BAU) – Only existing or announced carbon pricing schemes are applied under lower rates. 2030: £97/t$CO_2$ 2050: £109/t$CO_2$. | | | | | |

Disclosure definition/materiality

🟢 <£1m financial impact Low risk — 🟠 £1m to £10m financial impact Medium risk — 🔴 >£10m financial impact High risk

| Risk | Risk type | TCFD category | Potential impact | Mitigating actions | Scenario analysis and results | Short (< 5 years) | Medium (2030) | Long (2050) | | Time horizon/metrics/targets |
|---|---|---|---|---|---|---|---|---|---|---|
| **Increased raw material costs** | | | | | | | | | | |
| The potential financial impact of the increased demand for 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 the limited supply of materials; reductions in profit margins as materials required to aid the transition to net-zero increase in price.<br><br>Operations: Challenges in continuing operations or a reduction in product offerings if materials become too costly. | Group has established relationships with several raw material suppliers to ensure competition across its supplier base.<br><br>Our move to increase our use of recyclate also mitigates against raw material volatility. | (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.<br><br>Overall, the resulting financial impacts could potentially be significant under NZE in the medium to long term:<br><br>– 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; and<br><br>– in some cases, our ability to procure low-carbon materials may be affected, which could impact the fulfilment of customer contracts and revenues generated.<br><br>During 2024, quantitative analysis was undertaken and this risk was updated to reflect the scenario outcomes, specifically in the <5 years and STEPS/APS scenarios, where the impact changed from low (green) to medium (orange). | **Time horizon**<br>Short to medium<br><br>**Metrics**<br>Non-financial KPI, Recycling Margin over direct materials<br><br>**Targets**<br>2025 target of 62% of tonnage from recycled polymers<br><br>Achievement of Group EBIT margin targets |
| | | | | | (<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. | 🟠 | 🟠 | 🔴 | | |
| | | | | | (>3°C) BAU – 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

Disclosure definition/materiality

- Green: <£1m financial impact, Low risk
- Amber: £1m to £10m financial impact, Medium risk
- Red: >£10m financial impact, High risk

| 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 the supply of raw materials and products, due to increased incidence and the severity of extreme weather events. | Physical | Acute/ Chronic | Financial: Increased price of raw materials, particularly polymers, resulting in reduced profit margins.<br><br>Supply chain: Disruption in the 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. | Medium risk | High risk | High risk | Based on quantitative financial modelling using industry standard climate models and, based on the 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 greatest type of risk in the medium and long term.<br><br>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.<br><br>During 2024, 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**<br>Medium – long<br><br>**Metrics**<br>Non-financial KPI, Recycling (use of recyclate reduces exposure to internationally sourced virgin raw materials)<br><br>**Targets**<br>2025 target of 62% of tonnage from recycled polymers<br><br>2027 target of 13% reduction in scope 3: category 1: 'Purchased Goods and Services' emissions from 2021 base year<br><br>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. | Medium risk | High risk | High risk | | |
| | | | | | SSP5-8.5 (>3°C) Compared to SSP1-2.6 (in 2050), a marked increase in the frequency and severity of extreme weather events is projected. | Medium risk | High risk | High risk | | |

Disclosure definition/materiality

>£10m financial impact High opportunity

£1m to £10m financial impact Medium opportunity

<£1m financial impact Low opportunity

| 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 | Products & Services | Financial: Overall revenue growth from increased sales of low emission products and services. Access to new sources of finance.<br>Operations: Reduced exposure to increasing carbon taxes, due to the 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 upon increasing our revenues from low carbon products. | (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. | | | | During 2024, quantitative analysis was undertaken on specific products to examine the impact, of market growth, changes to regulation and customer preferences.<br>The analysis revealed positive opportunities for revenue growth under the APS and NZE scenarios.<br>Under a STEP scenario, static regulatory requirements are not creating the environment to drive demand for lower embodied carbon content for building products. However, customer preference for low-carbon products should drive opportunities in the absence of regulator drivers.<br>Based on the 2024 quantitative analysis, this opportunity was updated to reflect the scenario outcomes. | **Time horizon**<br>Medium<br>**Metrics**<br>Revenues from low carbon products<br>Non-financial KPI, Vitality Index<br>Non-financial KPI, Recycling<br>Measuring the carbon content of ranges, as per Environmental Product Declarations<br>**Targets**<br>2025 target of 25% of sales from products launched within the preceding five years<br>2025 target of 62% of tonnage from recycled polymers<br>2027 target of 13% reduction in scope 3: category 1: 'Purchased Goods and Services' emissions from 2021 base year<br>83% of suppliers by emissions covering purchased goods and services will have science-based targets by 2027 |
| | | | | | (<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. | | | | | |
| | | | | | (>3°C) BAU – Policy and market pressure are limited, due to a lack of policy ambition compared to NZE and APS. External forces driving the innovation of low emissions products and services are customer preferences. | | | | | |

## Task Force on Climate-Related Financial Disclosures continued

Disclosure definition/materiality

- >£10m financial impact High opportunity
- £1m to £10m financial impact Medium opportunity
- <£1m financial impact Low opportunity

| 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 Group's water management solutions. | Transition | Market | Financial: Increased revenue due to the demand for reliable drainage systems and growing SuDS requirements in new major developments.<br><br>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 it's portfolio. The Group recognises the demand for a full solution and is working with customers and partners, including in relation to AMP8, to provide comprehensive technology-based solutions. | SSP1-2.6 (<2°C) Heavy precipitation and flood events are likely to increase in frequency and severity, albeit 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.<br><br>There is the potential for significant increases in revenue as demand for resilient drainage systems increases under higher emissions scenarios across all time horizons.<br><br>During 2024, this opportunity 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**<br>Short<br><br>**Metrics**<br>Measured via revenue from qualifying product ranges<br><br>**Targets**<br>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 the frequency and severity of extreme weather events is projected. Heavy precipitation and drought events are likely to double in frequency verses SSP1-2.6. | | | | | |

Disclosure definition/materiality

🟢 >£10m financial impact High opportunity
🟠 £1m to £10m financial impact Medium opportunity
🔴 <£1m financial impact Low opportunity

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| **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.<br><br>Supply chain: Greater collaboration on decarbonisation and enhancements to circular economy thinking by the greater use of recycled raw materials. | The Group continues to increase the use of recycled raw materials.<br><br>The Group works with the supply chain to ensure that 83% of suppliers by emissions have a science-based climate target by 2027. | (1.5°C) Early Action – Material reduction in the free allocation of carbon allowances under the EU and UK Emission Trading Schemes 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, 2035 was assumed to be a common end point. The analysis showed that cost avoidance was possible and beneficial, especially under the NZE and APS scenarios.<br><br>The analysis revealed the potential cost avoidance by maximising the recycled content of the polymer products and engaging with the supply chain to ensure decarbonisation of virgin material supplies are implemented.<br><br>During 2024, this opportunity 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**<br>Short/Medium/long<br><br>**Metrics**<br>2027 SBTi and related carbon in the supply chain targets<br><br>**Targets**<br>2025 target of 62% of tonnage from recycled polymers<br><br>2025 target of 66% reduction of $CO_2e$ emissions intensity (scopes 1 & 2) from 2019 base year<br><br>2027 target of 30% reduction in scopes 1 & 2 emissions from 2021 base year<br><br>2027 target of 13% reduction in scope 3: category 1: 'Purchased Goods and Services' emissions from 2021 base year<br><br>83% of suppliers by emissions covering purchased goods and services will have science-based targets by 2027 |
| | | | | | (<2°C) Late Action – Similar to NZE, with a lower carbon price and later reduction in free allocation. | 🔴 | 🟠 | 🟢 | | |
| | | | | | (>3°C) BAU – Similar to APS, with a lower carbon price and later reduction in free allocation. | 🔴 | 🟠 | 🟠 | | |

## Metrics and Targets

Following the implementation of our Sustainability Framework in 2020, the Group identified the relevant metrics and targets to monitor progress towards achieving its sustainable goals. These metrics and targets form part of our strategic operations and inform our decision-making.

These have been mapped against our identified climate-related risks and opportunities, as detailed in the tables on pages 47 to 53. 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 seen as at flood risk have also been included where relevant, to enable effective and targeted monitoring on an annual basis.

A core element of our transition plan is our commitment to being net-zero by 2050, which is based upon the 1.5°C Business Ambition, and 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 have 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 37.

Further information on our Pathway to Net-Zero transition plan can be found on page 40.

Further information on our newly validated long-term net-zero targets can be found on pages 36 and 37.

Details of scopes 1, 2 & 3 emissions are included in the Sustainability section on page 38 within the Strategic Report. Our non-financial KPIs in respect of recycling and greenhouse gas emissions for the 2024 financial year are detailed on page 22 of the Strategic Report. Progress towards achieving our 2025 and 2027 climate-change targets is included on page 37 of the Strategic Report, and historical data for these targets can be found in the Sustainability Report for 2024.

# Health, Safety and Environment

At Genuit, our commitment to the health, safety and wellbeing of our employees is at the centre of everything we do. We firmly believe that a thriving workforce is the foundation of our success, and we prioritise creating an environment where every individual feels supported, valued and safe.

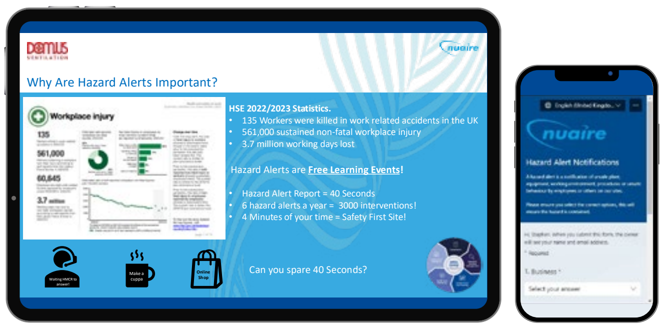

During 2024, we continued to invest in initiatives and practices that promote health, safety, and physical and mental wellbeing. Whilst there has been activity in each of the five core elements of our health, safety and environment (HSE) strategy, there has also been a notable focus on the 'Culture and Behaviour' element.

In our HSE Strategy, we state that safety is not just a policy but is a way of life, and we recognise that a strong safety culture is the foundation of Zero Harm. 2024 has seen significant progress in achieving our HSE Strategy, as we focused on:

- **Leadership H&S Tours**
  Our leadership teams played a crucial role in driving our health and safety initiatives forward and further strengthening our safety culture. In 2024, we trained many of our leaders at all levels on how to conduct a 'Leadership H&S Tour' – a tour that focuses on speaking with employees about safety, finding out what is working and what still needs work, and listening to their ideas and their contributions. These tours have not only fostered open communication but have also provided valuable opportunities for leadership to reinforce our commitment to safety and wellbeing. Over 600 Leadership H&S Tours were conducted by our senior leaders in 2024. With more training planned for 2025, we hope to substantially increase the number of these tours during the coming year.

- **Positive health and safety conversation training**
  Over 100 leaders have been trained in how to 'intervene' when 'something doesn't look right', in a positive, concerned way. The aim is to demonstrate the organisation's commitment to keeping people safe and better understanding why people do the things that they do. The technique focuses on the consequences of their actions, rather than on the act itself. Conversely, the training encourages leaders to give positive feedback when things are done right, particularly if they have had a recent intervention conversation, thereby 'reinforcing' the right (safe) behaviours.

- **Reporting of hazards and near misses**
  Effective reporting of hazards and near misses has seen continued focus across the Group in 2024, resulting in large-scale increases in the number of reports and the number of employees engaging and getting involved. A total of 18,501 hazards and near misses were reported in 2024, compared to 8,214 in 2023. In addition to increased reporting numbers and participation, many sites are seeing an increase in the number of hazards being rectified immediately, usually by the employee spotting it. An example of this is at Nuaire, where they are reaping the benefits of a hazard-reporting process revamp and communications campaign, surpassing their 2024 target of 3,000 reports (up from 797 in 2023) and seeing immediate close-out rates topping 70%.




- **Incident investigation training**
  12 employees undertook an advanced three-day incident investigation course to ensure that the Group's approach to incident investigation uncovers the root cause, to enable the identification of effective preventative action. This approach ensures that we avoid a blame culture and move towards a 'fair and just' culture. Three of the 12 trainees went on to complete a further two-day training session to enable them to deliver this investigation training in-house, ensuring that those involved in any type of incident investigation are armed with this knowledge and these skills.



- **Our Trademark Behaviours (TMBs)**
  Our TMBs are designed to help create the right culture for success. Polypipe Civils & Green Urbanisation, based in Horncastle and Loughborough, celebrated HSEQ success in 2024, with awards given to those that demonstrated our TMBs linked with safety, health and the environment. Each site also had an additional award for Safety Ambassador of the Year.

The Genuit Blue HSE Audit programme commenced in the first quarter of 2024, with 12 audits completed; the remaining two to be completed in early 2025. The response and support received were exceptional. Five members of the HSE team from across the Group assisted in delivering these audits, developing their own skills and competency to become Lead Auditors. The audits have confirmed we have a lot to be proud of, and that there are plenty of opportunities for us to improve further. By sharing and learning from one another, we hope to accelerate the realisation of these opportunities.

In line with the HSE strategy, the Group has sharpened its focus on the risks faced by employees who drive as part of their work. This includes our professional HGV and LGV drivers, as well as those that drive cars on company business. During the year, a Fleet Safety Steering Committee was established that focuses on developing and updating various driving policies and handbooks, identifying driver profiling and training, ensuring that accidents are adequately and swiftly reported and investigated, and undertaking 'Fleet Audits'. The overall aim of the Group's efforts is to reduce the risk faced by those driving and to ultimately reduce road traffic accidents.

During the year, we placed an additional focus on health and wellbeing, another of the five core elements of our HSE strategy, to ensure that we take a Group-wide approach in terms of Occupational Health (OH). As reported last year, we undertook a review of the OH structure in the later part of 2023, which led the Group to pursue a more 'regional model'. This regional model now ensures that all employees, regardless of their location, have easier access to OH support for health surveillance, pre-starter medicals and quicker access to physiotherapy, and counselling services. Some sites run regular physiotherapy and counselling clinics on site, while other sites have access to these services on an 'as needed' basis. Many sites have mental health first-aiders already in place, and those sites that do not have them will be looking to change this during 2025. The purpose of a mental health first aider (MHFA) is to provide support and guidance to people experiencing mental health issues, and to reduce the stigma around mental health. MHFAs can help spot the signs and symptoms of common mental health issues, provide confidential support and reassurance, and guide the person to seek professional support, as appropriate.

Whilst the primary Key Performance Indicators (KPIs) tend to be lagging indicators, as shown below, 2024 saw the introduction of several additional KPIs, such as Leadership Tours, Hazard and Near Miss Close Out Rates, Hazards and Near Miss Reporting per Employee, and Training Hours per Employee. These additional KPIs have given us insight into the amount of work and input of each site to manage health, safety and wellbeing. Utilising the new KPIs will enable us to place additional focus on sites or teams that require further support to improve safety performance, offering additional support and resources to address any gaps in safety practices.

As we look ahead, we are determined to build on the achievements of 2024, striving to set new standards in workplace wellbeing and safety to help deliver Zero Harm. Together, we will continue to create a culture that empowers our employees to thrive in a supportive and secure environment.

### Key Performance Indicators

Frequency per 100,000 hours worked

| | 2022 | 2023 | **2024** |
|---|---|---|---|
| Minor Accidents | 4.35 | 4.04 | **3.79** |
| Lost Time Accidents | 0.73 | 0.71 | **0.68** |
| HSE Reportable Accidents* | 0.26 | 0.42 | **0.30** |
| Fatalities | 0 | 0 | **0** |

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

# People and Culture

At Genuit, we believe that an inclusive and diverse workforce is a competitive advantage. By investing in, and creating, an open and encouraging culture across the Group that celebrates our differences, we bring out the best in our people.

**Total number of colleagues**

3,200

We are committed to enhancing the overall employee experience through investment, driving our diversity and inclusion strategy and introducing new ways to listen to, and learn from, our people. We aim to create an environment where people have a voice and are engaged, empowered and included.

During 2024, we made significant progress in improving our employee experience through investment in our people and systems, and by creating a shared culture that connects all our businesses.

Employees need to understand and feel recognised for the part they play to achieve their full potential. In 2024, we have focused on communication around our strategy, purpose and Trademark Behaviours.

# Listening to, and learning from, our people

We work hard to connect with all employees across the Group. In March 2024, we ran our first Group-wide survey, Your Voice, which has provided an important new channel for employee listening.

69%

**Overall participation**

Our overall engagement score is aggregated across 4 questions:

**1.** How likely is it that you would recommend the Genuit Group as a place to work?

**2.** How likely is it that you would stay working here if offered the same job at another organisation?

**3.** How likely is it that you would recommend our products or services?

**4.** Overall, how satisfied are you with working here?

**Overall engagement score for the Genuit Group: 7/10**

Following the Your Voice feedback, in addition to results and highlighted focus areas for Genuit Group overall, the leadership team within each business took ownership for their businesses' results and action planning. Follow-up focus group sessions were held so leaders could understand feedback beyond the numbers, and create mechanisms to drive improvements. Giving local businesses the time, space and support to interpret results and establish meaningful action plans creates trust for future surveys. We want to ensure we always have representative participation in our employee engagement surveys, taking action in the areas that matter most to our people.

In 2025, we plan to move into a regular survey cycle, running a shorter pulse engagement survey in early Q2 and a full engagement survey later in the year. We will continue to listen, learn, act, and measure impact to keep delivering improvements to our employee experience.

We will also align the results from the Your Voice survey with feedback obtained as part of our Board Workforce Employee Engagement programme. You can read more about our programme and the work of our employee engagement Non-Executive Director on page 96 of the Governance Report.

In May, Meta announced that they will retire our Group-wide communications platform, Workplace, in 2025. We took this opportunity to review our current communications approach, listen to users, and engage with our colleagues in the process of finding a new platform that catered to their needs.

### What we did

| | |
|---|---|
| July and August | **Understanding the landscape**<br>– Held focus groups with HR, communications and marketing colleagues<br>– Collated anecdotal feedback<br>– Conducted a Workplace audit |
| September and October | **Platform demonstrations and shortlisting** |
| November | **Stakeholder scoring sessions**<br>– Sessions held to gain colleague feedback on the top three platforms<br>– A total attendance of 92 colleagues across all sessions – this covered all businesses and role types, including deskless workers |
| December | **Communicated the review outcomes** |

### The outcome

The review process directly engaged with employees and involved them in our decision-making. As a result, we gained further insights and feedback, and this has enhanced our overall communications strategy. In addition, our chosen platform has improved functionality and is more closely aligned with our objectives. Our new communications platform is due to launch in Summer 2025.

Overall rating: 67% of colleagues rated our chosen platform as their favourite or second favourite

Colleagues rate having one place to go to access all applications, links and policies as being of high importance (8.8/10 average score)

The new platform can support this requirement by providing:

- a dedicated hub for resources and documents
- homepage quick links and menus
- integration with existing systems

The new platform has a dedicated kiosk mode for shared devices, with a positive mobile and tablet experience for workers to access information on the go (colleagues rated it 7.5/10 for its mobile view)

# Promoting positivity, wellbeing and engagement

The launch and roll-out of our Trademark Behaviours (TMBs) has been a driving factor in colleagues feeling connected to, and being part of, the wider Group, and enabled them to recognise how they contribute to our growth and deliver on our purpose to create sustainable living.

**We work together**

**We take ownership**

**We find a better way**

As outlined on page 85 of our 2023 Annual Report and Accounts, we established our cultural framework during 2023, engaging with colleagues and providing them with the tools they needed, in readiness to launch our TMBs in early 2024. We formally launched our TMBs to the Group in May 2024.

## What we did

| | |
|---|---|
| February | We trained the next level of managers across the Group (c.60 colleagues) |
| April | We published the Genuit Culture Playbook, to support leaders in communicating our culture story |
| May | Businesses formally launched our TMBs across the Group |
| August | We implemented a dedicated e-learning module for all new starters, delivered via Workday Learning |
| September | We engaged c.55 colleagues in workshops as Cultural Architects, recognising and involving people who were already role-modelling and championing our TMBs |

## The outcome

### Business engagement and ownership

All businesses were responsible for their own TMB launches, which gave them ownership and saw them really engage with their people through bespoke launch events, whilst ensuring that messaging and materials were consistent across the Group.

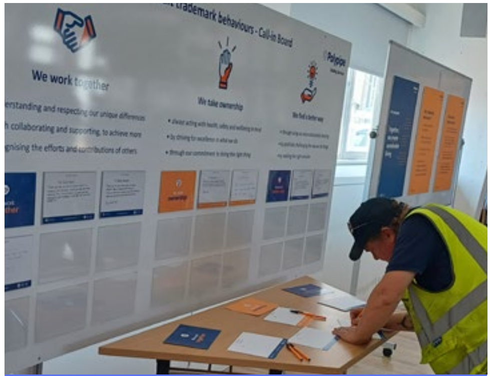
### Building a culture of recognition

The TMBs launch enabled us to start responding to feedback from our Your Voice survey, as well as embedding them within the Board workforce engagement sessions being held around the Group, hosted by our dedicated employee engagement Non-Executive Director, Louise Brooke-Smith.

## Looking ahead

In 2025, we will continue to find different ways to embed the Trademark Behaviours across all our business. As part of the Workday Talent & Performance module, in June, we launched the Workday Feedback tool to 277 colleagues across HR and management and during 2025, this tool will be launched to a further 1,000 colleagues.

Our ambition is for all colleagues to champion our behaviours, help drive the right culture, and ultimately make this a great place to work for everyone.



**Overall recognition score***

6.4/10

* Your Voice survey, March 2024

Since the launch of our TMBs, we have seen an increase in peer-to-peer recognition:

- 162 individual instances of recognition given, 1,844 reactions and 286 comments on our virtual Workplace Call-in Wall (May to December 2024)
- Physical Call-in Walls are now installed across offices and manufacturing sites

**Workday feedback tool**

330

pieces of feedback given linked to our Trademark Behaviours (June to December 2024)

# Working towards a more inclusive environment

We encourage open and meaningful conversations about all aspects of diversity and inclusion (D&I). Our D&I strategy is focused on four pillars: **Leadership, Education, Policy & process, and Communication.**

### Our D&I strategy in action during 2024

Achieving our D&I strategy

**January**

Launched updated maternity and paternity policies


**March**

Inclusion sessions held across our sites for International Women's Day, leading to greater awareness of gender stereotypes and commitments being made to drive inclusion

D&I benchmarks gained through the Your Voice survey

**June**

Released our podcast for Pride month

Nuaire become official sponsors of Pride Caerffili

**August**

Genuit Group sponsored UK Pride in Doncaster and attended with colleagues

**September**

Started working with The 10,000 Interns Foundation to drive diversity through our Early Careers activity

**October**

Launched the Our Genuit Resource Hub, with a first focus on the resources available for Black History Month

First Coalition in Conversation conference, as part of the Construction Inclusion Coalition (CIC)

**November**

Held Movember Mo-ments across the Group, and delivered on-site and virtual sessions to raise awareness around men's mental health in partnership with Andy's Man Club

Throughout 2024, we leaned into feedback received from our people to make sure that we create a safe place of work, not only where they can be their authentic selves, but somewhere they are not afraid to respectfully ask questions to learn from one another.

As a result, there has been an increase in engagement in our dedicated D&I group 'Our Genuit' on Workplace. We also saw progress being reflected in our Your Voice survey score for inclusiveness.

## Leadership

Our leaders are key to facilitating meaningful conversations across the Group on our D&I strategy. For International Women's Day, inclusion sessions were held across our sites to seek out and correct legacy gender stereotypes in our language and environment. Joe Vorih, Chief Executive Officer, led one of these sessions at Polypipe Building Products in Doncaster. One direct outcome was recognising that Polypipe Building Products had historically only sponsored male sports teams, and Polypipe are now proudly supporting Doncaster Belles women's football team for the 2024/25 season. For Movember, Tim Pullen, Chief Financial Officer, led conversations with employees at Nuaire, helping to break down stigma by talking about the importance of men's health.

## Education

This year, c.70 employees in leadership positions completed training sessions on D&I to build awareness and increase the capability of our leaders across the Group. In Q4, we launched a library of resources, curated by colleagues, which are accessible to everyone. These provide additional support and further our reach to continue to raise awareness and understanding, highlight lived experiences and explain cultural differences.

Alongside internal activity, we are also collaborating with our industry peers to drive change, not just for our business, but right across the sector. This year, as a strategic partner of the Construction Inclusion Coalition (CIC), we led two webinars focused on tackling change and the power of D&I data.

## Policy & process

In January 2024, we launched new family-friendly policies, with enhancements to maternity and paternity arrangements. We also evolved our recruitment processes, building on the Group-wide Workday process implemented in 2023. This included design and delivery of training for hiring managers and a new recruitment policy, with a focus on diversity in shortlisting, candidate alignment with our Trademark Behaviours, and improving the quality and inclusiveness of the candidate experience.

We are already starting to see the impact of these changes in terms of attraction and hiring, as c.13% of our new hires in 2024 were from a non-white background (our overall current workforce percentage as at 31 December 2024, was c.3.4%).

## Communication

In 2024, we aligned all D&I topics under one 'Bring Your Whole Self' campaign across the Group, to link all awareness campaigns and activity back to our overall D&I ambition.

**Inclusiveness**

**8.2/10**

At Genuit Group, people of all backgrounds are accepted for who they are.

**Communications**

**7.9/10**

Your Voice survey score for colleague awareness of Genuit's Diversity & Inclusion ambition.

**Openness**

**7.7/10**

Your Voice survey score for managers communicating honestly and openly with colleagues.

# Creating a safe space to ask questions and learn

Click or scan to watch the full podcast via our YouTube channel

### What we did

Our D&I Working Group received feedback that people were not always sure about the right thing to say, or how to ask questions respectfully, especially around LGBTQ+ matters. For Pride month, we created an anonymous 'How do I ask?' forum, open to all employees, and we received a variety of questions on pronouns, the LGBTQ+ community and how to be an ally.

These questions were answered through an hour-long educational podcast where Layla Young, HR Director of Sustainable Building Solutions, interviewed Jenny Dewsnap, Chair of Doncaster Pride.

This is now a resource that remains available to all employees, to help raise awareness and to help approach topics respectfully.

In addition to the podcast, we also created short videos covering the most popular questions, raising awareness and educating across a range of topics. This podcast and our videos were shared externally and across our Construction Inclusion Coalition partners, to elevate D&I awareness across the industry.

Our colleagues openly shared their feedback and key takeaways from Pride month via our Workplace community, and we are proud of how impactful our initiatives were to so many of our colleagues across the Group.

Some direct colleague feedback is included below:

**Individual questions submitted**

42


"My biggest takeaway is to not be afraid to have open conversations as it provides opportunities to continually learn from those around me."

"I love the fact that I am allowed to be myself at work."

"I thoroughly enjoyed the interview. There is a lot of good information there. As a trans woman I would encourage others to watch this."

"My daughter is gay and for the first time I feel less fearful for how society perceives her. As a parent, I had a zillion questions but never asked. You did it for me. I have a massive smile on my face because not only can she take her own self wherever she goes, so can I."

People and Culture continued

# Investing in building careers

In our Your Voice survey, colleagues recognised that there were opportunities available to them for learning and development; however, in some areas, they were seeking clarity on possible career paths and progression. Work has already started on ways to define and communicate clear career pathways for colleagues, and we hope to see the impact of this in our 2025 survey.

We made progress during the year to continue investing in our people and developing our workforce, which includes:

– the launch of Workday Learning;

– achievement of Gold Member status with The 5% Club one year ahead of plan, with c.18% of employees in recognised Earn & Learn programmes across several levels and disciplines;

– aligning our talent development to a levelled leadership model, to offer the right development opportunities;

– 44 of our Genuit Leadership Team taking part in the Genuit Leadership Programme; and

– 105 internal promotions this year, 30% of which were female.

We also established 'Leadership Fundamentals' training modules to support the delivery of processes for Performance Management, Mentoring and Recruitment. This will expand to include Absence and Change in 2025.

During 2025, we will continue investment as part of The 5% Club, expand our e-learning catalogue on Workday Learning, and complete a further two cohorts of the Genuit Leadership Programme.

**Genuit Leadership Programme (GLP)**

The GLP is focused on strengthening core leadership capabilities, equipping leaders to inspire their teams and deliver on our strategy for growth. The programme is delivered through a leading consultancy, Peoplewise.

Feedback from colleagues has been positive, and it has given a further channel for collaboration across our businesses and functions, which, in turn, is bringing together more diverse backgrounds and perspectives.

**By 2026 we are aiming for**

**1 in 3**

**Early Careers colleagues who have a diverse characteristic**


"I chose Genuit Group's Early Careers Programme for many reasons, including the Group's culture, momentum towards continuous improvement and sustainability, and the varied and interesting areas that the placement rotations offer."

**Rosie James, Graduate**

"Everyone has been very open to giving each of us an equal opportunity to showcase our skills and knowledge. They've also allowed us to bring out the best in ourselves, in our own way."

**Surinder Chana, Graduate**

**Inspiring the next generation**

Our Early Careers Programme is continually evolving and expanding to meet our current and future requirements. Our attraction campaigns gained fresh momentum this year and we commenced a Graduate Programme in Q3 2024, with a further intake planned for 2025. We also started working with The 10,000 Interns Foundation to drive diversity through our Early Careers activity, and in 2025, we will expand our overall offering with summer internships. As at the end of 2024, 33% of our Early Careers colleagues have a diverse characteristic.*

* A diverse characteristic is one or more of the following: non-male gender or gender identity, non-white ethnicity, a declared disability, being from a low-social income home or non-heterosexual.

# Delivering an improved and consistent employee experience

## Continued roll-out of Workday, our people platform

We launched Workday in October 2023 as the single source of people data across the Group. We want to equip our HR teams with the right tools: to hold consistent and accurate data, drive efficient processes, and empower informed decision-making.

During 2024, we switched on additional functionality, enabling all Genuit Group colleagues to access more from one place. Workday has also assisted in helping to drive our D&I activity, giving us a deeper understanding of our people and how best to support them. We have seen improvements in terms of both potential candidates and existing colleagues sharing their D&I data with us. Some of this data includes:

- an overall reduction in the level of 'Prefer not to say';
- the number of people who shared their ethnicity and sexual orientation is up by 5%; and
- D&I data for overall new hires in 2024: c. 13% non-white, above the percentage in the overall organisation.

During the year, we launched Workday Learning as part of our Workday roll-out strategy, improving the overall user experience and accessibility – with 2,000 employees having completed over 11,000 training modules through the platform since the launch. The tool provides employees with access to a broader range of learning content, as well as providing better visibility and autonomy for people managers in keeping track of any outstanding training deadlines and upcoming courses for their direct reports. This has improved e-learning engagement and increased the range of learning content available, with the tool currently housing 1,140 pieces of e-learning content.

### Meeting our employees where they are

With many of our employees being factory-floor workers, we are focused on improving the accessibility of systems like Workday. During 2024, we introduced shared kiosk devices in our larger manufacturing sites, and businesses have also taken the lead on creating dedicated e-learning and wellbeing hubs.

## Workday Talent & Performance

In June 2024, we launched our Talent & Performance module for c.270 colleagues. This has given individuals and managers greater ownership of objective-setting and performance reviews. We plan on rolling this module out to a further 1,000 colleagues during 2025.

## Launching a new Genuit Group Pension Scheme with Legal & General

We want to fully support our colleagues through their savings journey to retirement, through simplified information, communication and processes. In 2023, we conducted a detailed review of all workplace pension schemes within the Group, working with an independent advisor. We assessed the quality of schemes and the overall support offered to colleagues.

As a result, a new Group scheme was launched with Legal & General from 1 July 2024, enabling us to consolidate 10 different pension schemes into one consistent scheme for all Genuit Group employees.

As part of the launch, 65 face-to-face pension presentations were delivered to over 1,000 employees across 10 sites, in collaboration with our pension advisors, Secondsight, and seven online webinars were delivered to ensure that employees were provided with as much information as possible. In addition, we created a dedicated Pensions Hub on our Workplace platform, which included resources and useful links. We also wrote to employees, providing a personalised comparison of the old and new schemes.

As a result of this engagement, c.1,400 employees took the time to find out more about the changes and learn more about their pension.

Following this additional engagement, benefits have been realised for employees including 59% of pension members now receiving an enhanced employer pension contribution compared to their previous scheme, introduction of salary sacrifice for contributions, and an overall simplified approach to the management of pension schemes. Employees from Sky Garden and Omnie & Timoleon were also onboarded onto the scheme and became eligible from 1 November 2024.

# 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.**

### Our key stakeholders

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

# Engaging with our employees

## How we engage:

Engagement is varied and includes focus groups, enabling informal chats with Managing Directors, holding quarterly 'town halls' led by senior leadership teams and conducting dedicated training days. We utilise Workplace by Meta and use notice boards in common areas, as well as conducting periodic employee engagement surveys. During the year, we focused on health and wellbeing, with members of our Occupational Health team attending an Executive Sales Conference within one of our Business Units.

| Key topic | Outcome |
|---|---|
| **Group-wide employee engagement survey** | Results were shared to enable priorities to be set at Group and local level to directly target areas for improvement, including recognition schemes, further learning and development (L&D) opportunities and updates to policies, both in individual businesses and across the Group |
| **Equitable access to our people platforms, including L&D, communication and our HR Information Systems (Workday)** | Engagement roadshow to our businesses to identify challenges within our methods of communication. Implementation of shared devices, using colleague engagement hubs, and additional opportunities for L&D through continuous improvement initiatives |
| **Raising awareness outside manufacturing sites of the importance of physical and mental wellbeing** | Raising awareness included providing mini health-checks, guidance on wellbeing, access to counselling, and tips on ways to improve physical health |
| **Bridging the Genuit Business System (GBS) strategic initiative from concept to practice** | Through training and improved communication tools, we further embedded GBS across the Group to work towards establishing a world-class lean culture at Genuit |

## Challenges:

Employee understanding and buy-in of new processes and systems as part of the GBS roll-out. Establishing Group versus local business priorities in response to the results of the engagement survey.

## Value:

Improved engagement and retention rates. The upskilling of employees, positioning us for future growth. Improved overall health and wellbeing, thereby reducing sick rates and injury risk. Targeted areas for improvement as a result of the survey. Further embedding of GBS.

# Upskilling and empowering employees in the deployment of the Genuit Business System

We continued to engage directly with employees on our journey to embed GBS across all our operations and functions.

During the year, we made considerable progress in its implementation. We hosted four GBS orientation sessions, training approximately 100 people and 88% of the Genuit Leadership Team (GLT), and increased our kaizen activity, providing both results and case studies to better understand GBS. We focused on our leaders and conducted a mock-kaizen at our annual Genuit Leadership Conference to demonstrate the effectiveness and simplicity of a kaizen, and hosted numerous strategy deployment sessions.

We also worked closely with our communications and Information System (IS) teams to establish a dedicated communications plan, including the launch of GBS videos to help relay the story and vision of GBS to employees and other material stakeholders, and launched our GBS intranet site documenting ongoing events and sharing tools and learnings across the Group.

Some examples of the new tools learned and practiced through kaizen events as we continued to upskill our employees during the year across the Group include:

**Adey**
Value Stream Mapping
**Nuaire**
Leader Standard Work
**Polypipe Building Products**
Kaizen Facilitation & Process Development
**Polypipe Building Services**
SMED & Process Development
**Polypipe Civils & Green Urbanisation**
Total Preventative Maintenance, Sustainability Impact & Value Stream Mapping
**Polydeck**
Process Development
**Sustainability function**
Process Development & Sustainability Impact
**IS function**
Process Development

"Effective execution and upskilling will develop our employees, materialising into increased shareholder value."

**Pete Kalet, Group Head of GBS**

**Click or scan here for more information about GBS at Genuit Group**

Engaging with our stakeholders continued

# Engaging with our customers

## How we engage:

We engage with industry bodies such as the Future Homes Hub, where our customers are similarly represented, and hold regular customer meetings with end-customers, merchants, social housing groups, national house builders and water companies. We also interact with the technical and innovation teams of our customers. We attend industry dinners and, for some, hold quarterly review meetings. We provide support and collaborate to create the solutions our customers need, through engaging across our entire supply chain. We are improving our synergy selling capabilities across the Group to continue to provide a wide range of climate-related solutions.

| Key topic | Outcome |
|---|---|
| **Focus on sustainability, including the impact of climate change, Environmental Product Declarations (EPDs) and improved sustainability ratings** | Holding face-to-face meetings and interacting with technical and innovation teams allows us to provide innovative solutions to customers, drive EPD creation to include key products, and provide reliable carbon data |
| **Increasing housebuilding in a challenging demand environment, including costs, labour and supply-chain adaptability** | Providing solutions such as Stax, MecFlow Press, the relaunch of MecFlow Fusion and working with new customers in the MMC sector to lift the basket of goods supplied and gain added value, in addition to providing support with cash flow and cost management challenges |
| **Understanding the impact of pending regulatory changes, such as The Future Homes and Buildings Standards, and preparing for compliance** | Engaging with customers (such as housing developers) to provide innovative and adaptive solutions, for example, underfloor heating replacing steel radiators, widespread adoption of MVHR in residential developments, or blue-green roofs and innovation products such as swift bricks and bat boxes for biodiversity net gains |

## Challenges:

Addressing stormwater and sewer overflow challenges and understanding what solutions customers require to solve installation problems, including speed and system integrity. Adapting to regulatory changes and customer cash flow challenges as they manage higher interest rates.

## Value:

Engagement empowers us to create better solutions by working jointly with the supply chain, culminating in long-term relationships and growth for Genuit. Increase in barrier-to-entry value-add solutions sales, making us more flexible and well-positioned to address customer needs.

## Elements Europe: value-added partnership

Polypipe Building Services (PBS) identified an opportunity to partner with Elements Europe, a leading modular manufacturer. This collaboration streamlined the Elements Europe supply chain whilst opening a new market for PBS and synergy sales across Genuit. Cross-functional teams leveraged GBS tools like A3 problem solvers, Voice of Customer, and Value Selling, with Genvue CRM ensuring effective tracking. Despite challenges in product development and in gaining technical approval, PBS adapted quickly, delivering a tailored solution. Early feedback was highly positive, with Elements Europe praising PBS's understanding and partnership approach. With the initial orders secured, PBS is positioned for long-term growth and further expansion of its solution-selling strategy.

"Polypipe Building Services Advantage brings value-added solutions to save time, increase productivity and enhance the assembly processes in the Elements Europe factory setting."

**Andy Cullum, Managing Director, Polypipe Building Services**

## Driving sustainability and customer value

During the year, Adey embarked on a project to reduce the carbon used in producing, packaging and transporting products. Through extensive research using the Voice of Customer tool, and consultation with key merchant customers, Adey launched its new, and more sustainable packaging. This resulted in several benefits for not only Adey, but also the customer, the supply chain and the environment. This will result in annual savings of 72 tonnes of carbon emissions, reduction of 128 gallons of fuel, 3 tonnes of paper, and a reduction of 5.5 tonnes of plastic. This initiative not only created value for Adey, but strengthened partnerships and secured long-term business growth.


**Tonnes of carbon emissions saved**

72

# Engaging with our shareholders

## How we engage:

We conduct investor roadshows following our full year and half year results, hold our Annual General Meeting each year, and conduct ad hoc investor meetings as required. During the year, we visited non-UK investors across the USA, Helsinki, Copenhagen, Frankfurt, Paris and Jersey. Site visits were held at Doncaster, Caerphilly and Gloucester for our analysts to demonstrate the effectiveness of GBS. During the year, we also launched a new website to improve access to up-to-date information and drive engagement further, and our Chair offered our top ten shareholders the opportunity to meet with him to discuss the Company's progress against its strategy.

| Key topic | Outcome |
|---|---|
| **Understanding how GBS works, is being deployed, and will create value** | Site visits held to see GBS in action, showcasing the pace of improvement across the Group. Updates to our GBS communication materials, including videos and the inclusion of case studies in financial results |
| **Feasibility and opportunity for Genuit with the UK government's commitment to delivering new housing targets, regulatory changes in the water sector and readiness for the Future Homes Standard** | Updates on the content, timing and impact of the upcoming Future Homes Standard on the Group, including ways in which we are engaging with customers in preparation. Additional information on Genuit's role in helping to manage the next water budget cycle, aimed at solving the sewer overflow issues, giving confidence to shareholders |
| **The Group's route to its medium-term margin targets and management of performance in the face of a challenging macro outlook** | Evidence of growth through the Group's M&A agenda and the successful acquisitions of Sky Garden and Omnie & Timoleon, as well as organic growth and operational efficiencies through the rationalisation and deployment of GBS |

## Challenges:

Navigating a changing market with regulatory developments and continued high interest rates. Understanding the value of GBS in the future outlook of the Group. Building confidence in the UK market and its growth position over the next five years.

## Value:

Increased shareholder confidence in the strategic goals and outlook of the Group, leading to increased levels of investment, both overseas and within the UK. Retention of a strong register of highly supportive investors, and consistent dividend payments.

# Site visits and external communications


During the year, we hosted further site visits for our analysts at Adey, Polypipe Building Products (Neale Road site) and Nuaire, led by our Group Head of GBS, Chief Financial Officer, and key members of the local teams, to demonstrate the progress of the implementation of GBS and its effectiveness across our businesses. We also launched additional GBS materials through videos and related communications to share more detail about its benefit to our business. Our new website included a section dedicated to GBS and better showcased details of our strategy to make it easier for our investors follow our progress.

**Click or scan here to watch our introduction to the Genuit Business System**

**Total investor meetings held during the year**

267

# Preparation in readiness for the Future Homes Standard

In readiness for the Future Homes Standard, we worked alongside Barratt's technical committees to align Polypipe's underfloor heating system with Vaillant's Air Source Heat Pumps (ASHPs). Through a series of workshops, we conducted heat loss calculations, zoning strategies, and flow rate optimisation to ensure peak efficiency. The commercial discussions focused on cost-efficiency, installation timelines, and compliance with the Future Homes Standard.

By working closely with Barratt Homes and our partners, we successfully delivered:

- significantly reduced carbon emissions, aligning with the UK's 2050 Net Zero goals;
- a future-proofed, sustainable heating solution, ensuring compliance with the upcoming Future Homes Standard; and
- zoned heating control for enhanced comfort and energy efficiency.

Sharing details of this customer engagement with our shareholders demonstrates and reassures them of the Group's ability to collaborate, innovate and deliver scalable, future-proof heating solutions, while responding to changing regulations.

# Engaging with our suppliers

## How we engage:

Supplier relationship and performance management (face-to-face) meetings are one method of engagement, and we hold these frequently with key suppliers and as necessary in relation to intelligence or post-events where intelligence is not available. These are supplemented by virtual meetings as necessary and ad-hoc engagement as required. We collect new supplier credentials through onboarding processes and assure ourselves of their ethical behaviours, sustainability and creditworthiness. We conduct one-to-one meetings with suppliers on sustainability issues, with a clear focus on climate change.

| Key topic | Outcome |
|---|---|
| **UK and European PVC suppliers faced challenges largely due to a persistently depressed market, driven by low-cost imports from the USA, prompting the UK Government to conduct an anti-dumping investigation into the USA imports** | The Group built in protections against both pricing volatility and any future levies by strategically contracting PVC supplies with agreed fixed-pricing mechanisms and guarantee of supply. We engaged with the Government anti-dumping investigation, providing both supporting documentation on the PVC UK supply landscape and information in respect of the potential effects on both our businesses and the wider construction industry |
| **Geopolitical events causing global shipping constraints and limitations due to sanctions** | We conducted specific supplier meetings on the topic, extended lead times, covered H2 demand with forward orders and mitigated supply risk through finding alternative sources in other geographical regions |
| **Impact of low demand, coupled with a growing demand from customers for product and sustainability data** | Working with key suppliers to support data requirements to give clarity and priority, plus the further development of long-term agreements to give some surety of demand |

## Challenges:

Geopolitical events and natural disasters, creating more disruption for suppliers. Lower demand and increased costs, with expectations of credible sustainability data. Depressed market driven by low-cost imports from the USA.

## Value:

Realised annualised savings and mitigated risk. Improvements in supplier relationships, better understanding of requirements, removal of waste, and improvements to supplier delivery performance. Working capital improvements through inventory reduction. Uplift in volume of EPDs.

# Recycled material supplier optimisation

During the year, the prices of recycled material and its availability, quality and consistency were all variables that fluctuated, providing a challenging environment for sustainability practices.
This highlighted the importance of having an established supply chain with trusted suppliers providing us with product quality and consistency. Building on our efforts during 2023, during the year, we continued our supplier site visits, provided more detailed material specification sheets and onboarded new suppliers to help expand our supply chain. To further improve our relationships with our suppliers, we invited them to visit our sites during material testing and trials, enabling them to contextualise our manufacturing conditions and witness our processes for testing and manufacturing.

One example of the outcome of this engagement was successfully finding a recycled material grade for a product that had historically been a challenge. Following the onboarding of a new supplier and completion of the above, this product will now be manufactured with 50% recycled material, having previously been manufactured from 100% virgin material, helping us continue towards achieving our recycling targets.

This engagement has provided benefits for both the Group and our suppliers, as we each now have a greater understanding of the other's processes, and our suppliers continue to collaborate with us to provide advice on how best to process the material we purchase, resulting in higher-quality products.

We have greater communication and trust with our suppliers when it comes to material being delivered and the product trials we conduct."

**Adam Pointon, Group Materials Development Manager, Genuit**

# Engaging with our communities

## How we engage:

We engage directly within our local communities through local trusts, creating opportunities for students to develop their business knowledge and learn entrepreneurial skills, including leadership and business modelling. We host environmental tidy days and educational initiatives teaching about heating, engineering and the reduction of carbon emissions. We collaborate with local colleges, support charities and provide sponsorship for local schools, community groups, and sports teams. We also engage through updates on LinkedIn and attend conferences to share information on social inclusion to reinforce and support community understanding of the importance of inclusion.

| Key topic | Outcome |
|---|---|
| **Diversity and inclusion within the workplace and construction industry** | Became a strategic partner of the Construction Inclusion Coalition (CIC). Delivered webinars, led the first CIC conference and presented its approach to measuring impact, and shared our best practice with the construction sector. Participated in Pride and International Women's Day and created a Genuit employer brand |
| **Improving the standard of education and the pipeline of students moving into employment** | Attended a job fair held by a local competitor that was closing its site and were able to offer employment to 12 employees. Regular hosting of work experience programmes for local secondary school children, creating a pipeline of work-ready students with engineering and digital specialisms |
| **Impact of climate change and the ways in which Genuit helps to mitigate** | Participated in sessions at climate events and within local groups, such as scouts, to educate on excessive water use and city stress from over-heating, cooling and water |

## Challenges:

Cost of living challenges within local communities, job losses and reduced education opportunities. Continued focus on the impact of climate change on our environment and the pace of changing regulations and the need to educate communities.

## Value:

Reducing the impact of our activities on the environment. Genuit brand awareness and development of reputation. Nurturing the next generation and improving recruitment opportunities. Increase of young talent in graduates and apprentices.

# Engagement within the research space


The Chartered Institution of Building Services Engineers (CIBSE) created a Resilient Cities Special Interest Group, chaired by one of our employees. Engaging in this way enables the Group to discuss blue-green solutions with confidence, based on the research roof findings. This also opens doors to other industry activities such as white paper consultations, hosting site visits, draft legislation and inputting into the Biodiversity Net Gain (BNG) Road Map to inform and guide legislators, given that BNG is a mandatory requirement for housing at the planning stage. This engagement assists in developing the Genuit Group brand within our communities, with regulators and across our customer base, sharing the message that the Group does not solely manufacture recycled pipes, but also provides blue-green solutions, ventilation and low-carbon solutions.

# Local community initiatives

Polypipe Civils & Green Urbanisation (CGU) teamed up with Woodlands Academy to support the school's fundraising campaign to visit Oegstgeest and the Corpus Science Museum in the Netherlands, as part of their GCSE studies. Woodlands Academy is a specialist secondary school for pupils with social, emotional and mental health needs, which provides a personalised curriculum to prepare students to be successful and confident young adults. The trip is self-funded, but many pupils coming from deprived backgrounds are not in a financial position to pay for the trip, so Polypipe CGU organised fundraising to cover the costs. The team welcomed students and staff to the Horncastle site for a community litter pick, for which their hard work was rewarded with a donation towards their trip.

# Education across the industry

Our Middle East Director for Civils, Green Urbanisation & Network Solutions, Lina Abolail, participated in the Economist Intelligence Corporate Network for the Middle East and North Africa Annual Conference in Dubai. Lina was part of a panel discussion at the event titled 'Preparing for Climate Change and Extreme Weather Events', sponsored by Watania Takaful.

The event provided a valuable platform for industry leaders to exchange knowledge and strategies on addressing the challenges posed by extreme weather events. Lina shared our commitment to proactive risk management and sustainable stormwater management solutions in urban environments. These insights highlighted the importance of collaborative efforts in enhancing resilience and contributing to a more resilient future.

# 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 (s172) 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 | 14 |
| | – Strategy | 15 |
| | – Principal risks | 75 |
| | – Sustainability | 30 |
| 2 | **The interests of the Group's employees** | |
| | – People and culture | 56 |
| | – Health, safety and environment | 54 |
| | – Stakeholder engagement | 64 |
| | – Employee engagement | 65 |
| 3 | **The need to foster the Group's business relationships with suppliers, customers and others** | |
| | – Business model | 14 |
| | – Strategy | 15 |
| | – Non-financial and sustainability statement | 74 |
| | – Stakeholder engagement | 64 |

| Key | s172 consideration | Page |
|---|---|---|
| 4 | **The impact of the Group's operations on the community and the environment** | |
| | – Purpose | 2 |
| | – Greenhouse gas emissions | 38 |
| | – Sustainability | 30 |
| | – TCFD | 42 |
| 5 | **The desirability of the Group to maintain a reputation for high standards of business conduct** | |
| | – Health, safety and environment | 54 |
| | – Whistleblowing | 122 |
| | – Internal controls | 120 |
| | – Risk management | 75 |
| | – Non-financial and sustainability statement | 74 |
| 6 | **The need to act fairly as between members of the Company** | |
| | – Stakeholder engagement | 64 |
| | – Dividends | 125 |
| | – Strategy | 15 |

# 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. The Board uses varying methods of engagement, depending on the stakeholder, to ensure that it is fully informed of their needs. These include but are not limited to: press releases, announcements, roadshows, site visits, surveys, one-to-one contact, newsletters, forums, emails, videos and town hall leadership sessions.

## Key decisions in 2024

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 the success of the 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 that are expected to have a positive outcome and minimise those which may have a negative impact. This allows for detailed and thorough discussion at meetings, enabling a considered, informed and balanced approach to decision-making. In performing their duties during 2024, 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.

# Appointment of a joint broker

**Context**

Following the merger of Deutsche Bank and Numis, the Company's joint brokers, it was proposed during 2024 to appoint a second broker to ensure that the Company continued to receive appropriate advice and coverage.

s172 considerations

1 2 3 4 5

**Shareholders**

The Board considered the impact any change in appointment may have on shareholders and ensured the appointment aligned with their interests, both in effective credentials in communicating effectively with the markets and offering in-depth market knowledge and insight to shareholder perspectives. The Board also considered the timing of the tender process to ensure that it did not coincide with key dates in its financial calendar.

**Outcomes and impact**

The Board considered the benefits of appointing a new broker following the merger, to improve diversity of perspective and access to information. They approved the tender process timetable and gave authority to the Executive Directors to proceed with the proposed tender process. The Board were kept up to date on progress, and approved the proposed appointment of J.P. Morgan Cazenove, who were appointed on 1 August 2024.

# Approval of acquisitions

**Context**

In line with the Group's long-term strategy for growth and purpose, the Board approved the acquisitions of Sky Garden and Omnie & Timoleon during 2024, having prioritised and considered the long-term consequences of these acquisitions on its stakeholders.

Read more – pages 16 to 19

s172 considerations

1 2 3 4 5

**Employees**

A key priority during the decision-making process was to ensure that the employees of both the acquired and current businesses into which they were integrated would be supported, to ensure an efficient and effective onboarding.

**Shareholders**

The Board considered the potential synergies and financial benefits of the acquisitions in the context of the Group's strategy, as well as the environmental credentials of the target businesses. It also considered the benefit the acquisitions would bring to shareholders in terms of the long-term growth of the enlarged Group and potential returns.

**Customers**

It was key to the decision-making process that the acquired businesses would provide further synergies and increase the portfolio of products and solutions available to our customers.

**Communities**

The Board considered the impact of the additional sites and operations in the context of climate change and local communities.

**Outcomes and impact**

The Board approved each acquisition and Sky Garden and Omnie & Timoleon joined the Group in August 2024.

# Approval of five-year plan

**Context**

During 2024, the Group undertook a detailed bottom-up approach to our five-year planning cycle with each of the Business Units and Group functions, submitting outline plans for 2025 to 2029. This provided a longer planning horizon for the businesses than the annual budget cycle, so that colleagues considered broader topics such as product road maps, operational footprint, and emerging market trends.

s172 considerations

1 2 3 4 5


**Shareholders**

The Board considered the outcome of the five-year plan on long-term shareholder value and the future prospects of the Group, in addition to satisfying the alignment with the Group's Sustainable Solutions for Growth strategy.

**Employees**

Employee structure and future outlook was considered, along with the intention to develop and grow talent to continue to support the Group's organic and inorganic growth.

**Customers**

The views of customers were considered by the Board as part of the five-year bottom-up review to ensure that sufficient consideration had been given to innovation, surety of delivery and supply of quality products.

**Suppliers**

The ability to obtain raw materials and PVC was a critical part of creating the five-year plan, in addition to considering suppliers in respect of continuity of supply and fair pricing. The Board considered this as part of its review.

**Outcomes and impact**

The Board approved the Group's five-year plan at its meeting in October 2024.

# Approval of four key strategic workstreams

**Context**

During the year, the Board took part in its annual strategy day which included presentations from key members of the leadership team on certain key strategic workstreams, identified with a view to accelerating growth-in-growth sectors, in addition to considering those in their infancy but with greater potential.

Read more – pages 15 to 21

s172 considerations

1 2 3 4 5

**Shareholders**

The Board considered the potential for long-term growth in the execution of the strategic workstreams, potential revenues and associated risk.

**Customers**

The challenges that customers experience as we transition to low-carbon energy, added value services, and the Group being a solutions provider were evaluated by the Board as part of these workstreams.

**Employees**

The Board considered the opportunities for the growth and development of current employees, in addition to the scope for potential acquisitions and onboarding of new employees as a result.

**Communities**

Implementation of these workstreams in local communities (such as through additional job roles), in addition to the impact on our sustainability data and carbon reductions, were considered by the Board.

**Outcomes and impact**

The Board approved the four key strategic workstreams as being aligned with the Group's Sustainable Solutions for Growth strategy.

# Non-financial and sustainability information statement

The following table, in addition to our TCFD Report on pages 42 to 53, 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**<br>– Advancing the circular economy<br>– Tackling climate change<br>– 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. 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 polymers. | – Our business model | 14 |
| | | – Non-financial KPIs | 22 |
| | | – TCFD | 42 |
| | | – Sustainability and net-zero transition plan | 40 |
| | | – Principal risk 6 – climate change | 81 |
| **Employees**<br>– Talent development<br>– Developing apprentice and graduate careers<br>– Diversity & Inclusion ambition<br>– Health and safety<br>– Culture and behaviours | As part of its efforts to consolidate and promote a healthy culture, the Group places its 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, as can be seen from initiatives such as the Graduate Scheme, our Apprentice programme, our Genuit Leadership Programme and our Gold membership of The 5% Club. | – People and culture | 56 |
| | | – Health, safety and environment | 54 |
| | | – Stakeholder engagement | 64 |
| | | – Principal risk 8 – recruitment and retention of key personnel | 82 |
| | | – Principal risk 11 – health, safety and environmental | 84 |
| | | – Governance and culture | 98 |
| **Social matters**<br>– Developing sustainable solutions | The Group is committed to carrying out its business responsibly and ensuring that 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 | 64 |
| | | – People and culture | 56 |
| **Human rights** | The Group has a standalone Human Rights Policy and 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. The Group has a supplier onboarding process for new suppliers, which includes requiring suppliers to sign up to our Supplier Code of Conduct and Sustainability Code of Conduct and that they conform to ethical working practices and to confirm they are aligned with our environmental targets. The Group also has a Diversity Policy which is reviewed and approved by the Board on an annual basis. | – Nomination Committee Report | 106 |
| | | – Stakeholder engagement | 64 |
| | | – Principal risk 2 – raw materials supply and pricing | 78 |
| **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, and periodic audits of compliance with the policy are carried out by the Internal Audit Function. | – Audit Committee Report | 116 |
| | | – Principal risk 10 – breach of legislation | 83 |

# Principal Risks and Uncertainties

Effective risk management is fundamental to our strategy and performance. Our ability to identify, assess and effectively manage current and emerging risks is critical to how we position the Group to create value in the face of uncertainty whilst delivering positive outcomes for all our stakeholders on a long-term, sustainable basis.

## Risk management framework

Risk management is integral to our Group and in achieving our strategy. Our risk management framework makes sure that we manage risks in a simple, consistent and structured way. It helps us achieve our goals, deliver our strategy, support our business model and protect our assets, whilst delivering positive outcomes for all our stakeholders on a long-term, sustainable basis. We align our risk management activities with our strategic framework, business planning and performance management. This helps integrate risk thinking into key decision-making areas.

## Risk management governance

The Board has overall responsibility for risk management and for maintaining a robust risk-related internal control environment. It is responsible for determining the nature and extent of the principal risks that the Group is willing to take in achieving its strategic goals. The amount of risk is assessed within the context of our strategic priorities and the external environment in which we operate, and is referred to as our risk appetite. 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. To support the Board, the Risk and Audit Committees provide essential oversight and assurance. The Risk Committee specifically reviews the effectiveness of risk management and internal control processes throughout the year. At the strategic level, this top-down evaluation of risks ensures that our risk management is focused on the principal risks facing our business and considers our key risks across the Group in aggregate, as well as seeking to identify emerging risks.

The Risk Committee (comprising the Executive Management Team and chaired by the Chief Financial Officer) is accountable for the effective management and reporting of principal and emerging risks across the Group. It also monitors the operation of our risk-related internal control environment. The Head of Internal Controls is responsible for supporting the Risk Committee in co-ordinating our risk management activities and embedding risk management and risk-related internal controls across the Group's operations, culture and decision-making processes.

At the operational level, the day-to-day management of risk is embedded within our businesses and is integral to the way the Group conducts business. This bottom-up approach ensures that potential risks are identified at an early stage and are escalated appropriately. Ownership of operational risks resides within each business and Group function through designated risk owners, with risks managed at source, and appropriate mitigations (including risk-related internal controls) put in place. The Business Unit and Group function risk owners each maintain a detailed risk register, which are regularly reviewed by the Risk Committee. Significant and emerging risks are formally reported to the Risk Committee at least every six months. Internal audit acts as an objective assurance function by evaluating the effectiveness of our risk management and internal control processes, through independent review and rotational testing.

Through this approach, the Group operates a 'three lines of defence' model of risk management, with operational management forming the first line, the Risk Committee and other assurance roles forming the second line, and finally internal audit the third line of defence.

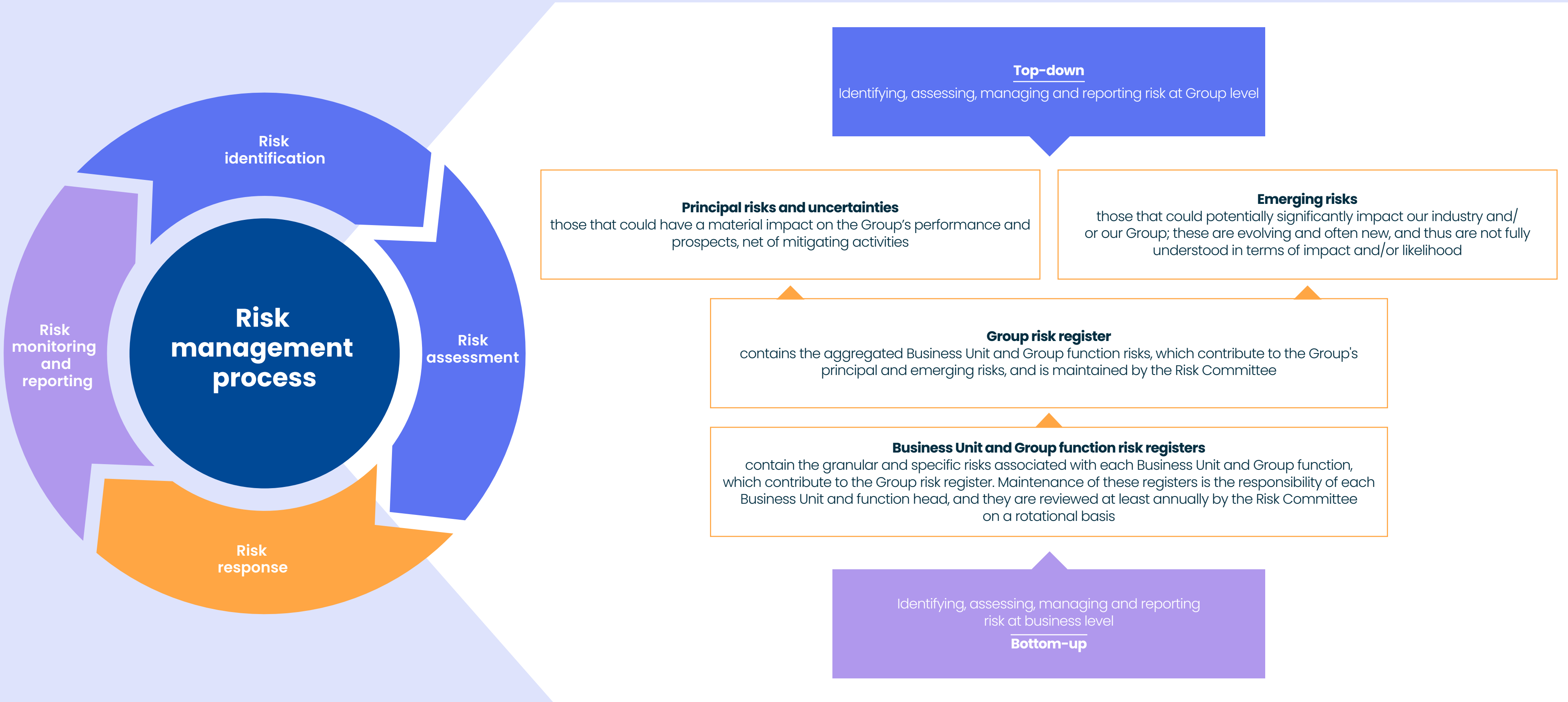
## Risk rating and appetite

The Board determines our risk appetite, which is at the core of our risk management approach, guiding our business planning, decision-making and strategy execution. The Group's risk appetite is reviewed annually as part of the strategy review process and approved by the Board, and is embedded within our policies, procedures and risk-related internal controls. We regularly review our risk appetite using a risk dashboard with key risk indicators (KRIs) for each principal risk, and specific tolerances to help us assess whether our risk exposure aligns with our appetite or could threaten the achievement of our strategic goals. These risk indicators are a mixture of leading and lagging indicators, with forecasts provided where available, which inform discussions at the Risk Committee.

Whilst our risk appetite may vary over time and during the course of the cycle, we maintain a balanced approach to achieve long-term, sustainable value. During the year, we have formally reviewed our risk appetite and established clear risk appetite statements, tolerances (low, medium or high) and treatments (reduce, maintain or increase) for each principal risk.

## Risk management process

The Board continually assesses and monitors the Group's principal and emerging risks. The Group has developed a risk management framework to identify, assess, manage and report the various risks that it faces. This process is as follows:




As part of the risk assessment process, risks are analysed, allocated owners, scored for both impact and probability to determine the exposure for the Group, prioritised, assessed for what mitigating actions are required, and updated at least every six months. KRIs are monitored to ensure that the Group identifies any changes to these risks and, if relevant, updates mitigating actions on a timely basis.

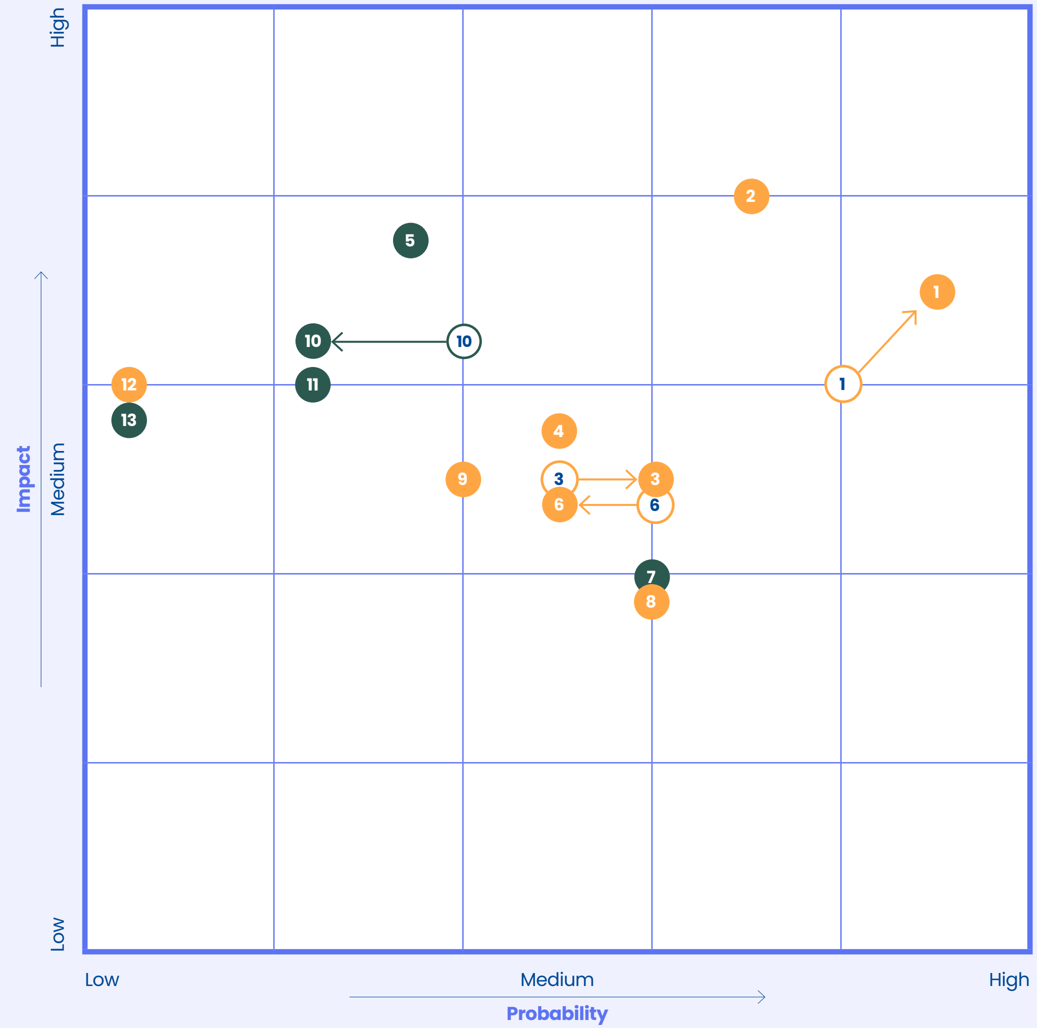
## Principal risk assessment

During the year, the Board has undertaken robust assessments of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity, as well as the Group's strategy. The Board does not consider that the fundamental principal risks and uncertainties facing the Group have changed during the year. However, our current assessment shows an increase in the 'Macroeconomic and political conditions' and 'Failure of information systems or cyber breach' risks, reflecting the subdued markets that we serve and the increasing frequency and volume of cyber-attacks, respectively. In addition, there has been a decrease in the 'Climate change' risk reflecting our now deeper understanding of the potential financial impacts and improved preparedness and 'Breach of legislation' risk reflecting enhanced compliance controls, training, awareness and associated monitoring.

The key changes and assessments are summarised in the following Group risk profile and principal risks tables, detailing the key potential impacts on our Group, KRIs, mitigations, developments in 2024 and, where relevant, emerging risks.

| Principal risk | Link to strategy | Change in risk assessment in year | Risk treatment category |
|---|---|---|---|
| 1 Macroeconomic and political conditions | Growth, Sustainability, Genuit Business System, People and Culture | Increased | Reduce |
| 2 Raw materials supply and pricing | Growth, Sustainability | No change | Reduce |
| 3 Failure of information systems or cyber breach | Growth, Genuit Business System, People and Culture | Increased | Maintain |
| 4 Reliance on key customers | Growth, Sustainability, Genuit Business System, People and Culture | No change | Maintain |
| 5 Business disruption | Growth, Sustainability, Genuit Business System | No change | Maintain |
| 6 Climate change | Growth, Sustainability, Genuit Business System, People and Culture | Decreased | Maintain |
| 7 Intellectual property | Growth, Sustainability, Genuit Business System, People and Culture | No change | Maintain |
| 8 Recruitment and retention of key personnel | Growth, Sustainability, Genuit Business System, People and Culture | No change | Maintain |
| 9 Execution of M&A strategy | Growth, Sustainability, Genuit Business System, People and Culture | No change | Maintain |
| 10 Breach of legislation | Sustainability, Genuit Business System, People and Culture | Decreased | Maintain |
| 11 Health, Safety and Environmental | Growth, Sustainability, Genuit Business System, People and Culture | No change | Maintain |
| 12 Product failures | Growth, Genuit Business System, People and Culture | No change | Maintain |
| 13 Liquidity and funding | Growth, Sustainability | No change | Maintain |

## Group Risk Profile




**Key**

| Risk appetite | Change in risk assessment | Strategy | |
|---|---|---|---|
| Low | Increased | Growth | Genuit Business System |
| Medium | No change | Sustainability | People and Culture |
| High | Decreased | | |

## Principal Risks and Uncertainties continued

### 1 Macroeconomic and political conditions

**Risk**

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 the impacts of global conflicts or trade tensions.

**Potential impact**

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.

**KRIs**

- Bank of England interest rate
- Construction Products Association activity levels
- Construction sector insolvencies
- New housing starts
- Projected economic metrics (GDP, inflation and interest rates)
- Viability Statement stress testing for downside scenarios

**Mitigations**

- 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 be 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 the potential financial impact of current and potential future carbon taxes using quantitative scenario analysis, which informs decision-making when identifying appropriate mitigations and impacts, as outlined in our Task Force on Climate-Related Financial Disclosures (TCFD) report on page 42.

**Developments in 2024**

The UK General Election, Autumn Budget and subdued macroeconomic environment increased both the potential impact and probability of this risk, with a corresponding increase in the Group's forecast cost base and delay to anticipated market recovery. To address this, we have focused on cost control and driving productivity through the Genuit Business System. The Group is also investing in organic growth initiatives.

**Emerging risk**

- Escalating geopolitical tensions.

### 2 Raw materials supply and pricing

**Risk**

The Group is exposed to security of supply risks in respect of raw materials, components and haulage, including associated cost volatility, due to (amongst other matters) the consequences of economic uncertainty, conflict, global supply disruptions, increased shipping complexities, fluctuations in the market price of crude oil and other commodity feedstocks, foreign currency exchange rate movements, and changes to suppliers' capacity. The increased friction and potential for a trade war or other geopolitical disputes could destabilise supply chain activity.

Over the longer term, supply chain issues could be caused by physical or transition risks of climate change.

**Potential impact**

Suppliers may not be able to meet our demand for raw materials etc., and/or the price we pay 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.

**KRIs**

- Commodity prices
- Market supply and demand restrictions
- Volume and value under contract with guaranteed supply and fixed price

**Mitigations**

- Implement strategic sourcing agreements with key suppliers.
- Utilise different purchasing strategies, as appropriate, including dual supply, guaranteed availability, fixed price, etc.
- Group Legal review of significant contracts to avoid unfavourable and/or inflexible terms.
- Standard purchasing framework agreements to expedite sourcing and reviewing supplier terms.
- Maintain adequate, but not excessive, inventories, which act as a limited buffer in the event of supply chain disruption.
- We assess the potential financial impact of increased demand for low-carbon materials using both qualitative and quantitative scenario analysis, and supply chain disruption using quantitative scenario analysis, which informs decision-making when identifying appropriate mitigations and impacts, as outlined in our TCFD report on page 42.

**Developments in 2024**

The subdued macroeconomic environment and corresponding weak demand led to fewer supply chain constraints. Accordingly, our mitigations in place remained effective and we continued to upweight the Group's strategic procurement and supplier relationship management capabilities, expanding these at a Business Unit level. In addition, the Group negotiated first-of-type strategic supplier agreements for polymers to prepare for volume recovery.

**Emerging risk**

- Escalating geopolitical tensions.
- Extreme climate conditions might disrupt supply chains.

## 3 Failure of information systems or cyber breach

### Risk

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.

### Potential impact

Disruption or failure of our 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.

| KRIs |
|---|
| – Compromises of partners and service providers |
| – Cyber security breaches |
| – Disaster recovery return to operations times and restore points |
| – Geopolitical landscape changes |
| – Obsolescence/changes of software |
| – Penetration testing results |

### Mitigations

- Industry-standard firewalls to protect the perimeter of the Group's networks. 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 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.
- Industry-standard anti-virus and malware protection across all end points and servers.
- Outsourced industry-standard managed detection and response service, which includes strict SLAs and is covered by a cyber warranty.
- Identity management covering core internal and external services, including Multi-Factor Authentication (MFA) and advanced behaviourally heuristic protection.
- Data protection on our cloud-based storage and local file servers, giving oversight and audit of folder and file access, and potential threats to data loss.
- 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.

### Developments in 2024

Cyber remains a high-profile risk, with attacks increasing in both frequency and volume, increasing the probability of this risk. Our cyber maturity assessment continues to improve and, during the year, we refreshed and enhanced the level of mandatory cyber security training to further develop our maturity assessment.

### Emerging risk

- Artificial intelligence (AI) enables threat actors to sustain more intense attacks.
- Escalating geopolitical tensions impacting the frequency, complexity and malicious intent of cyber-attacks.

## 4 Reliance on key customers

### Risk

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.

### Potential impact

Any deterioration in our relationship with a key customer could lead to a loss of business thereby adversely affecting the Group's financial results.

| KRIs |
|---|
| – Commercial sector contract support metrics |
| – Developer audit compliance |
| – Quotation activity |
| – Revenue by contractor/merchant |
| – Revenue levels relative to CPA sector analysis |

### Mitigations

- Innovate and develop our brands, products and services to better meet the needs of our customers.
- Broaden our customer base wherever possible.
- Deliver exceptional customer service, which is constantly monitored, and maintain strong relationships with major customers through direct engagement at all levels.
- Actively manage 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.

### Developments in 2024

UK house builders continued to consolidate and there were low-cost entrants into some of the markets we serve. However, we have a range of leading brands with a unique ability to provide solutions from across our businesses, and we continue to actively manage customer relationships, pricing and credit terms to maintain our competitiveness.

### Emerging risk

- Ecosystem changes in our industry, including customer ownership and consolidation.
- Failure to harness AI technologies to drive efficiencies and generate value could make us less competitive.
- Long-term changes in customer needs and expectations.

## Principal Risks and Uncertainties continued

### 5 Business disruption

**Risk**

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 the physical or transition risks of climate change.

**Potential impact**

Such incidents could result in the temporary cessation in activity, or disruption, at one of the Group's facilities, impeding the ability to deliver our products to our customers, thereby adversely affecting the Group's financial results.

| KRIs |
|---|
| – Climate-related data |
| – Cyber security breaches and related data |
| – Site flood risk vulnerability assessments |
| – Overall equipment effectiveness (OEE) reports |

**Mitigations**

– Maintain established business continuity, crisis response, and disaster recovery plans.

– Perform regular equipment maintenance to minimise the risk of failure.

– Maintain adequate, but not excessive, finished goods inventories that act as a limited buffer in the event of an operational failure.

– Invest in the maintenance and upgrade of IT infrastructure and information systems which, amongst other matters, facilitates remote working.

– Maintain sufficient liquidity to meet liabilities when due under both normal and stressed conditions.

– Maintain appropriate insurance to cover business interruption and material damage to property.

– Periodic independent insurer inspections across all sites to identify and assess potential hazards and business interruption risks.

– We assess the potential financial impact of damage to and closure of the Group's offices, warehouses and factories caused by extreme weather using qualitative scenario analysis, and supply chain disruption using quantitative scenario analysis, which both inform decision-making when identifying appropriate mitigations and impacts, as outlined in our TCFD report on page 42.

**Developments in 2024**

The factors that could lead to a disruption of our business were largely unchanged. However, we continued to invest in new and inherently more reliable plant and equipment, increased our understanding of the potential impact of cyber incidents through our strategic AI workstream, and developed further climate-related impact data from the quantitative scenario analysis conducted.

**Emerging risk**

– Escalating geopolitical tensions.

– More frequent extreme weather events due to climate change could impact business operations.

## 6 Climate change

**Risk**

The increase in frequency, intensity and impact of weather events such as flooding, drought, extreme heat and coastal erosion. The longer-term implications of climate change give rise to the transition risk to address the challenges expediently.

**Potential impact**

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.

**Mitigations**

- Maintain our climate change risk analysis and undertake the associated actions where relevant, further embedding the detailed assessments of climate-related risk throughout the Group.
- Maintain our sustainability framework, which includes a series of measures, action plans, metrics and targets (described in our TCFD report on page 42) to accelerate the Group's progress.
- Embed our sustainability agenda across the workforce. Our Sustainable Solutions for Growth strategy is focused on both mitigation and adaptation opportunities, including reducing our carbon impact.
- In the event of flooding, in the short term, some production could be transferred to other sites. In the longer term, climate change impact is monitored and, where deemed appropriate, flood defence systems could be installed.
- Details of our response to specific climate change risks are described in our TCFD report on pages 47 to 50.

| KRIs |
|---|
| – Achievement of SBTi trajectory and targets |
| – Embodied and operational carbon emissions |
| – Qualitative and quantitative analysis of climate-related risks |
| – Scopes 1, 2 & 3 carbon emissions |
| – Site flood risk vulnerability assessments |

**Developments in 2024**

Our product portfolio mitigates the impact of climate change, and further TCFD quantitative scenario analysis that was conducted enabled us to have a deeper understanding of the potential financial impacts. In addition, we further developed our site preparedness, business continuity plans, etc. We continued to progress supplier engagement to ensure that they were on a carbon reduction pathway and were also managing their own exposure to climate-related risk. In addition, the Group's SBTs were validated, which support our published Pathway to Net-Zero.

**Emerging risk**

- Changing geopolitical attitudes to climate change and carbon intensity could result in an acceleration of global warming.

## 7 Intellectual property

**Risk**

The Group depends on its extensive and unique intellectual property (IP), and differentiated products, to defend its market positions and sustain higher margins.

**Potential impact**

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, and compliance with IP regulators, and the Group's ability to implement and deliver its Sustainable Solutions for Growth strategy.

**Mitigations**

- Interaction amongst our Legal & Compliance, product development and R&D colleagues to ensure that our IP strategy is being implemented at all stages of the product life cycle.
- Review of our IP portfolio, including mapping and gap analysis across patents, designs, trademarks and copyright.
- Monitor potential infringement of our IP, assisted by third party IP experts, and robustly challenge or defend as appropriate.

| KRIs |
|---|
| – Competitor product monitoring |
| – Results of key trademarks and patent-watching services |
| – Third party infringement notifications |

**Developments in 2024**

There were limited changes internally and externally, and we continued to improve our processes to develop a central database of registered/pending trademarks, patents and designs, and rationalised the third party IP experts assisting us to improve central oversight, consolidate correspondence and control costs.

## 8 Recruitment and retention of key personnel

### Risk

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.

### Potential impact

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.

| KRIs |
|---|
| – Employee engagement levels |
| – Employee wellbeing indicators |
| – Gender and ethnicity pay gaps |
| – Gender and ethnicity representation at all levels, including job applications |
| – Length of time taken to recruit, and offer acceptance levels |
| – Voluntary employee turnover and the reasons cited |

### Mitigations

- Track staff turnover and key people indicators monthly.
- Embed learning and development programmes across the Group, including Diversity & Inclusion.
- Mental health policy and associated training, as well as employee assistance and wellbeing programmes.
- Group-wide HR information system that enables recruitment, performance management and talent management, and improves employee engagement survey capability.
- Employee communication and corresponding engagement.

### Developments in 2024

The labour market remained competitive, with potential employees seeking roles and employers that offer a wider proposition. In that regard, we continued to develop our talent and improve our shared culture. We formally launched the Group's Trademark Behaviours, Graduate Programme and placement/year-in-industry programmes. In addition, we achieved Gold Member status with The 5% Club and successfully completed our first Group-wide employee engagement survey.

### Emerging risk

- Changes in working patterns or increased financial uncertainty, could have a negative impact on colleagues' mental health.
- Long-term social and workplace changes.
- Potential for colleague activism.

## 9 Execution of M&A strategy

### Risk

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 suitable acquisitions may not be identified and executed, that any executed acquisitions may not perform as expected in the acquisition case and that benefits and value do not accrue in line with expectations.

### Potential impact

Ineffective identification, execution and 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.

| KRIs |
|---|
| – Acquisition price (premium, earnings multiple, etc.) |
| – Benefits and synergy tracking |
| – Execution of targeted acquisitions and disposals |
| – Milestone achievement of integration plan |
| – Performance compared to the acquisition case, including the root cause of any deviations |
| – Target management incentivisation, engagement and sentiment |

### Mitigations

- Formal Board-level approvals, in accordance with the Group's delegation of authority matrix.
- Full due diligence performed before any acquisition is made.
- Contractual assurances sought from the sellers to mitigate against any identified issues or risks.
- Where appropriate, contingent consideration linked to the ongoing performance of the acquisition.
- Monitor the progress of any integration at Board and senior management team level.
- Genuit Business System deployed into any new acquisitions.

### Developments in 2024

Our M&A processes remained effective, and we successfully completed the acquisitions of Sky Garden, and the trade and assets of Omnie & Timoleon. The Group is actively integrating these businesses and will deploy the Genuit Business System within them. In addition, the Group actively investigated and cultivated a pipeline of potential targets to develop the acquisition funnel.

## 10 Breach of legislation

### Risk

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.

### Potential impact

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.

| KRIs |
| --- |
| – Breach notifications |
| – Findings and recommendations from internal audit ethics and compliance reviews |
| – Legislative requirements/ policy review cycle |
| – New, or changes to current, legislation or regulatory guidance |
| – Sanctions policy requests for approval |
| – Training completion rates |

### Mitigations

- Monitor changes to laws and regulations that affect the Group, and perform related ongoing monitoring and training.
- Specific policies 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 detailing the expected standards of behaviour and compliance.
- Provide training and guidance documents to all relevant new employees on Competition Law, including those who are changing roles. In addition, provide mandatory training in relation to compliance with Data Protection Regulation and the Bribery Act.
- Obtain regular declarations of compliance in respect of Data Protection Regulation, Competition Law, the Bribery Act, Sanctions Compliance and adherence to ethics and compliance expectations.
- Group Legal approval required for all business in higher-risk countries. A third-party system is used to screen companies and/or individuals located in, or linked to, sanctioned countries.
- Independent third party Safecall whistleblowing helpline, available to employees.
- Data security solution that can automatically discover, classify and label personal data and, where necessary, remediate potential data exposure and misconfigurations instantly.

### Developments in 2024

We enhanced controls in relation to reward and benefit compliance, and enhanced training, awareness and associated monitoring through the launch of our updated learning and development platform within the HRIS system thus reducing the probability of a compliance failure.

### Emerging risk

- Changes to existing or potential new laws, or trade sanctions, in response to geopolitical tensions.
- Changes to data protection laws and regulations where we trade.
- Increased regulatory burden around corporate governance and reporting.
- The regulatory landscape, technology, and public awareness of AI and the use of data are rapidly evolving, leading to unpredictable outcomes and potential new obligations or reputational impact.

## 11 Health, Safety and Environmental

### Risk

The Group is subject to the requirements of environmental and occupational safety and health laws and regulations in the countries in which it operates, including obligations to take the correct measures to prevent fatalities or serious injury, and to prevent and/or investigate and clean up environmental contamination on or from properties.

### Potential impact

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.

| KRIs |
| --- |
| – Audit performances/scores |
| – Hazard and near-miss reporting |
| – Recordable injury frequency rates |
| – RIDDOR reportable incidents |

### Mitigations

– Formal Health, Safety and Environmental policy, and procedures to monitor compliance.

– 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.

– Internal and external HSE audits.

– Investigations to identify root causes and key learnings with a view to continuously improving. Learnings are shared, as necessary, and key messages reinforced throughout the Group.

### Developments in 2024

Health and safety remains a priority for us. We implemented a Group-wide internal HSE auditing system (the Genuit Blue HSE Audit programme), which provided more feedback on what works well and what further improvement opportunities exist, in addition to being a mechanism for identifying and sharing good practice. In addition, we provided further training and established a Group-wide Fleet Safety Steering Committee, including external stakeholders, to enhance road safety, reduce insurance claims and control costs.

### Emerging risk

– Complying with potential future changes to Health, Safety and Environmental regulations.

## 12 Product failures

### Risk

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.

### Potential impact

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 the diversion of key management's attention from the operation of the Group, which could all adversely affect the Group's financial results.

| KRIs |
| --- |
| – Failure reporting |
| – Internal test result reviews |
| – Voice of the Customer reviews |

### Mitigations

– Comprehensive quality assurance systems and procedures at each site.

– Certifications, wherever required, over our products to the relevant national and European standards, including Kitemarks, BBA, WRC and WRAS accreditations.

– Product liability insurance to cover third party property damage or personal injury claims arising from potential product failures.

### Developments in 2024

There was no change in the Group's focus on producing high-quality products that best serve customers' needs. We refreshed and enhanced our internal and external testing protocols, continued to invest in product improvements, and delivered structured problem-solving training to c.45 technical colleagues.

## 13 Liquidity and funding

**Risk**

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.

**Potential impact**

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.

| KRIs |
| --- |
| – Debt market sentiment |
| – Financial covenant headroom |
| – Leverage and interest cover ratios |
| – Percentage of debt with interest rate hedging |
| – Period until refinancing is required |
| – SONIA rate |

**Mitigations**

- Managing liquidity to ensure that we always have sufficient liquidity to meet our liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.
- Committed and uncommitted banking facilities with significant headroom.
- Regular communication with our investors and relationship banks (including visits to the Group's businesses).
- Regular review of banking covenants and capital structure, ensuring that future cash flow is sustainable through detailed budgeting processes and reviews, robust forecasting and budgeting processes.
- Ensure that the 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.

**Developments in 2024**

Macroeconomic factors have impacted debt capital markets. Notwithstanding this, we have maintained a resilient position in managing the liquidity and funding risk. Some of the measures included adopting an interest rate hedging strategy and extending our existing revolving credit facility.

**Joe Vorih**
Chief Executive Officer

11 March 2025