SIG plc

Sustainability Report 2023

SIG is a leading pan-European supplier of specialist insulation and sustainable building products and solutions.

We connect over 75,000 customers across Europe with thousands of products for better buildings.

c440	75k+	7,000+	1,200	58%	42%
Branches across six geographies	Customers	Employees	Delivery fleet	EU sales	UK sales

What's inside

Partner of choice for specialist contractors

Across our network of pan-European local branches, we strive to be our customers' first choice for specialist products. With a deep product range, expert knowledge and fabrication services, we help our customers get the products they need to deliver better, more sustainable buildings.

To find out more please go to **sigplc.com**

CEO's introduction

Continuously improving our sustainability

> SIG has always played an important role in helping to make the built environment more sustainable. We continue to bring products to market that improve building energy efficiency and decarbonisation more broadly.

I am pleased to introduce our 2023 Sustainability Report which summarises the Group's progress against our long-term sustainability objectives. The following pages have been extracted from the Group's 2023 Annual Report and Accounts, to create a standalone report for ease of use and reference by our different stakeholders.

SIG has always played an important role in helping to make the built environment more sustainable. As a leading specialist distributor of insulation across our European markets, we continue to bring products to market that improve building energy efficiency and decarbonisation more broadly.

This report focusses on our actions to improve our sustainability as an organisation. We have five long term sustainability commitments that we are working towards, with clear targets for each and we strive to report clearly and consistently on our progress against these and our wider sustainability performance and metrics.

At SIG, sustainability is embedded in our growth framework and our organisational values. In November 2023 we provided an update on our strategy to our investors at a Capital Markets Event in London. One of our three long term strategic objectives is to grow sustainably as a responsible business.

One of our organisational behaviours is 'Making a Positive Difference'. This also supports our focus on our sustainability commitments, and in 2024 it will become the new name for sustainability at SIG.

During 2023, we made good progress towards each of our five sustainability commitments. We have lowered our carbon emissions, improved our waste performance, and completed our first Scope 3 emissions report. We have reported a better safety performance and we have maintained a good level of employee engagement despite the headwind of more challenging market conditions.

We hope you find this report informative and thank you for your interest in our sustainability performance and progress.

Regards,

Gavin Slark
Chief Executive Officer, SIG plc

What does Sustainability mean to SIG?

SIG is committed to growing sustainably as a responsible business. Our five long-term sustainability commitments guide our actions on sustainability and social responsibility, in the most important areas of impact that we have as an organisation.

How we meet the UN Sustainable Development Goals

We have identified the impacts we have as an organisation and our sustainability commitments are aligned with the United Nations' Sustainable Development Goals. These are a global roadmap for achieving a more sustainable future for all countries.

Reduction in LTIFR

↓24%

Waste not going to landfill

94%

Reduction in waste going to landfill

↓2%

Stable eNPS

+14

Reduction in Net Zero carbon emissions

↓3%

Scope 3 emissions

1st year of calculation

Commitment	Measure	2023	2022
Net zero carbon by 2035 SEE PAGES 4 TO 5	**Net zero carbon emissions – covering Scope 1, 2 and business travel (metric tonnes)**	**42,015**	**43,328**
Zero SIG waste to landfill by 2025 SEE PAGES 10 TO 11	**% total waste not going to landfill**	**94%**	**92%**
Partnering across the supply chain to reduce carbon and waste SEE PAGES 12 TO 13	**Scope 3 emissions (metric tonnes)**	**1,852,356**	**n/a**
Health and safety leader in building materials distribution SEE PAGES 14 TO 15	**Lost Time Injury Frequency Rate (LTIFR)**	**8.4**	**11.1**
Employer of choice in building materials distribution SEE PAGES 16 TO 17	**Employee engagement (eNPS)**	**+14**	**+14**

At SIG we understand our impact and our role in building a sustainable long-term business for our stakeholders, and in supporting the broader need to decarbonise the built environment to meet the climate targets set by governments across our end-markets. We introduced our sustainability commitments in 2021, and our journey towards these goals has continued this year.

In 2023, we have taken an important step forward in understanding our Scope 3 emissions. For the first time, we have been able to start to quantify our Scope 3 impact, giving us the data we need to understand our impact, analyse trends, and to identify the type of partnerships required to achieve sustainable reductions over time.

In addition to reporting updates and progress on our commitments, we recognise the importance of recommendations from the Task Force on Climate-related Disclosures, and our in-depth climate-related risks and opportunities can be found on pages 36 to 45.

Our responsibilities to our colleagues, our customers and supplier partners, and the communities in which we operate are of vital importance to us. We have committed to being both a health and safety leader and an employer of choice in building materials distribution. The safety and wellbeing of our colleagues is our priority.

We want our colleagues to be proud to work for SIG and feel engaged in our purpose and vision. We are building an inclusive culture where everyone is respected for who they are, and we value and promote diversity in all its forms throughout the business. You can read about our progress in our Health and Safety and People sections of this report on pages 14 to 15.

Our local market business model goes hand-in-hand with robust standards, ethics and risk management. We are proud to be a strongly governed, transparent and fair business. Our Governance report, which features in our latest Annual Report, details the governance frameworks in place within the Group.

Net zero carbon by 2035

Our commitment

Net zero carbon in SIG's operations by 2035, covering Scope 1, Scope 2 and business travel emissions.

2023 progress

Net zero carbon emissions[1]

↓3%

2023: 42,015
2022: 43,328

Fleet mix by greener fuel type[2]

↑2%

2023: 26%
2022: 24%

2023 progress

We are committed to providing full and accurate data for our carbon footprint. Our emission accounting period runs from 1 October 2022 to 30 September 2023 to provide the appropriate reporting and auditing time for the process and data. The Greenhouse Gas (GHG) information for the period October 2022 to September 2023 has been verified, to a limited level of assurance, by Accenture (third-party specialist auditors) in accordance with ISO14064-3.

Our carbon footprint includes emissions for which we are directly responsible, such as vehicle and heating fuel (Scope 1) and emissions by third parties from the generation of electricity that we then use (Scope 2). In previous years we have disclosed some indirect upstream and downstream emissions (Scope 3) over which the business has limited control, including third-party air, rail transportation and deliveries as well as third-party transportation. This year we completed a study to quantify our total Scope 3 emissions, which has enhanced our understanding of our impact and how we can work with our partners to reduce these over time. For full details, see our Scope 3 journey on page 24.

Our carbon footprint includes all emission sources as required under the Companies Act 2006 (Strategic report and Directors' report) 2013 Regulations All carbon emissions and targets have been calculated using the GHG Protocol Corporate Accounting & Reporting Standard's application of documented emission factors. Emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023, provided by DEFRA, along with factors from the IEA list for 2023 have been used to calculate our GHG disclosures. The data relating to CO_2 emissions has been collected from all the Group's material operations.

Our net zero emissions, which include Scope 1 and 2 emissions plus business travel, have decreased 3% from 2022 and 12% from our baseline of 2021.

This year's net zero reduction is primarily due to the full year benefit of renewable electricity contracts in Germany and the UK. During 2023, Ireland has transitioned to a renewable electricity contract and is currently generating electricity from on-site solar panels, however as a smaller business this does not have the same impact on the Group figures as Germany or the UK. It does mean however that 60% of our electricity consumption in 2023 came from specifically requested renewable electricity contracts.

Our Fleet

Emissions from our own fleet continue to constitute a significant portion of our total emissions (73%). Our secondary goal of having 100% electric, hydrogen or lower-carbon alternative commercial vehicles by 2035 reflects this, although it does rely on technological advances and infrastructure support, especially for HGVs. These advances and support will vary geographically.

Emissions from our fleet have remained stable compared to 2022, despite our 2% increase in electric or hybrid total plant and road fleet. The main reason has been an overall increase in the number of company cars, plus the focus in 2023 on the replacement of some petrol/diesel plant vehicles, such as Moffetts (an onboard forklift, attached to the trailer, which connects and disconnects when required for deliveries), which typically are not used for lengthy periods of time, and hence do not have a significant impact on fleet emission reductions.

We are diversifying with a small number of commercial vehicles powered by alternative technologies. This includes biofuels (HVO, Bio diesel) and gases (hydrogen, bio-gas, CNG) and trialling the performance and effectiveness of the new technologies and fuel and the energy supply infrastructure involved. In the meantime, we are making incremental progress with the like-for-like replacement of older diesel commercial vehicles to newer more carbon efficient ones.

1. Reduction against total Scope 1, 2 and business travel emissions by 2035 (using 2021 as a base year) and offsetting any residual emissions.
2. Percentage electric/hybrid vehicles in own fleet comprising 36% company cars, 35% FLTs/Moffets and 1% HGVs.

Testing alternative fuel technologies

Road fleet emissions constitute around 80% of our Scope 1 and 2 emissions for the Group, making an investment in lower-carbon solutions a priority for us.

The team in France is currently exploring a range of alternative fuel technologies including bio-compressed natural gas (bioCNG), and electric vehicles.

We are the first building materials provider in France to trial two fully electric trucks. This will help to evaluate the transport efficiency and practical considerations of moving to an electric fleet within France's current infrastructure.

In another first, back in January 2023, our Wego team in Germany became the first building materials distributor in the country to trial a hydrogen-powered HGV truck. We are working in partnership with Hylane to trial the Hyundai Xcient in Berlin, a city that now has one of the largest hydrogen filling stations in Europe.

To share the outcomes, successes, and challenges regarding the transition of our fleet to alternative technologies, in 2023 we established a Group-wide fleet forum which meets on a regular basis. Commercial vehicle suppliers have been invited to the forum to discuss their strategies and outlook regarding alternative fuels. The general outlook for HGV future fuels is currently based around electric for shorter journeys, with hydrogen for longer trips.

The forum and our expert guests have highlighted challenges in progressing the infrastructures in our geographies for electric charging and hydrogen, especially related to grid capability, reliability and availability, which are essential for the steady roll-out of these fuel types.

As our fleet generates 95% of our Scope 1 emissions, it is our primary focus in our net zero carbon reduction plans.

Our net zero commitment is reliant on technological advances and infrastructure support, especially for HGVs. However, decarbonisation trajectories for the transport sector continue to remain unclear. This uncertainty has impacted our net zero interim milestone projections to a c20% decrease by 2025 and c40% reduction by 2030. We expect further progress from 2030 onwards as electrification, hydrogen and alternative fuel technologies and infrastructure become more widespread and commercially available.

Net zero carbon by 2035 / continued

Our Scope 3 Journey

The GHG Protocol provides the most widely recognised accounting standards for greenhouse gas emissions and it categorises GHG emissions into three 'scopes'. Scope 3 includes all indirect emissions that occur in the upstream and downstream activities of an organisation.

The GHG Protocol's Corporate Value Chain (Scope 3) Standard identifies 15 categories, including purchased goods and services, business travel, employee commuting, waste disposal, use of sold products, up and downstream transportation and distribution, investments and leased assets and franchises.

During 2023 we commissioned a study of our Scope 3 emissions and impact utilising the GHG Protocol spend based method. The results were in line with our industry, with Scope 3 accounting for 97.7% of our total emissions (Scope 1, 2 and 3). The largest contributor to our Scope 3 emissions by far, at 86%, is emissions associated with our purchased goods and services, which represent emissions along the whole supply chain – from mining raw materials, processing of materials, manufacturing of the goods and their transportation to our branches.

The study has given us initial baseline data and an important starting point for developing an engagement plan for our Scope 3 emissions. In 2024, we will identify our largest purchased product supplier areas in order to engage with the relevant supply chain partners on sustainably reducing their and our emissions over time.

2024 Focus

- Dual materiality assessment to shape/amend current sustainability strategy, supporting preparation for CSRD.
- Roll-out of photovoltaic panels at selected locations.
- Continuing to make our branch network energy efficient through training, awareness, engagement and regular review.
- Further investigation and research into Science Based Targets initiative (SBTi) and application (or alternative) within our countries.

Our other interim milestones

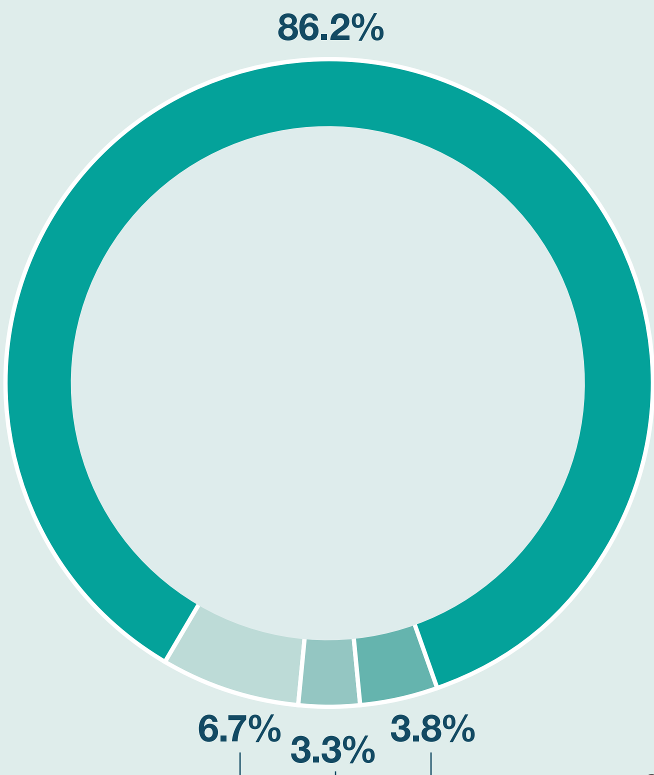
2025	c20%	**Carbon reduction forecasted from baseline**
2030	c40%	**Carbon reduction estimated from baseline**
2032	100%	**of electricity to be generated by renewable or low-carbon sources**
2035	100%	**of whole fleet with lower-carbon engines (where infrastructure and technology allows)**

Scope 3 category breakdown

Our first scope 3 study in 2023 provides us with an important baseline to develop engagement plans. As a distributor, emissions generated from the production of the goods and services that we purchase represent 86% of our scope 3 footprint. This and our other scope 3 category emissions are highlighted in the chart below.

Purchased goods and services

Emissions from the production of goods and services purchased or acquired by SIG



Use of sold products

Emissions from the use of goods and services sold by SIG

Other

All other scope 3 categories as defined by the GHG Protocol

End of life treatment of sold products

Emissions from the disposal and treatment of goods sold by SIG, at the end of their life

Net zero carbon by 2035 / continued

Carbon tables

CO_2 emissions – Scope 1 – Direct

	Metric tonnes 2023 Group	Metric tonnes 2022 Group	Metric tonnes 2021 Group	Metric tonnes 2023 UK	Metric tonnes 2023 Europe
Road vehicle fuel emissions[1]	**34,600**	34,119	35,002	**15,722**	**18,878**
Plant vehicle fuel emissions[2]	**3,795**	4,328	4,759	**1,511**	**2,284**
Natural gas[3]	**1,580**	1,571	2,642	**822**	**758**
Coal/coke for heating[4]	**12**	101	79	**0**	**12**
Heating fuels (kerosene and LPG)[5]	**447**	410	479	**169**	**278**
Total	**40,434**	40,529	42,961	**18,224**	**22,210**

CO_2 emissions – Scope 2 – Indirect

	Metric tonnes 2023 Group	Metric tonnes 2022 Group	Metric tonnes 2021 Group	Metric tonnes 2023 UK	Metric tonnes 2023 Europe
Electricity[6] – location-based	**4,536**	4,454	4,944	**2,524**	**2,012**
Electricity[6] – market-based[7]	**1,296**	2,535	4,944	**74**	**1,222**

	kWh 2023 Group	kWh 2022 Group	kWh 2021 Group	kWh 2023 UK	kWh 2023 Europe
Electricity consumption	**20,831,348**	20,475,964	22,795,687	**12,067,425**	**8,763,923**

	Metric tonnes 2023 Group	Metric tonnes 2022 Group	Metric tonnes 2021 Group	Metric tonnes 2023 UK	Metric tonnes 2023 Europe
Total Scope 1 and 2 emissions – location-based	**44,970**	44,983	47,905	**20,748**	**24,222**
Total Scope 1 and 2 emissions – market-based	**41,730**	43,064	47,905	**18,299**	**23,431**

Our net zero carbon emissions in 2023 as reported on page 21 comprise 41,730 metric tonnes (Total Scope 1 and 2 emissions – market-based) and 285 metric tonnes of business travel that is included within 'CO_2 emissions – Scope 3 – Other indirect'.

Data source and collection methods

1. Fuel cards and direct purchase records in litres converted according to DEFRA.
2. Direct purchase records in litres converted according to DEFRA guidelines.
3. Consumption in kWh converted according to DEFRA guidelines.
4. Purchases in tonnes converted according to DEFRA guidelines.
5. Purchases in litres converted according to DEFRA guidelines.
6. Consumption in kWh converted according to International Energy Agency ('IEA') guidelines.
7. Market-based approach reflects emissions from electricity that we have purposefully chosen as opposed to using UK averages for electricity emissions. In our case this relates to renewable electricity contracts that we have purchased in the UK and Germany.

CO_2 emissions – Scope 3 – Other indirect

	Metric tonnes 2023 Group	Metric tonnes 2022 Group	Metric tonnes 2021 Group	Metric tonnes 2023 UK	Metric tonnes 2023 Europe
Third-party provided transport[8]	**5,616**	5,061	4,866	**360**	**5,256**

Total CO_2 emissions (excluding 'new' scope 3)[8]

	Metric tonnes 2023 Group	Metric tonnes 2022 Group	Metric tonnes 2021 Group	Metric tonnes 2023 UK	Metric tonnes 2023 Europe
Total Scope 1, 2 and 3 emissions – location-based	**50,586**	50,044	52,771	**21,107**	**29,479**
Total Scope 1, 2 and 3 emissions – market-based	**47,346**	48,125	52,771	**18,658**	**28,688**
Total energy (MWh)[10]	**215,996**	211,197	215,481	**89,565**	**126,431**

Emissions per £m of revenue

	Metric tonnes 2023 Group	Metric tonnes 2022 Group	Metric tonnes 2021 Group	Metric tonnes 2023 UK	Metric tonnes 2023 Europe
Scope 1	**14.6**	14.8	18.7	**15.2**	**14.2**
Scope 2 – location-based	**1.6**	1.6	2.2	**2.1**	**1.2**
Scope 2 – market-based	**0.5**	0.9	2.2	**0.1**	**0.8**
Scope 1 and 2 – location-based	**16.2**	16.4	20.9	**17.3**	**15.4**
Scope 1 and 2 – market-based	**15.1**	15.7	20.9	**15.3**	**15.0**
Scope 3	**2.0**	1.8	2.1	**0.3**	**3.4**
Scope 1, 2 and 3 – location-based	**18.3**	18.2	23.0	**17.6**	**18.8**
Scope 1, 2 and 3 – market-based	**17.1**	17.5	23.0	**15.6**	**18.4**

Data source and collection methods

8. Distance travelled converted according to DEFRA guidelines.
9. Total CO_2 emissions (excluding 'new' Scope 3) refers to the total of Scope 1, Scope 2 and third-party provided transport. It does not include those Scope 3 emissions that have been identified for the first time (see page 25).

Conversion factor

10. UK Government GHG Conversion Factors for Company Reporting 2022 according to DEFRA guidelines.

Zero SIG waste to landfill by 2025

Our commitment

Zero SIG waste to landfill by 2025.

2023 progress

Total waste not going to landfill

↑2%

2023: 94%
2022: 92%

Hazardous waste (metric tonnes)

↓70%

2023: 57 metric tonnes
2022: 192 metric tonnes

SIG is committed to reducing the waste we generate and aim to have zero SIG waste going to landfill by 2025. Our primary responsibility is the SIG waste that we directly control, including monitoring and validating third-party waste contracts for our sites. This will be achieved by waste segregation, reuse of packaging and paperless processes.

However, the nature of our role as a distributor in the middle of the supply chain, handling logistics between customers and suppliers, means we are already coordinating complex logistics and supplying products across a fragmented customer market, with efficient on-site delivery. Together this helps reduce on-site waste in construction. We are also well placed to support a circular economy by recycling and repurposing materials to reduce waste and raw materials extraction.

2023 progress

A total of 12,076 metric tonnes of waste was reported throughout 2023. In 2023 94% of total SIG waste was diverted from landfill, an improvement from 92% in 2022, or over 507 metric tonnes less waste going to landfill.

Our waste data is based on reporting from our waste management companies who report whether our waste has been incinerated, recycled or sent to landfill. We are in the process of consolidating waste management providers in some countries, with an aim to make efficiencies in our data collection processes and to provide further access to recycling and incineration facilities.

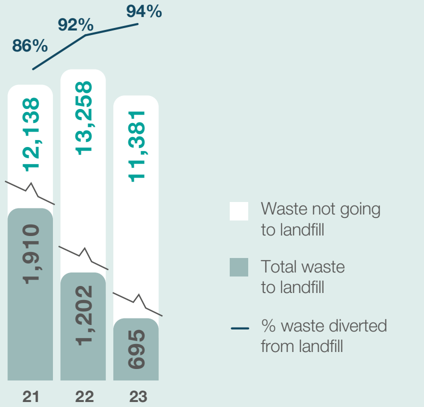
Two of our operating companies have 100% waste diverted from landfill. Benelux have an 8% increase, joining Germany at 100%. Ireland improved by 5%, while the UK also reduced waste to landfill by 2%.

In Poland, there are specific industry-wide challenges in the infrastructure and availability of recycling and waste to energy plants.

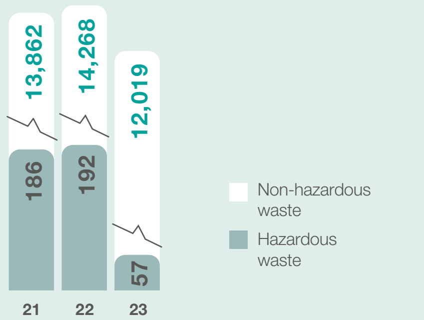
The European Commission has issued an early warning report on the progress of Poland, highlighting a strong reliance on waste landfilling[1]. We are currently seeking alternatives, as Poland constitutes 5% of our total waste, however these issues currently present a challenge to our progress in achieving zero waste to landfill.

The legislative environment regarding waste is fluid, but we do expect to see regulations governing the reduction of landfill waste in all our key geographies in the coming years. We continue to expect to achieve 100% zero waste to landfill in most of our businesses, in line with our commitment.

Total waste not going to landfill (metric tonnes)



Waste type by volume (metric tonnes)



1. European Commission, Directorate-General for Environment, Poland, 2025 EU waste recycling targets – State of play, Publications Office of the European Union, 2023, https://data.europa.eu/doi/10.2779/348402.

Shining the light on our dark corners

We are committed to sending zero SIG waste to landfill by 2025. Clearing out forgotten rubbish and managing our on-site waste appropriately is crucial to help us meet this sustainability commitment and make our workplaces safer and healthier for all.

This year, we launched the ‘Dark Corner’ clean out, a Group-wide initiative to dispose of or repurpose forgotten items that were no longer needed in our branches and offices.

Much of this rubbish left in these dark corners was unnecessarily being stored for much longer than needed. Through the drive and commitment of our teams, this initiative was successfully rolled out across our branches. It has not only resulted in unwanted items being effectively disposed of or recycled but also helped our workplaces to be used more efficiently and safely.

In order to support our teams across the Group, we have established a waste working group comprised of our business’s sustainability experts and led by the Group Health, Safety and Environment (HSE) team.

The working group has been instrumental in reducing our hazardous waste to a minimum by promoting and sharing methods on stock rotation and supplier disposal and reuse. This has been instrumental in our reduction of hazardous waste.

In 2023 our hazardous waste, which is typically difficult to recycle or incinerate, has fallen by 70%, compared with 2022.

Hazardous waste was 0.5% (57 metric tonnes) of total waste in 2023 and 1.3% (192 metric tonnes) in 2022. This is very good progress and must be sustained if we are to reach our commitment in 2025.

Most of our waste is non-hazardous and diversion from landfill relies on increasing awareness and education among our colleagues of good waste management regimes, recycling and branch housekeeping. We have increased training and communication in 2023, including our ‘Dark Corner Clear Out’ campaign.

Dark corners refer to areas at our branches where items that are no longer needed are stored, and can often be forgotten about and left on site. This campaign encouraged our sites to seek out their dark corners and dispose of the waste appropriately.

Our focus continues into 2024, with the emphasis on exploring our categories of waste that are difficult to divert from landfill. In addition, we will continue with our efforts to consolidate or change waste management providers in certain geographies to ensure efficient data collection and to provide further access to recycling/incineration facilities (where available).

Partnering across the supply chain to reduce carbon and waste

Our commitment

To partner with manufacturers and customers to reduce carbon and waste across the supply chain.

2023 progress

Scope 3 data reported

1st year of calculation

As a specialist distributor of products crucial for improving building energy efficiency, SIG plays a central role in the industry supply chain.

We provide our customers with product choices, ensure transparent product data, and offer expertise on regulatory compliance as they make these choices. We focus on finding and promoting more sustainable products from both new and existing suppliers.

In 2023, we've been taking steps towards better understanding and ultimately improving the wider carbon and waste footprint of our supply chain.

We have also been working to bring together more partners to reduce our carbon and waste across the Group. Here are some examples of how we are working across our supply chain to achieve this.

2023 activities

In 2023 we commissioned our first Scope 3 data assessment, and further details are set out on pages 24 to 25. We have continued to engage with our supply chain partners and industry stakeholders around supply chain carbon and waste in 2023.

In the UK we are working with suppliers to develop our product carbon database to ensure customers can make informed decisions on the products they choose through EPDs (Environment Product Declaration) on our SIG Assured system.

We have discussed our UK suppliers' decarbonisation measures for our main product lines with them and are working with suppliers to bring more lower carbon and carbon reducing products to market over time.

Understanding our suppliers' goals helps us to incorporate these into our plans for reducing indirect emissions.

For example, in our own Speedline brand metal products, we're developing lower carbon alternatives to our usual range, as an eco-friendly solution, working together with our partners to achieve this.

In the UK we have expanded our solar solutions and product offering across all roofing types and introduced solar canopies to our customers.

In Poland we are expanding sales of energy-efficient products to support EU regulations to drive zero-emission buildings. Our e-commerce store highlights around 500 eco-friendly items, and we are advocating for energy efficiency in conversations with suppliers, often guiding them toward their first sustainable steps.

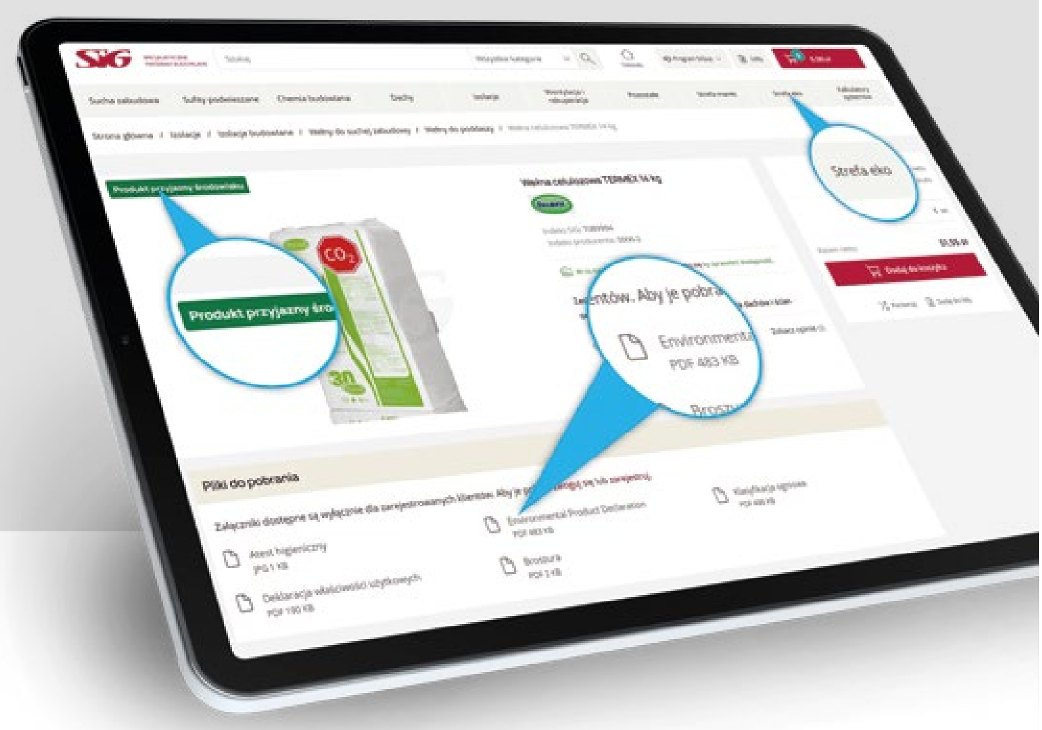
We have joined industry climate initiatives including the 'Pact for Climate' with Kraków city council and developing zero emissions plan with their advisory team. We are also partnering with the Polish Green Building Council as they help prepare the construction sector for a circular economy amidst resource scarcity and upcoming rules.

In France we have partnered with a national service provider to establish waste collection at our client sites, in line with the French REP (Responsabilité Élargie du Producteur) regulation for accessible waste collection points nationwide.

We are proud to have signed the RFAR (Relations Fournisseurs et Achats Responsables) Charter. This outlines principles that companies agree to follow in their interactions with suppliers for positive ethical, environmental, and social purchasing strategies.

We are committed to responsible purchasing through the Charter's 10 initiatives aimed at making the procurement function a true business partner for both companies and the public sector.

Partner of choice for specialist contractors



Using e-commerce to support adoption of lower-carbon products

In Poland we continue to work with our suppliers to increase the range of lower carbon and eco-friendly products that we can bring to our customers. We are leveraging our leading e-commerce platform in Poland to make choosing 'lower carbon' an easier choice.

Our platform allows us to share our products 'EPD' data digitally with our customers, and our website filters and spotlights help lead customers to lower-carbon substitutes for existing products. With EU regulations steering the construction of more zero-emission buildings over time, we believe our e-commerce platform is a valuable tool to support the industry journey towards decarbonisation.

In our Exteriors business in France, we have partnered with CAPEB (Confederation of Crafts and Small Building Enterprises). CAPEB aims to help craft building businesses in construction with designing and promoting technical solutions for building envelopes to support building energy efficiency.

In Germany, customers can return unused EPS insulation materials to our branches or to construction sites. These materials are recycled by our teams by shredding and refining them and the recycled product is then repackaged and resold as insulation material.

With our Thermoblower product and service, this recycled material can also be blended with other substances for flooring materials and delivered straight to construction sites. This process creates a new product from the waste material in a more circular process. Further information on our Thermoblower service and flooring expertise in our German business can be found on page 15.

In Ireland we have partnered with one of our largest suppliers and an environmental partner to bring plasterboard off-cuts and waste back from our branches to the supplier for recycling. This partnership has decreased our landfill waste and improved recycling in the construction supply chain.

Additionally, our HHI home improvements business joined forces with a waste contractor to collect old window frames from customer renovation projects at no cost. After removing the glass, our partner breaks down the frames for use in construction. This initiative further reduces our landfill waste and promotes recycling in construction.

Health and safety

Our commitment

Being a health and safety leader in building materials distribution.

2023 progress

LTIFR

↓24%

2023: 8.4
2022: 11.1

Employees feel safe at work

92%

2022: 92%

We believe that a safe, healthy workplace is the cornerstone of a sustainable, profitable business. Our aim is to build a culture where health and safety are an inherent part of our business activities; where we strive to ensure that everyone associated with our businesses goes home safe and well.

Our employees support this, with health and safety ranking as one of the top priorities for our colleagues.

Governance and structure

The ultimate responsibility for health and safety rests with the Board, Group CEO and Executive Leadership Team. This responsibility is cascaded through the organisation via our operating company Managing Directors and their leadership teams.

Each operating company has a health and safety team, supported by a central team of experts and the Group Health, Safety and Environment Director. At a Group level, the Health and Safety Policy sets the direction for our businesses, who manage and monitor their own objectives, plans and activities in accordance with this policy.

The health and safety leadership team also meet on a quarterly basis. This team comprises the health and safety leaders in each operating company and our central Group experts, and is led by our Group Health, Safety and Environment Director. Updates on progress and initiatives are discussed with the aim of sharing best practice and knowledge across the Group.

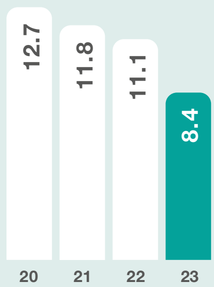
Regular comprehensive reporting from the businesses to the Board and the Executive Leadership Team also details progress on strategy, KPIs, key initiatives and significant incident detail.

2023 progress

Our health and safety highlights for 2023 include:

- Introduction of our new ‘Everyone Safe, Every Day’ strategy, objectives and KPIs
- Our engagement survey shows that 92% of our employees feel safe at work.
- We have reduced our Lost Time Injury Frequency Rate (‘LTIFR’) to 8.4 from 11.1 in 2022.
- Our ‘near miss’ hazard reporting has increased by 66%, a positive improvement demonstrating a more open reporting culture and allowing us the opportunity to prevent hazards from becoming incidents.

LTIFR history



8.4

We are pleased to have achieved a 24% decrease in our LTIFR, with a reduction to 8.4 from 11.1 in 2022. Our employee LTIFR (excluding temporary and agency staff) also reduced to 7.5 in 2023, from 8.8 in 2022. There were strong performances in France and UK, with France in particular decreasing from 15.8 to 8.9 in 2023.

Correspondingly, we are pleased to report that our incident severity rate has reduced by 33% to 22.3 in 2023 (2022: 33.2). This is a good reduction giving us reassurance that we are managing those risks which could lead to serious and potentially fatal injuries.

Tous en sécurité, Tous les jours

Bezpieczeństwo dla wszystkich. Zawsze

Everyone safe, every day

Alle sicher, jeden Tag

Iedereen veilig, elke dag

Everyone safe, every day

'Everyone safe, every day' is our Group health and safety programme and strategy. The programme operates across our geographies and has been translated into our key languages.

In addition, the 'Total Recordable Incident Rate' (using OSHA definitions) fell from 2.5 in 2022 to 1.9 in 2023, whilst our "Total Incident Rate" remained stable. Our TIR rate includes all incidents – first aid, hazards, near misses, environmental and property damage, and we believe this stability indicates our colleagues' increasing readiness to report all types of incidents and support prevention of accidents.

This open reporting culture also led to a 66% improvement in 'near miss' hazard reporting. While our near miss numbers are not yet at industry average, we are pleased with this progress and continue to work to encourage all our employees, contractors and stakeholders to report near misses, and unsafe situations and behaviours.

All of the performance data above covers 100% of the Group's operations.

We firmly believe that active, visible leadership, employee engagement, and systems and processes that are continually challenged and improved, will drive us towards achieving excellence in our workplaces and culture.

Our strategy released in summer 2023 is based on three goals, designed to achieve our vision to provide safe, healthy working environments and cultures, where health and safety is integral to our business activities and all our people actively engage in our drive to excellence.

Leadership

All our leaders visibly lead by example in health, safety and environment (HSE). This includes displaying behaviour and actions that demonstrate interest, ownership, responsibility and care for HSE and responding positively to concerns, issues or suggestions.

Employee engagement

All our people are actively engaged in our drive to HSE excellence. Everyone feels informed, included and involved in HSE decisions and we all actively contribute by sharing ideas, suggestions, near misses and observations.

Workplaces, systems, processes

We have safe and healthy working environments for all stakeholders. We continuously strive to improve our best practices, supported by intuitive systems and easy to use processes/ standards.

To drive our progress, we have established for each goal a set of activities and KPIs. In 2023, we have set HSE Leadership and Accountabilities for all levels of the organisation, so that everyone clearly understands their role and provided training on these.

We have established HSE forums throughout our businesses so our colleagues can feel informed, included and involved in HSE decisions. We are also rolling out our enhanced incident reporting tool, with the use of QR codes in every branch, so our stakeholders can more easily report safety issues, hazards and near misses.

In terms of workplaces, systems and processes, we have developed and implemented a set of Group-wide HSE Principles based around our key hazards and risks. During 2023, we assessed each of our businesses against these principles, providing a baseline for continuous improvement. Results of these assessments have been reviewed by our leadership teams, with improvement plans created for both individual business and common themes.

The progress against our strategy is monitored on a regular basis by our executive leadership team and the Board.

2024 Focus

We will continue our strategy, with:

- The creation of materials for our leaders, designed to support the introduction of regular leadership walks, inspections and conversations
- Undertaking a full training needs analysis of our HSE professionals
- The creation and implementation of a standard HSE induction specification
- Further promotion of near miss, hazards and safety observation reporting

Our people

Our commitment

To be an employer of choice in the building materials distribution industry.

2023 progress

Employee engagement (eNPS)

+14

2022: +14

Engagement index

71%

2022: 73%

SIG is a people-centric business. This commitment runs through everything we do. We aim to ensure that all of our people feel supported, valued and engaged in their work at SIG.

In 2023, we've continued with our strong focus on our people. We've invested in career development and further learning opportunities, charitable engagement in the community, and in our culture to continue championing diversity across the Group.

Our goal is for SIG to continue to be a great place to work, where our employees feel safe, respected, and appreciated. We're dedicated to making sure everyone thrives in our inclusive workplace.

We're proud that our commitment to being an employer of choice has been validated by external recognitions and accreditations during 2023. Our German business has been recognised with a 'Top Company Award' from Kununu, a German Employer rating agency, while our colleagues in Poland earned the SIG 'Great Place to Work 2023' recognition. In addition, we have been independently certified as a 'Top Employer' in France in January 2024.

Employee Engagement & Wellbeing

Our latest annual employee engagement survey conducted across September and October 2023 has shown we are maintaining a consistent level of engagement, with an employee commitment score (eNPS) in 2023 of +14 (2022: +14). This reflects SIG as a positive, supportive and engaging place to work, and the stable result is positive in the context of more challenging trading conditions in 2023 compared to 2022.

At SIG, we're committed to fostering a fair, positive and inclusive work environment for all. As a Group we are pleased to confirm that in 2023 we have had no significant controversies related to employee wages or working conditions.

Diversity, Equality and Inclusion (DEI)

Our vision is clear: we want to develop a culture that's fair and inclusive. We firmly believe in the importance of diversity and inclusion.

We want everyone in our organisation to feel valued and included but also to create an environment reflecting the communities in which we operate.

Our DEI Forum meets quarterly to develop and promote initiatives which encourage diversity, equality and inclusion in the workplace and support the communication and delivery of local and Group initiatives, including importantly the impact of these activities in the business as measured through the annual DEI index.

This has been supported with increased internal communication and employee engagement activities to support a workplace where our employees feel safe, valued, empowered and proud to work for SIG.

Gender diversity (male/female split)[1]

	2023		2022	
	Male %	Female %	Male %	Female %
Total employees	**78**	**22**	78	22
Board members	**80**	**20**	80	20
Executive Leadership team	**79**	**21**	77	23
Senior managers[2]	**77**	**23**	79	21
Senior managers[3]	**73**	**27**	70	30

1. Headcount as at 31 December 2023.
2. Data is per s.414C(8) of the Companies Act and includes subsidiary directors – population of 26 employees.
3. Data as per provision 23 of the UK Corporate Governance Code – population of 109 employees.

SIG Talent Club in France

SIG is committed to attracting and developing the best talent and to creating employment opportunities in our local communities. In France we held our second annual Talent Club event in October for our 85 apprentices across the country to spend the day together to learn and develop skills.

The programme included using games and collaborative projects to build relationships and team skills, and meeting with regional directors and HR leaders. It also included a 'fresh ideas' session to share and brainstorm new ideas and different perspectives to find ways to tackle common business challenges.

In terms of gender diversity, 21% of our positions at ELT level are held by females, while females comprise 22% of our overall workforce. We were delighted to have appointed Kath Durrant as our new Senior Independent Director this year, and you can find more details about this in our Governance Report.

Our latest gender pay gap report can be found on our website.

Talent, Succession & Development

The skills and capabilities of our leaders and our colleagues are key enablers in our ability to deliver on our strategy. During 2023 we have further developed our talent and leadership programs to support this.

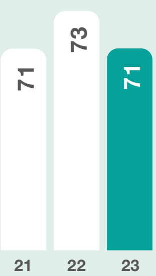
For senior leaders, we've implemented Individual Leadership Development Plans which act as roadmaps for their continuous growth, skills, and knowledge as leaders. Additionally, in each region we reviewed the organisational capability and skills required to deliver our business goals and each region now has robust action plans for these in place.

In February 2023, our Group CEO, Gavin Slark, joined SIG and this transition was well-managed through a comprehensive succession plan overseen by the Nominations Committee.

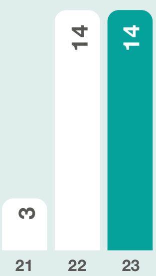
We're also expanding our Learning and Development offerings across the entire Group. We've invested over 25,000 hours on themes such as Effective Communication, Management and Leadership skills and Health and Safety, ensuring that our team members have access to valuable learning opportunities.

Each year, our employees complete an annual performance and development review. This includes a review of their core skills, professional development objectives, and opportunities for career progression.

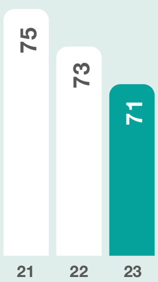
Engagement Index %



eNPS



Response rate %



Apprenticeships, Community & Charity

We're dedicated to providing career opportunities across the local communities in which we operate and are making a positive impact, with our successful apprenticeship programs supporting our 348 apprentices across the Group. Our program creates opportunities for individuals from all backgrounds and provides training in multiple roles including warehouse, branch, HR, and IT roles.

Throughout the year, our local businesses choose and support various charities through fundraising efforts. In 2023, we organised a wide range of events and initiatives. In the UK, for example, in partnership with our suppliers we raised in excess of £100k, which we divided equally between our own Rainy Day Charity and with Cancer Research UK. In total, we raised £386k for charities across the Group, an achievement of which we are all proud.

When it comes to our recruitment efforts, we're dedicated to seeking out the best talent from our local areas. We believe we play an important part in supporting local economies by providing employment opportunities to those in our communities.

Task Force on Climate-related Financial Disclosures

Climate-related disclosures

In 2021, the Financial Conduct Authority introduced the mandatory Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommendations are supported by 11 disclosures that require the Group to provide detailed information on how we are assessing our climate-related risks and opportunities and what we are doing to mitigate the risks of climate change, and also provide transparency about how the risks and opportunities are governed.

We have addressed how we have complied with these recommendations on page 46.

Governance

The Board recognises the impact and complexity of climate change and the need for immediate and meaningful action. Alongside this, the Board also recognises that the Group has a long and rich heritage in delivering energy efficient solutions to customers and that there are significant opportunities for the Group from climate-related matters and the drive for sustainable construction. Its role in the year has been to ensure that the Group's approach to such risks and opportunities is balanced, measured and appropriate for our business.

In 2021, the Board approved the five sustainability commitments discussed on page 21. In the current year, the focus of the Board and senior management in relation to climate-related matters has been as follows:

- understanding our progress against our climate-related commitments, including:
  - reviewing the interim targets towards our carbon reduction and waste reduction commitments;
  - understanding the improvements made in carbon reporting to facilitate better control and management of our carbon emissions and waste;
  - reviewing and challenging operating company net zero transition plans towards 2035;
- authorising the roll-out of a comprehensive communications strategy to ensure that the sustainability commitments are understood at all levels of the organisation, including approving a new sustainability policy;
- focusing on our commercial agenda with respect to sustainability including:
  - understanding the impact of regulation on our business;
  - defining a framework for categorising product sustainability;
  - accelerating the growth of new sustainable products and solutions; and piloting new models for working with innovative early stage manufacturers;
- reviewing the climate-related risks identified in the Group and ensuring that there are appropriate mitigations in place; and
- understanding how our carbon and waste reduction plans, plus the opportunities we see from climate-related matters, have been embedded in the Group's budgets and medium-term plans.

In 2023, the Board requested an analysis of our Scope 3 carbon emissions to be prepared, to inform early discussion on how we might approach the reduction of these over the long-term. This has been completed. See page 24 for Our Scope 3 Journey.

In 2023, we further formalised and enhanced the reporting that the Board and senior management see in respect to the progress we are making against our commitments and the opportunities we have identified. This has been completed and is being performed on at least a quarterly basis.

Governance and management structure of climate-related matters

The governance of climate-related matters, amongst our broader sustainability commitments, is as follows:

Board

Responsible for the establishment and oversight of the Group's purpose, strategy, and behaviours, including the associated climate-related risks and opportunities

Audit & Risk Committee

Responsible for oversight and assessment of the TCFD disclosures

CEO/CFO

Responsible for proposing and delivering the Group's strategy, including the management of climate-related risks and opportunities

Remuneration Committee

Responsible for setting relevant climate-related incentives for the Board and senior management

Sustainability committee

Providing thought leadership and advice to the CEO/CFO on climate-related risks and opportunities

Executive Leadership Team (ELT)

Responsible for delivery of the Group strategy alongside management of operational issues, including climate-related risks and opportunities

Operating company MDs

Responsible for the operating company delivery of the Group's strategy, including management of climate-related risks and opportunities

Employees

Responsible for adhering to the Group's strategy on a day-to-day basis, including ways to manage climate-related risks and opportunities

Task Force on Climate-Related Financial Disclosures / continued

The Board continues to ensure that there is appropriate climate-related expertise within the business and in 2023 has continued to build on this level of knowledge and understanding.

The Board is assisted in its duties by the Audit & Risk Committee and the Remuneration Committee. The Audit & Risk Committee has the responsibility to ensure that the Group's TCFD reporting is appropriate, transparent and representative of the position of the Group in this area. In 2023 the Remuneration Committee decided that there would be an ESG objective included within the personal objectives in the bonus scheme for certain senior management.

The CEO is ultimately responsible for delivering the strategy of the Group, including management of climate-related risks and opportunities. He is supported by senior management who have the responsibility to deliver this strategy on a day-to-day basis and to ensure that climate-related matters are appropriately cascaded through the business.
This includes:

1. **Sustainability committee** – this committee includes the CEO, CFO, Chief People Officer (responsible for Social), Group Health, Safety and Environment Director (responsible for operational sustainability), Company Secretary (responsible for Governance), senior representatives from the operating companies and sustainability subject matter experts. This committee, whilst not a Board Committee, has been instrumental in driving our sustainability commitments forward and providing thought leadership and advice on all areas of climate change risks and opportunities in the Group. This committee meets monthly.
2. **Operating company MDs** – each MD is responsible for embedding the Group's strategy into their operating company. This includes both understanding and mitigating the climate-related risks noted in the Group whilst also harnessing the opportunities that climate-related matters bring. Each MD is supported by sustainability specialists who are driving operating company specific plans to meet the challenging commitments we have set ourselves, both in terms of our path towards net zero, and also ensuring that we continue our tradition of bringing energy efficient solutions to the market.
3. **ELT** – The ELT is responsible for the operational delivery of the Group's strategy. They form a key role in developing the approach, focus and day-to-day management of climate-related matters alongside ensuring that the performance against our commitments is monitored appropriately and in line with the overall strategy. The ELT meets regularly.

Strategy

Climate-related risks and opportunities can include risks and opportunities from physical events, such as extreme weather events, or risks and opportunities because of a transition to a low-carbon economy.

Acute physical risks

The Group does not consider acute physical risks such as drought, flooding, wildfires and hurricanes to be material strategic risks given that the Group, along with the majority of its key suppliers and customers, operates in the UK, Ireland, France, Germany, the Netherlands, Belgium and Poland. Flood risk could be a consideration but based on an external review of our branch network, only a small number of our branches have a high flood risk attached to them, leading to minimal risk for the Group's strategy.

Further analysis on the potential impact of physical risks on our supply chain confirmed that the risk to the Group was not material due to:

- the Group's ability to pivot to new suppliers and supply routes should a significant physical event occur;
- the location of our key suppliers in areas of Europe that are less exposed to acute physical risks; and
- the mitigation strategies of our key suppliers to physical risks, which include:
  - ensuring physical risks are built into forecasts and risk modelling when considering new expansions or sites;
  - implementation of risk prevention policies that minimise the impact of significant events should they arise. This includes a special focus on sites with high exposures to natural disasters and business continuity plans; and
  - diversified manufacturing sites which allow supply to be maintained from areas of the world not impacting by a particular physical event.

Transition risks and chronic physical risks

In terms of transition and chronic physical risks, the Group considers short-, medium- and long-term horizons to be as follows: short-term is within the next 3 years (in line with our viability review period); medium-term is 4-10 years; and long-term is over 10 years. The table below sets out the main climate-related transition and chronic physical risks that the Group faces alongside proposed mitigating strategies and the impact on the Group's strategy.

Opportunities

The need for greater energy efficiency and decarbonisation in the built environment presents a significant number of opportunities for the Group which are already built into our strategy. Our category mix is well positioned to support this, with both insulation and roofing critical to building energy performance as well as solar products and lower-carbon building products.

For the purpose of this disclosure, we class sustainable products as those which minimise embodied and upfront carbon generation (low carbon products), conserve energy through their lifetime performance in a building or generate / store energy to reduce reliance on fossil fuels.

Our commercial priorities and opportunities centre around:

1. **Responding to regulations in the energy performance of buildings and the need for enhanced building materials product sustainability** – the resulting growth in the retrofit market and in energy efficient categories such as insulation, timberframe, photovoltaic and heat pumps, as examples, will support demand for our core categories including insulation, roofing, timber and plasterboard. It will also support demand for the data-driven technical advice on the carbon performance of specific products across multiple suppliers.

2. **Accelerating the growth of new sustainable products and solutions**

a. Insulation – new lower-carbon insulation products have been introduced such as wood fibre insulation and sheep's wool insulation.

b. Sustainable roofing solutions – we are expanding and promoting our sustainable roofing solutions including lightweight synthetic roof tiles, natural slate tiles, green/brown roofs and single ply membranes.

c. Solar panel market innovation – driven by legislation in new builds and rising energy costs, the market for solar panels will increase significantly. We are building capability to ensure we have complete solutions for pitched roofs, flat roofs, industrial buildings and rainscreens.

d. Small scale drylining options – supporting emerging suppliers in low-carbon plasterboard solutions and natural alternatives to steel for stud and track walls.

3. **Partnering with early-stage innovators to develop new products and solutions** – we are partnering with our network and customer bases to bring new sustainable products to market. These climate-related opportunities need to be further quantified to evaluate the positive financial impact on SIG.

Impact on financial planning and financial statements

In 2024, we will be conducting a double materiality assessment, which will incorporate financial risk impacts for a range of ESG topics. The results should give us further data on the quantification of material climate-related financial risks.

We recognise the largest financial impact from our carbon-related risks is the cost involved with removing fossil fuels from our fleet. The strategy for transitioning the fleet to a lower-carbon basis is to replace aged vehicles with lower-carbon alternatives as and when the leases naturally renew, and when and where possible, and to focus on a short- to medium-term transition to lower-carbon fuels which can be used in our existing fleet. There are currently no plans to accelerate the transition of the fleet to lower-carbon alternatives over and above the natural lease cycle.

This is because:

- the cost to break the leases and accelerate the renewal of the fleet with lower-carbon options is prohibitive;
- there is also little to no availability for low-carbon HGVs, at least in the near term;
- the national charging networks are currently insufficient to support our charging needs – national infrastructure plans are required to make the option financially viable;
- many of our branches do not have the power capacity currently to support charging requirements or hydrogen provision;
- the currently available electric HGV range does not support our delivery structure – it is most suitable for long routes with no stops which is not common in our business;
- vehicle solutions are still in development – OEMs are currently uncertain on whether electric, hydrogen, battery or hybrids will be the favoured long-term solution; and
- There are some challenges remaining with HVO type fuels, these include concerns expressed by some stakeholders regarding the provenance and environmental impacts associated with HVO, and potential issues regarding the financing, supply and cost of HVO.

We expect to be able to meet our net zero carbon goals by 2035, although it does rely on technological advances and infrastructure support, therefore there is currently no need to accelerate the replacement of the fleet to meet our commitments.

The costs of pursuing this strategy over the short-term have been factored into our budgets and medium-term plans by each operating company. Over this period, these costs largely relate to the transition of our car and forklift fleet to lower-carbon alternatives and the gradual transition to alternative lower-carbon fuels.

Given the uncertainty regarding the adoption of optimum future technologies, it is not possible to quantify the financial impact it may have on the Group long-term. However, given the opportunities we see for the business in relation to the response to climate change, we do not consider there to be a material risk to the long-term financial health of the Group.

The financial impact of climate-related matters is further discussed in our latest Annual Report. As part of our viability and going concern statements, as well as in the 2023 Annual Report and Accounts which details our considerations in respect of impairment reviews. These statements conclude that there is not considered to be a significant risk of climate change causing a significant downturn in cash flows across the Group.

Task Force on Climate-Related Financial Disclosures / continued

In terms of transition and chronic physical risks, the Group considers short, medium and long-term horizons to be as follows: short-term is within the next 3 years (in line with our viability review period); medium-term is 4-10 years; and long-term is over 10 years. The table below sets out the main climate-related transition and chronic physical risks that the Group faces alongside proposed mitigating strategies and the impact on the Group's strategy.

Risk	Description	Mitigation	Impact on strategy, future revenues and costs
Specific climate-related risks			
Removal of fossil fuels from our fleet (S/M/L)	Vehicle emissions remain the single largest contributor to our carbon emissions. There is a significant degree of uncertainty regarding the optimum future technology for our heavy-duty fleet and there is therefore risk regarding what and when any investment in new technologies should be made.	Pages 22 to 23 set out our progress and future plans for decarbonising our fleet. Whilst the most cost-effective route for decarbonising heavy-duty vehicles remains the biggest uncertainty, we are starting to trial the use of alternative fuels, i.e. bio-gas, hydrogen and HVO, and will continue to work with our fleet partners and manufacturers to assess the most viable long-term alternatives.	**High** It is likely that SIG will, in time, need to invest in a low-carbon fleet. Given current pricing, this may have the potential for significant investment and cost.
Waste management (S)	There is an increased likelihood of greater regulatory pressure to ensure that, in addition to the management of SIG's 'own waste', companies will become liable for product waste, particularly with regards to 'end of life' and 'embedded carbon' obligations. Any such requirement in the near term would present significant challenges in terms of reverse logistics processes and costs.	Our commitment to zero SIG waste to landfill by 2025 is driving several waste initiatives in the Group. Whilst this commitment is currently our focus, in 2024 we will expand our thinking to include non-SIG waste and ensure that we are well placed to support the circular economy by recycling and repurposing materials to reduce waste and raw materials extraction.	**Medium** Greater regulatory pressure may increase SIG costs by the funding of waste take back schemes or increased waste related taxes / levies.
Product carbon data (S/M/L)	There is a risk that we either lack or do not have access to the appropriate degree of detailed product or manufacturers' data to satisfy customers' needs with regards to their own internal ESG requirements or sustainability drivers.	Product data quality remains a focus area for our operating companies, who continue to monitor, assess and upgrade their product data requirements, capabilities, and governance considering ongoing changes in business needs and regulation.	**Medium** Failure to provide required carbon data to customers could potentially result in loss of revenue.
Energy efficiency (property portfolio) (S/M)	There is a risk that the age and construct of our branch estate impacts our ability to drive enhanced energy efficiency across our property portfolio. This has the potential to create reputational impacts and potential wellbeing issues for the employees in the branches.	We expect that all new branches procured or leased will have sustainable, low-carbon features included where commercially viable. For the existing estate, branches are being upgraded in a controlled manner, where needed, with LED lighting being used to replace traditional lighting and other energy initiatives e.g. solar strategies.	**Medium** Failure to drive enhanced energy efficiency in our property portfolio potentially could increase operational costs via higher energy bills and increased employee turnover.

Risk	Description	Mitigation	Impact on strategy, future revenues and costs
Chronic physical risks (M/L)	Chronic physical risks are longer-term shifts in climate patterns. Frequent summer heatwaves restrict or impact summer construction periods whilst higher winter precipitation and more intense storm events affect outdoor winter construction. This may have an impact on how construction projects are scheduled, planned and executed.	The relatively long-term nature of this risk will allow the Group time to formulate a sustainable response to the changing weather patterns, alongside its suppliers and customers.	**Medium** This risk is long term so difficult to predict in terms of impacts on costs and revenues.
Use of carbon offsets (L)	SIG has set net zero carbon targets and may use carbon offset schemes to balance harder-to-reduce emissions. There is a risk that sufficient 'quality' and economically viable offset schemes may not be available to meaningfully mitigate any carbon target shortfalls.	We are committed to achieving our carbon targets and will identify and prioritise the key enablers to reducing our carbon emissions. We expect that offsets would only ever be utilised as a last resort. Our intention is not to operate an internal market for carbon credits as we believe the primary focus should be on reducing emissions.	**Medium** There is a potential reputational risk that SIG may not be able to mitigate any carbon target shortfalls. This may cause reduced revenues, dependent on customer / societal norms in 2035.
Energy market volatility (S/M)	Conflict between long-term decarbonisation targets and a desire to manage uncertainties presented by unpredictable energy markets results in governments delaying or failing to make the necessary infrastructure investments to support the transition to a green economy. This impacts the industry's ability to deliver its carbon reduction plans.	While recognising the impacts of government policy and regulation on our decarbonisation strategies, we continue to assess our planned contribution to reducing carbon emissions on the basis of the impact on SIG and our shareholders and customers. We remain committed to their execution and the realisation of their benefits.	**Medium** The failure of governments to make infrastructure investments could impact our ability to deliver carbon plans and cause reduced revenues dependent on customer / investor norms in 2035.
Grid electrification capacity (S/M/L)	According to the World Economic Forum, the electrification of cars is likely to increase the total electricity demand upwards by 10-20% globally. There is a risk that local power grids and transmission network capacity and infrastructures are unable to accommodate the increased volume of required charge points or the capacity of local transmission networks to handle increased peak loads to support recharging.	While we continue to seek opportunities to utilise alternative technologies to reduce our carbon footprint, we recognise that the capacity of local infrastructures to support the introduction of these technologies may impact the speed or scope with which these initiatives are introduced. We continue to work with key partners and stakeholders to ensure that any constraints are identified, risk assessed and, where possible, mitigated prior to the implementation of new technologies and any additional costs are considered as part of our investment appraisal processes.	**High** Local adaptation of commercial property to provide electric charging facilities is likely to result in increased rents and higher operational costs for SIG.

Task Force on Climate-Related Financial Disclosures / continued

Scenario analysis

The Group has looked at two climate change scenarios to assess the potential consequences from each scenario as well as the likely directional impact they will have on the Group's risks and opportunities. We will continue to review this assessment and work to enhance our reporting on the resilience of our strategy to these scenarios. The Group's long term strategic objectives integrates the delivery of our sustainability ambitions, of which the decarbonisation of our own operations is the most material in the short to medium term. We continue to evaluate the risks to achieving our objectives in the context of two climate change scenarios whereby global warming is limited to an increase of either 1.8°C or 3.3°C by the end of 2050.

Scenario	Effective action but implementation delayed (transition scenario)	Ineffective action (physical scenario)
	Late action: The implementation of policy to drive the transition is delayed until 2031 and is then more sudden and disorderly. Some government and societal commitment to ongoing enhancements and improvements to achieve targets and forecasts implemented. Global warming is limited to 1.8°C by the end of the scenario (2050) relative to pre-industrial levels. The more compressed nature of the reduction in emissions results in material short-term macroeconomic disruption. Significant growth opportunities for SIG in terms of likely increased demand for transitional technologies and products to support lower-carbon construction and building upgrades.	No action: No policies introduced beyond those already implemented. The absence of transitional policies leads to a growing concentration of greenhouse gas emissions in the atmosphere and, as a result, global temperature levels continue to increase by 3.3°C relative to pre-industrial levels by the end of the scenario (2050). This leads to chronic changes in precipitation, ecosystems and sea levels leading to permanent changes in living and working conditions, and impacts on buildings and infrastructure. UK and global GDP growth is permanently lower and macroeconomic uncertainty increases.
Possible impact and consequences		
Policy and regulatory	There will be significant government support for green infrastructure investments. Mandatory product information will be needed to support this investment. Carbon taxes help to drive the transition to sustainable energy, penalising the use of fossil fuels whilst encouraging investments in energy efficient infrastructure. Failure to meet national and global carbon targets is likely to result in more regulatory interventions resulting in some short-term scarcity in supply chains. Government policy supports and subsidises investment in lower-carbon intensity fleets.	No additional effective policy action on climate change.
Economy and market	Possibility of a climate-related recession in the early 2030s but that long-term growth continues. New technological developments needed whether driven by infrastructure investment or not, which drive development of non-fossil fuel energy sources and transport networks. <5% of homes become uninsurable for climate risks. Banks offer green mortgages and financing products for green renovations.	Economic growth in steady decline and driven by high levels of economic uncertainty. UK and global growth are permanently lower. c10% of homes become uninsurable for climate risks prompting overall lower investment in affected property. Infrastructure investments are critical, driven by the need to develop climate resilient defences.

Technology	Offsite manufacturing is used due to its lower embodied carbon. Newly built structures will need to be significantly redesigned, with buildings simultaneously needing to consume less materials in the build yet be structurally stronger. Increased investment in digital capabilities to facilitate the modelling of the build to disclose carbon content. Products heavily reliant on fossil fuels no longer wanted, leading to product innovation, rising deconstruction and higher supply chain costs.	Offsite manufacturing boosted as onsite work impacted by weather extremes. Increased focus on resilience of buildings to climate change. Urgent pressure to decarbonise the construction industry results in new products which may make existing product obsolete or see new disruptors entering the market, challenging long-standing relationships and arrangements.
Physical and climate	Higher incidence rate of acute physical weather events with some impact on chronic events such as increased precipitation and heatwaves.	Global warming relative to pre-industrial times reaches 3.3°C by 2050. Accelerating and widespread climate change manifests itself in irreversible consequences that will push ecosystems beyond tipping points. Frequent summer heatwaves, higher winter precipitation and more intense storm events will materially affect construction activities. Extensive flooding with a mean sea level increase in the UK. UK, Netherlands and Northern Germany particularly exposed to flooding. Supply chains significantly disrupted in the worst-hit regions.

Key Climate Risks and Resilience Strategies

Our climate related risks and mitigation are detailed on pages 40 to 41 with the impact of the scenarios on our climate related risks on page 42 and 43. Here we highlight the material risks based on scenario modelling and any additional impacts or resilience strategies considered.

- Removal of fossil fuels from our fleet – In both scenarios the climate related likelihood and impacts increase (see page 40). In terms of resilience, our net zero plans and current mitigation detailed on page 22 are viable strategies assuming the transition can be factored over a reasonable period. If the transition period was shortened further, for example by government regulation, there may be a negative impact on operational and financial performance due to a lack of the availability and viability of alternative low carbon transport solutions.
- Waste Management – In both scenarios, the likelihood of this risk increases. Our current mitigation on page 40 shows that we are highly resilient to this risk based on our current waste to landfill commitment and activities.
- Product Data – In these scenarios the requirement for accurate product data, particularly with regards to potential energy or carbon saving efficiencies, will increase. The mitigation on page 40 outlines our current (and future) resilience to this increased risk.
- Chronic Physical Risks – In the ineffective action scenario, the likelihood and impact of this risk increases as accelerating and widespread climate change events occur. The long-term nature of this risk, however, will give us time to adjust (with customers, suppliers and other stakeholders in the construction value chain) to adopting sustainable working practices, materials and ways of constructing the built environment to ensure a manageable impact and increased resilience to the risk.
- Energy Efficiency (property portfolio) – In the ineffective action scenario, the likelihood and impact of this risk increases. In addition to our current mitigation on page 40, we envisage a broader need for us to work with our partners and suppliers to develop new materials, technologies and products to increase building innovation, resilience and adaptation to further mitigate against future acute climate events, and in doing so increase potential commercial opportunities and sources of revenue.
- Opportunities – these are discussed on page 38 and 39. In both scenarios there are impact and likelihood increases, with a demand for our sustainable products. Our expectation over the medium term is that for the 1.5°C scenario, our customers will increasingly move away from non-sustainable products, as end users demand for sustainability and adaptation in the built environment increases, whilst in the longer term, for the 3°C scenario, more sustainable products will become the mainstream option in as governments are forced to legislate in response to worsening economic, societal and meteorological impacts of climate change. Whilst we have not quantified this, it may have positive or negative impacts on our business.

Task Force on Climate-Related Financial Disclosures / continued

Risk trend

Increased likelihood of climate-related risk or opportunity occurring/increased impact on the climate-related risk or opportunity.

Neutral likelihood of climate-related risk or opportunity occurring/neutral impact on the climate-related risk or opportunity.

Reduced likelihood of climate-related risk or opportunity occurring/reduced impact on the climate-related risk or opportunity.

	Effective action but implementation delayed (transition scenario)		Ineffective action (physical scenario)	
	Relative likelihood	Relative impact	Relative likelihood	Relative impact
Impact of scenario analysis on climate-related risks				
Removal of fossil fuels from our fleet	Increased	Increased	Increased	Increased
Waste management	Increased	Neutral	Increased	Increased
Product carbon data	Increased	Neutral	Increased	Increased
Energy efficiency (property portfolio)	Neutral	Neutral	Increased	Increased
Chronic physical risks	Neutral	Neutral	Increased	Increased
Use of carbon offsets	Neutral	Neutral	Neutral	Neutral
Energy market volatility	Neutral	Neutral	Neutral	Neutral
Grid electrification capacity	Neutral	Neutral	Neutral	Neutral
Impact of scenario analysis on climate-related opportunities				
Responding to regulations in the energy performance of buildings and the need for enhanced building materials product sustainability	Increased	Increased	Increased	Increased
Accelerating the growth of new sustainable products and solutions	Increased	Increased	Increased	Increased
Partnering with early-stage innovators to develop new products and solutions	Increased	Increased	Increased	Increased

Risk

The process of identifying and assessing the climate-related risks noted on pages 38 to 39 follows our overall approach to risk management set out on pages 58 to 63 in that we focus on our strategic objectives and combine a top-down strategic Group-level view with a bottom-up operational view of the risks at operating company level. To assess our risks, we consider the likely financial, reputational, regulatory and operational impacts that could have a material financial impact and the probability that each risk may materialise. A granular and specific climate change risk review is also performed with members of the sustainability committee and other stakeholders. The outputs from these risk review exercises have been combined to consolidate our view of our principal climate-related risks and will continue to be reviewed by the Board, Executive Leadership Team and sustainability committee throughout the annual risk cycle.

The management of climate-related risks follows the Group's overall risk management principles as set out on page 59 and encompasses five key areas: the Role of the Board, Responsibility and accountability, Transparency and openness, Culture of continuous improvement and Applicability.

Whilst the Board recognises that in order to achieve its strategic objectives, it must accept and manage a certain degree of risk, it has a low appetite for risks that have significant negative consequences. It aims to ensure that the Group either avoids those activities that may result in climate-related risks accelerating or eliminates the risks through applied and focused mitigation efforts.

Metrics and targets

The Group sets out its Scope 1, 2 and 3 emissions on pages 2 to 7; these have been verified by Accenture to ISO 14064-3 to a limited level of assurance. Pages 2 to 7 also set out the additional metrics that we use to monitor the progress of our sustainability commitments, from a climate-related perspective. These include current fleet mix by fuel type, % waste diverted from landfill and details on the type of waste we have i.e. hazardous and non-hazardous.

TCFD compliance

Thematic recommendations	Recommended disclosures	Where reference can be found in the report
Governance – Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities.	Pages 18 to 21
	Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 18 to 21
Strategy – Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Describe the climate-related risks and opportunities the organisation has identified over the short-, medium-, and long-term.	Pages 22 to 23 Pages 20 to 21
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Pages 22 to 23 Pages 20 to 21
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Pages 24 to 25. Our review has concentrated on identifying the likely consequences and directional impact of two scenarios on the Group's climate-related risks and opportunities.
Risk – Disclose how the organisation identifies, assesses, and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks.	Page 20 to 21
	Describe the organisation's processes for managing climate-related risks.	Page 20 to 21
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 20 to 21
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability commitments and metrics on page 2 to 3. GHG emissions on pages 8 to 9.
	Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks.	Disclosed on pages 8 to 9. We report Scope 1, Scope 2, and business travel and third-party logistics Scope 3 emissions. As discussed on page 6, we have reported our Scope 3 emissions for the first time and will continue to further develop our emissions engagement going forward.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The interim targets towards our net zero carbon commitment is disclosed on page 6.

Non-Financial and Sustainability information statement

SIG continues to integrate ESG responsibility across the Group, and we are committed to socially responsible business practices for our shareholders, employees, customers and suppliers.

This section constitutes SIG Plc's Non-Financial Information Statement and is produced to comply with Sections 414A and 414B of the Companies Act 2006.

In compliance with the Non-Financial Reporting Directive, the table below summarises the requirements and where relevant information can be found within the Annual Report and Accounts.

Further information on our sustainability policies and corporate responsibility can be found on our website (**www.sigplc.com**).

Reporting Requirements	Relevant Policy / Code	Section within the 2023 Annual Report & Accounts
Climate-Related Financial Disclosures	Sustainability Policy	TCFD (pages 36 to 45)
Environmental Matters	Sustainability Policy	Sustainability (pages 20 to 35)
Employees	Code of Conduct	People Commitment (pages 34 to 35)
	Health and Safety Policy	Gender Diversity (page 34 to 35])
	Health & Wellbeing Policy	Board Diversity (page 34 to 35)
	Anti-Bribery & Corruption Policy	People Principal Risks (page 60 to 63)
	Whistleblowing Policy	Employee engagement (page 34)
	Modern Slavery Policy	Talent and succession (page 35)
Human Rights	Code of Conduct	People Commitment (page 34 to 35)
	Modern Slavery Policy	Stakeholder Engagement (page 72 and 73)
	Ethical Trading and Human Rights policy	
Social	Code of Conduct	People Commitment (page 34 to 35)
		Stakeholder Engagement (page 72 and 73)
		Governance (pages 64 to 127)
Anti-bribery	Anti-Bribery & Corruption Policy	People Commitment (page 34 to 35)
	Whistleblowing Policy	Governance (pages 64 to 127)
Principal Risks		Risk Management (pages 58 to 63)
		Principal Risks (pages 58 to 63)
Business Model		Business Model and Strategy (pages 16 to 19)
Non-financial Key Performance Indicators		Key Performance Indicators (pages 48 to 49)

The Section 172 Statement is set out on pages 72 to 75 of the Corporate governance report (providing information on how the Directors have performed their duty to promote the success of the Company) and is incorporated by reference into the Strategic report.

Sustainability principles

SIG Code of Conduct

Our Code of Conduct sets out our ethical standards and expected behaviours from all employees of the Group. The Code provides guidance on how to manage certain situations and where to go for advice. It outlines our obligations across a number of Group and local business policies, including anti-bribery, corruption, ethical trading, and human rights, and together these help protect our business from legal, financial, and reputational risk. A confidential and independent whistleblowing hotline service is available to all employees so that they can raise any concerns anonymously about how the Group conducts its business.

Diversity, Equality and Inclusion policy

The policy outlines our commitments and approach across the Group in relation to DEI. We are committed to developing a working environment that is fair and inclusive so employees can feel safe, valued and proud to work for SIG.

Ethical Trading and Human Rights policy

SIG promotes human rights through a number of areas including its employment policies and practices, supply chain, and the responsible use of its products and services. Our Ethical Trading and Human Rights policy covers the main issues that may be encountered in our supply chain, in particular in relation to product sourcing and sets out the standards of integrity that we work to including:

- safe and fair working conditions for colleagues;
- responsible management of social and environmental issues within the Group; and
- standards in the international supply chain.

Anti-Bribery and Corruption policy

The Group is committed to sound and fair business practices, and has a zero-tolerance position on bribery and corruption. The Group's Anti-bribery and Corruption policy sets out the ethical standards required to ensure compliance with legal obligations within the countries in which we operate.

Anti-bribery and corruption training is provided to all colleagues. Our policy ensures we limit our exposure to bribery and corruption, and any associated reputational impact, by:

- setting out a clear position on anti-bribery and corruption;
- training all employees to identify and avoid the use of bribery by themselves and others;
- encouraging employees to be vigilant and to report any suspicion of bribery, and providing effective channels for this;
- rigorously investigating any alleged bribery and supporting authorities in any prosecution; and
- taking firm and vigorous action against anyone involved in bribery or corruption.

Modern Slavery Act 2015

The Group has published its Group Modern Slavery statement in respect of the year ended 31 December 2023 on our website (**www.sigplc.com**) in line with Home Office guidance. The Group continues to work with its supply chain to ensure there is a zero tolerance policy on slavery.

Payment practices

SIG Trading Limited publishes information about payment practices and reporting as required by the Reporting on Payment Practices and Performance Regulations 2017 in the UK. This is published on a Government website: check-payment-practices.service.gov.uk. This report is published every six months as per the requirements and the most recent information was submitted in January 2024 for the six months to 31 December 2023.

Group Sustainability policy

The Group Sustainability policy sets out our commitments to sustainability and the actions we are taking to support this, further details of which is set out in this report. Our sustainability commitments will be achieved through the following principles:

- integrate sustainability considerations into all our business decisions;
- comply with (at a minimum) all applicable legislation, regulations, and codes of practice;
- ensure all operations minimise resource consumption and operate in a sustainable way;
- support employee awareness of, and commitment and improvement to, our sustainability policy;
- identify and promote products which support carbon and circular economy goals;
- promote customer and supplier awareness of our sustainability policy, and sustainable management practices; and
- review, report and strive for continual improvements to our annual sustainability performance.

ALL THESE POLICIES ARE AVAILABLE ON OUR WEBSITE (WWW.SIGPLC.COM)