## SUSTAINABILITY REPORT

# Building for Better

As the UK's largest distributor of building materials, Travis Perkins plc is committed to driving meaningful Environmental, Social and Governance ("ESG") change in the construction industry. This commitment to customers, colleagues and communities covers every aspect of the business. Besides a focus on improving the performance of its own business, the Group works proactively with suppliers and customers and recognises the important role it plays as a convener and influencer in the development of more sustainable communities.

Building on the progress made since the Group launched its first Building for Better framework and targets in 2020, this latest status report provides an update on performance in the focus areas where the Group carries the most risk or opportunity, as shown in the framework.

### BUILDING FOR BETTER

#### SUSTAINABILITY PRIORITY

**Decarbonising the industry**

| Modernising construction | Sourcing responsibly | Operating sustainably | Developing the next generation |
|---|---|---|---|
| Provide sustainable products and services to support Modern Methods of Construction, retrofit, energy efficiency, decarbonisation, climate resilience, biodiversity, nature, water and waste. | Ensure safe and quality products from ethical, traceable and resilient supply chains. Support the golden thread of data. | Lead by example within the Group's operations. Deliver net-zero carbon and reduce operational waste. | Upskill the Group's colleagues and the wider industry in green and future skills to help facilitate sector improvements. |

#### DOING THE RIGHT THING

Safety & Wellbeing | Diversity, Equity & Inclusion | Colleague Voice | Reward
Charity & Community | Modern Slavery & Human Rights | Legal Compliance

## Collaborative partnership

In 2024 the Group further developed the sustainable products, data and services it offers, in response to increasing requests from customers for support on decarbonisation and other sustainability issues. The Group is an active member of a number of industry working groups to better understand industry challenges, share best practices and influence and develop shared approaches where this brings efficiencies:

1. National Retrofit Hub
2. Future Homes Hub
3. Builders Merchant Federation
4. Logistics UK

This external participation reflects the Group's biggest sustainability risks or opportunities and allows the Group to evolve its approach as needed, remaining relevant for customers and other stakeholders.

## 2024 performance summary

Despite a tough economic climate, sustainability requirements from the Group's largest customers continue to increase. The focus in 2024 has been on prioritised in-year initiatives as well as the development of the product ranges and data needed to drive sustainable and commercial success in the medium to long term. The Group's position in the supply chain between thousands of customers and suppliers means it is able to collaborate with the supply chain to co-create solutions and influence the changes the industry needs.

The Group has three sustainability targets relating to carbon and skills and in-year objectives for all other focus areas. The two carbon targets are SBTi-approved as in line with a 1.5˚ warming pathway (see page 44), and the skills target is to achieve 10,000 graduated apprentices by 2030 through the Group's LEAP apprenticeship provider.

These targets will be reviewed in 2025, taking into account delays in government policy, funding and infrastructure improvements, all of which are critical to the Group's ability to meet these targets.

The Group made progress towards its carbon reduction targets in 2024 with specific actions including the completion of the electric forklift roll-out, Hydrotreated Vegetable Oil ("HVO") use for 210 HGVs and LED installations, as well as data improvements for Scope 3. However, it is recognised that absolute carbon reductions are in part due to market volume declines. In addition, the previously reported relative carbon performance per £m revenue has been impacted by inflation. As such, a new relative performance measure has been introduced from 2024; carbon per tonne of product sold. This indicates a potential future risk of deterioration in the Group's Scope 3 carbon performance once sales volumes pick up. Work is underway to influence Scope 3 improvements in the value chain. Absolute performance from 2023 to 2024 is -13% for Scope 1&2 and -7% for Scope 3. Performance relative to tonnes of product sold from 2023 to 2024 is -10% for Scope 1&2 and -3% for Scope 3. It is important to consider carbon intensity in a period of sales decline to gain a more balanced view of performance. Further carbon performance data can be seen on pages 57-58.

A total of 427 colleagues and industry partners graduated in apprenticeships facilitated by LEAP, the Group's Early Careers and Apprenticeship Provider in 2024. This contributes to the Group's upskilling target.

Work in all other focus areas has moved forward and progress is reported on the following pages.

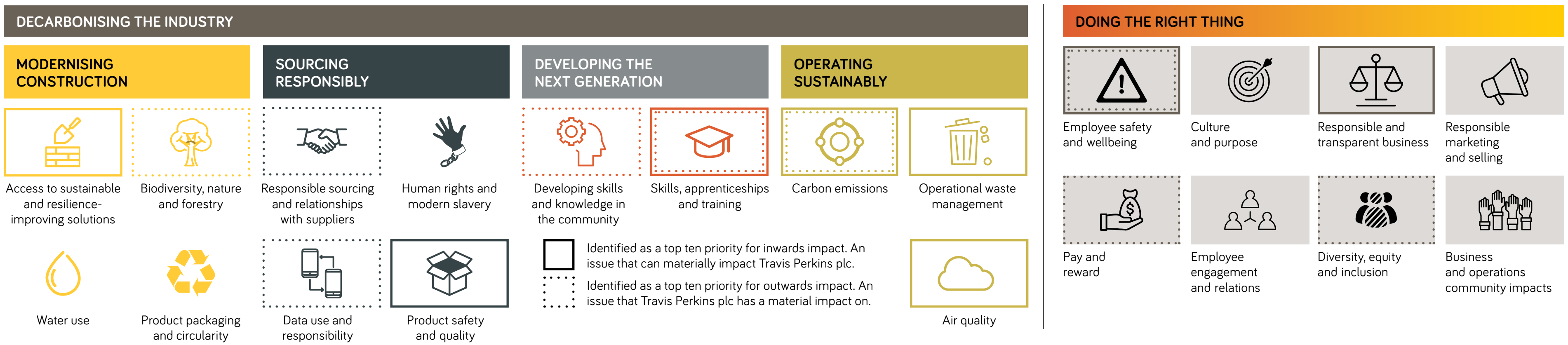
## Double materiality and stakeholder engagement

The Group continued to engage with its stakeholders on ESG during 2024. These interactions demonstrated that the material focus areas for the Group remain unchanged from those that were determined in the 2022 in-depth ESG double materiality assessment. Ongoing engagement with all stakeholder groups ensures that the Group's strategic choices and reporting remain focused on the most important issues. The Double Materiality Map below illustrates key priorities for the Group and these will be reassessed in 2025.

The Group actively engages with stakeholders to share progress, inform plans, listen to feedback and seek views. The key stakeholder groups, their ESG concerns and the Group's engagements with them in 2024 are detailed in the Section 172 statement on pages 78-80.

The Double Materiality Map illustrates the Group's key priorities based on double materiality, taking into account impacts on the Group and the Group's impacts on the environment, society and the market.

The Group will continue to review the material focus areas to ensure that the most important topics for the business and for its stakeholders are in scope.



# Delivering social value

The Group delivers value to its communities in many ways. Below are some of the highlights from 2024.

## SKILLS DEVELOPMENT

**Graduated apprentices**
427
378 for Group colleagues, 49 for the industry

**Enrolled apprentices**
1,019
841 for Group colleagues, 178 for the industry

**Female apprentices**
29%

**Apprentices under 25 years old**
34%

**Apprentices from ethnic minorities**
8%

**Hours of ESG training completed in-house or through the Supply Chain Sustainability School**
85,394

## OPERATIONAL IMPACT

**Transport carbon reduction**
11.5%

**Revenue from products with Environmental Product Declarations or Life Cycle Analyses**
14%

**Spend on goods-for-resale with SMEs**
26%

**Employed colleagues (FTE)**
17,464

**Investment in colleague total reward packages**
£599m

**Total tax contribution**
£426m
£125m taxes borne, £301m taxes collected

## COMMUNITY INVESTMENT

**Amount raised for charity**
£1m

**Number of social value projects supported**
295

**Total social value project value**
£2.1m



### Governance of sustainability

The Board has overall responsibility for sustainability. The Group Sustainability Director supports the Group in developing, governing and delivering against its sustainability strategy. Each of the material focus areas has a Group lead supported by nominated leads and leadership sponsors in each business. Progress is reported to the Group Leadership Team and the Board to monitor and improve performance. The Stay Safe Committee of the Board oversees performance in health and safety. Policies and objectives are in place for each material focus area. The Group's ESG policies can be found on the Group's website.

### Climate-related financial risks and opportunities

Since 2010, the Group has submitted an annual climate disclosure to the Carbon Disclosure Project ("CDP") This includes a financial assessment of climate-related risks and opportunities. The Group has prepared its fourth full disclosure against the Task Force for Climate-related Financial Disclosure ("TCFD") recommendations on pages 43-58. During 2024 the Group further enhanced its climate risk and opportunity assessment through desktop analysis of the published TCFD reports of large suppliers and customers.

### Corporate Sustainability Reporting Directive ("CSRD") compliance

Toolstation Europe will report in line with CSRD at such time as it becomes applicable to their business.

### Alignment to UN Sustainable Development Goals

Through the Building for Better ESG agenda, the Group directly supports delivery of a number of the 17 UN Sustainable Development Goals ("SDGs"). The most relevant six goals are detailed in the table on page 29. With the Group's sustainability priority being to decarbonise the industry, Goal 13 on Climate Action is taken into account across all ESG focus areas and influences decision-making.

## Sustainability priority: Decarbonising the industry

| Material focus areas | Commitment | 2024 planned actions | Progress | 2025 planned actions | Supporting the Group's strategy | SDGs |
|---|---|---|---|---|---|---|
| **MODERNISING CONSTRUCTION** | | | | | | |
| **Sustainable products and services** to support Modern Methods of Construction, retrofit, energy efficiency, decarbonisation, climate resilience, biodiversity, nature, water and waste. | **63% reduction in Scope 3 carbon by 2035** | Develop a definition of sustainable products based on robust criteria and launch within at least one Group business.<br><br>Increase the percentage of sales backed by Environmental Product Declarations from 10.7% (2023). | Good | Launch data set to help customers to identify products with sustainable attributes across at least two of the Group's businesses.<br><br>Continue to increase the coverage and quality of product-level carbon data across the Group and support customers with carbon-reporting tools. | By providing sustainable products and value-add services to customers, the Group can earn a greater share of spend and become a key partner. | 13 Climate action; 11 Sustainable cities and communities; 9 Industry, innovation and infrastructure |
| **SOURCING RESPONSIBLY** | | | | | | |
| **Safe and quality products from ethical, traceable and resilient supply chains,** supporting the golden thread of data. | | Develop the Group's due diligence approach, with a target of the supplier assessment programme covering 90% of Group spend on products-for-resale by the end of 2024. | Good | Expand the share of Group spend which is covered by supplier assessments across both GNFR and GFR suppliers. | Customer relationships are underpinned by trust in the Group to source responsibly and meet changing data transparency requirements. | 13 Climate action; 12 Responsible consumption and production |
| **OPERATING SUSTAINABLY** | | | | | | |
| **Net-zero carbon and reduced operational waste.** Leading by example in the Group's operations. | **Net-zero for Scope 1 and 2 carbon by 2035, with at least 80% reduction** | Continue with carbon training to enable colleagues to drive energy and fuel reduction and better support customers by sharing best practice. | Good | Take stock of the Group's estate and assets, considering the availability of current and emerging low-carbon technologies, to inform the continued development of the Group's Fleet and Estate decarbonisation roadmaps for the years ahead. | All of the Group's stakeholders expect credible action on operational carbon and waste. Performance can influence the outcome of customer tenders. | 13 Climate action; 8 Decent work and economic growth |
| **DEVELOPING THE NEXT GENERATION** | | | | | | |
| **Upskilling colleagues and the wider industry** in green and future skills to help facilitate sector improvements. | **10,000 graduated apprentices by 2030** | Introduce a flexible apprenticeship which will include placements with other businesses in the sector. Launch a suite of micro-qualifications: short, focused learning programmes for job-related skills and knowledge. | Good | Develop the Group's Learning and Development (L&D) offering in line with the new Government's "Growth and Skills" levy funds to support a wider range of training and development programmes, extending beyond traditional apprenticeships. | To best support customers in a changing market, green and future skills are critical. As a trusted and leading partner to the construction industry, customers value the Group's expertise and advice. | 13 Climate action; 4 Quality education |
| **DOING THE RIGHT THING** | | | | | | |
| **Safety and wellbeing:** Getting everyone home safe and well, every single day. | | Continue to embed the growing culture of "Calling it out", taking time to "Stop, Step Back, Think. Then Act" by ensuring daily team briefings take place at all locations. | Good | Introduce a new second line of defence safety assurance programme, and continue focus on out-of-branch safety, including safe deliveries. | Doing the Right Thing deepens relationships with customers as expectations around responsible business increase. | 13 Climate action |
| **Diversity, equity and inclusion:** Creating an environment where everyone can be themselves. | | Target an engagement survey score for the statement "I feel a sense of belonging at this Company" above the provider's global average by the end of 2025. | Some | The Group is targeting an engagement survey score for the statement "I feel a sense of belonging at this company" in excess of the provider's global average by the end of 2025. | | |
| **Colleague voice:** Listening to colleagues to make better decisions and increase engagement. | | Develop action plans to address the priorities and issues that have the biggest impact on engagement and therefore on overall business performance. | Some | Conduct analysis of the engagement survey, ensuring clear actions are identified, set and taken at a Group, Business and local level; leveraging engagement as a performance lever. | | |
| **Charity and community:** Taking pride in helping others and making positive change happen. | | Grow colleague volunteer hours and build charity and community partnerships that deliver on the Group's impact goals and use these partnerships deliver social value. | Some | Continue to use charity and community partnership and activity to create meaningful social change both nationally and locally; working with established and new partners. | | |
| **Reward:** Improving the financial health of colleagues. | | Continue to explore ways to support colleague long-term financial resilience and wider wellbeing. | Some | Focus on incentive structures to drive engagement and performance. Provide further support to those approaching retirement to reflect the challenges of an ageing population. | | |
| **Modern slavery and human rights:** Eliminating modern slavery from the Group and its supply chains. | | Extend in-person ID checks, currently conducted on higher-risk labour agency workers, to other third parties. | Some | Development and delivery of additional controls for labour agency workers employed at Group sites, including controls to address the risk of modern slavery. | | |
| **Legal compliance:** Complying with all relevant laws. | | Develop the internal Doing the Right Thing portal to increase understanding of legal compliance policies and guidance. | Some | Development and delivery of further bespoke training to cover a number of key compliance areas, to complement existing training modules. | | |

**SUSTAINABILITY REPORT** CONTINUED

# Modernising construction

Providing sustainable products and services to support retrofit, Modern Methods of Construction, energy efficiency, decarbonisation, climate resilience, biodiversity, nature, water and waste.

## Why it is important

The built environment is responsible for 25% of emissions in the UK along with a wide number of other sustainability challenges. Customer needs are changing and the Group needs to adapt to remain relevant, seize the opportunity and provide different products, data and services. With 99% of the Group's carbon footprint in the supply chain, due to manufactured carbon and in-use product emissions, innovation is essential. Enabling sustainable construction and retrofit supports the needs of customers and the wider community, enabling healthier, more cost efficient and more sustainable buildings.

## Progress in 2024

In 2024, the Group further developed its product, data and service proposition for customers, working alongside suppliers and other partners. The Group's product offering has been enhanced with new product ranges, particularly across renewables and low-carbon heat, enabling the supply of a full retrofit basket of goods. This product expansion aligns with growing customer interest and demand for sustainability, led by either EPC requirements or their own sustainability goals, and the Group is strategically positioning itself to meet their evolving expectations. Progress was made against the Group's two stated objectives: the introduction of definitions for sustainable attributes of products and increased coverage of sales by Environmental Product Declarations ("EPDs").

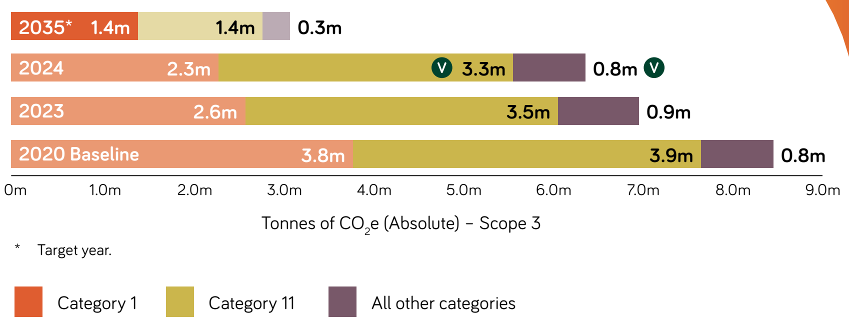
The Group made further progress towards its science-based Scope 3 carbon target of 63% reduction by 2035 from a 2020 baseline, with a further 7% absolute reduction in 2024. However, tonnes of Scope 3 carbon per tonne of product sold only decreased by 3% during 2024 highlighting reduced sales as the primary driver of the decline, rather than product decarbonisation.

Reduction can only meaningfully follow engagement (supplier target setting) and data accuracy (product-level carbon data) and these two points have improved over the last few years, setting the Group up for future reduction opportunities. More detailed carbon data is shared on pages 57-58.

## Working with suppliers, customers and the wider industry to enable change

99% of the Group's emissions are in its supply chain and this is due primarily to the embodied carbon from manufacturing the products sold and the operational carbon of some of those products in use, such as gas boilers. The Group's Scope 3 hot spots typically mirror those of its customers; supporting customers to improve also drives performance against the Group's own carbon targets. Recognising that Scope 3 emissions are not in the direct control of the Group, engagement with suppliers, customers and the wider industry is critical to influence and drive change.

**Tonnes of $CO_2e$ (Absolute) – Scope 3**

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**Carbon reduction (Absolute Scope 3, 2020 to 2024)**

-23%

**Carbon reduction (Absolute Scope 3, 2023 to 2024)**

-7%

## Suppliers

The Group continues to work with manufacturers to encourage them to calculate and reduce their own emissions, develop new materials and products and provide product-level sustainability data, typically Environmental Product Declarations ("EPDs").

- 61% of the Group's spend is now with suppliers who have calculated their carbon and set reduction targets (57% in 2023).
- 14% of sales value was covered by high-quality emission factors (EPDs or LCAs) applied at a product level (11% at end of 2023). All other sales were covered by good-quality emissions factors at a product level (an additional 32%) or at product sub-category level (remaining 54%). Work continues to increase the use of product-level emissions factors.
- The Group's renewables range has been expanded, with customers now offered a much wider range of renewables and a complete basket of retrofit products, across both systems and fabric.

## Customers

The Group works with customers to help them to deliver net zero new builds and to retrofit the UK's existing built estate, providing the products, data and services they need. The demand for sustainable products and solutions represents a growth opportunity for the Group and, with the breadth of products available across each of the businesses, the collective product offering affords opportunities for customers which few in the industry could match.

- A product-carbon reporting tool was developed for CCF customers, now rolling out with CCF and more widely across the Group.
- CCF launched an own-branded low-carbon steel framing alternative, Tradeline Lite.
- A dedicated renewables category team was established in order to meet growing demand.
- The first customer homes have been built using the WholeHouse® digital platform developed by the Group (see case study on the right).

## Wider industry

The Group engages with its supply chain, industry bodies and government to enable the changes needed both for itself and its customers.

- The Group continued its partnership with the National Retrofit Hub, co-chairing the Supply Chain, Products and Solutions working group and helping to shape retrofit delivery for the UK.
- The Group is represented in sustainability working groups with the Builders Merchant Federation, Future Homes Hub, Supply Chain Sustainability School and Sustainability in the Built Environment Working Group in order to learn from others, share best practices and remove duplication and complexity on shared challenges.
- The Group sponsored a decarbonisation launch event at the decarbonisation hub Ty Gwyrddfai owned by one of its large social housing customers, Adra, in Penygroes. This provided an opportunity to showcase innovative products to a wide range of social housing and local authority customers across North Wales.

## Helping customers through enriched data and information

In response to a growing demand for information on sustainable alternatives in product ranges, the Group has been developing new data points for products to highlight sustainable attributes with a clear set of definitions and rules. This is important to ensure that both customers and the wider market can trust the claims being made and to avoid the risk of greenwashing. This new data set is planned to launch in the first half of 2025 in one of the Group's businesses, expanding to the rest of the Group thereafter. This will enable the Group to answer customer queries confidently and customers to trust the claims being made on products sold to them.

## *What's next*

- ***Launch data set to help customers to identify products with sustainable attributes across at least one of the Group's businesses.***
- ***Continue to increase the coverage and quality of product-level carbon data across the Group and support customers with carbon-reporting tools.***

**The design coordination and information available ahead of construction has been a real advantage, from the Pre-Manufactured Utility Cupboard, allowing the air source heat pump to be installed more efficiently and effectively on-site, all the way down to every door being the same size to simplify both site practices and the wider supply chain.**

**Ray Jordan**
Construction Director, Bowbridge Homes Ltd

WholeHouse.

## First homes built using Travis Perkins WholeHouse

In 2024, the first home designed and built using the Group's ground-breaking WholeHouse digital platform was completed in Leicestershire. The platform was used by Bowbridge Homes Ltd to develop a pair of semi-detached properties on its site near Melton Mowbray.

This significant milestone follows the launch of WholeHouse in 2023; a platform designed to revolutionise the way SME house builders plan, design and construct new homes. The platform is specifically designed for housebuilders building up to 250 units a year.

It means SME housebuilders can plan and design a bespoke digital model of a house before physically constructing it. It ensures detailed and accurate design, plans and material pricing of developments from the first day. From start to finish, the process can be completed in under an hour, saving weeks off the planning process and construction phase to the benefit of both builders and homeowners.

Using the WholeHouse platform, Bowbridge Homes were able to develop two of the existing properties on the site, enabling them to increase their thermal performance and try new renewable heating packages without having to spend months changing designs and checking compliance with the latest regulations.

The homes are the first of many to be developed using WholeHouse, with further site starts expected to begin later this year.

For more information visit: **www.wholehouse.uk**

# Sourcing responsibly

Ensuring safe and quality products from ethical, traceable and sustainable supply chains.

## Why it is important

The Group sources hundreds of thousands of product lines from thousands of suppliers and has a responsibility to understand and manage products and supply chains well. The way in which products and services are sourced has a material impact on environmental and social sustainability. By requiring and supporting suppliers to improve and report on their product quality, product data and operations, the Group can protect itself and its customers, who increasingly request evidence of this. Improved data, provision of product information and traceability of products will bring more accountability and effective decision-making to the construction sector.

## Progress in 2024

The primary objective for 2024 was continued development of the Group's due diligence approach, targeting 90% of Group spend on goods-for-resale to be within the supplier assessment programme. At the end of 2024, 90% of Group spend on goods-for-resale was within the programme, an increase from 85% at the end of 2023.

## Due diligence on product suppliers

The Online Risk Assessment ("ORA") has been issued to the next phase of Group suppliers, taking a risk-based approach. ORAs were submitted by 392 suppliers of products for resale in 2024 with 1,403 suppliers now engaged in the ORA programme.

Own-brand product manufacturing sites are subject to in-person ethical and technical audits, with all ethical audits completed by a third-party auditor. In 2024, 199 factory audit gradings were completed. Where issues were identified, time-bound corrective action plans were used to support suppliers to resolve these. Suppliers resolved 3,556 non-conformances through engagement with the supplier assessment programme.

A short version of the assessment has been implemented within the Group's new finance system for onboarding lower spend suppliers and has been completed by 204 suppliers during 2024.

## Assessment of Goods-Not-For-Resale ("GNFR") suppliers

The Group's GNFR ORA, alongside an internal assessment, was extended to additional suppliers on a risk-basis across all businesses and Group functions, covering 54% of the Group spend on GNFR by the end of 2024.

## Maintaining safe and sustainable timber supply chains

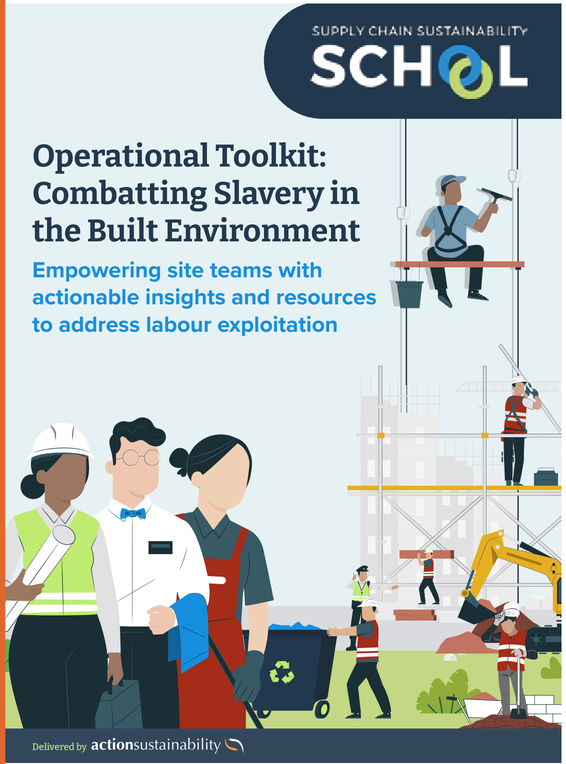
90.1% of timber purchased by the Group in 2024 was certified. The business continues to operate a robust timber chain of custody system in order to pass the "chain of custody" safely onto customers.

Certified timber purchased in 2024

90.1%

## *What's next*

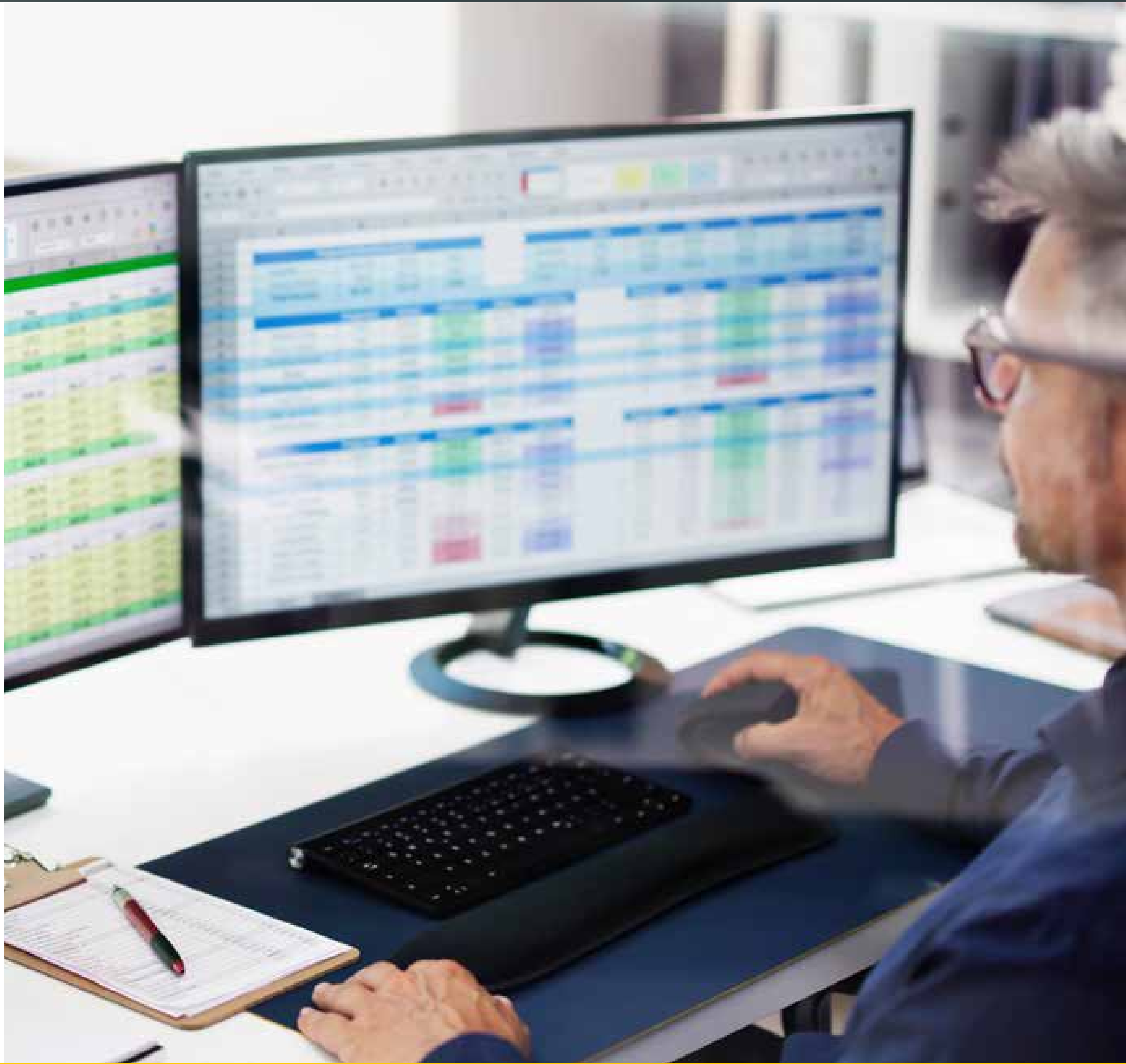
***Expand the share of Group spend which is covered by supplier assessments across both GNFR and GFR suppliers.***




## Collaboration across the industry

The Group Head of Responsible Sourcing, working within the Supply Chain Sustainability School's Modern Slavery Working Group, contributed to the development and launch of a new modern slavery guidance document, "Operational Toolkit: Combatting Slavery in the Built Environment".

This toolkit aims to empower individuals involved in site set up and management to effectively combat slavery and labour exploitation. It brings together insights and recommendations to help address these issues, including free resources such as posters, toolbox talks, and videos from leading modern slavery expert organisations to make it easier for businesses to find the support they need.



## Working to raise standards in construction product information

CCF successfully passed the Code for Construction Product Information ("CCPI") assessment for Merchants and Distributors. This achievement underscores CCF's commitment to providing accurate and reliable product information to its customers.

The CCPI is a stamp of approval to verify that suppliers' information on their products and systems is clear, accurate, up-to-date, accessible and unambiguous. For distributors it's a verification that their processes and training means that they accurately relay suppliers product information to their customers.

SUSTAINABILITY REPORT CONTINUED

# Operating sustainably

Securing long-term success and efficiencies for the Group by adapting operations to deliver net zero carbon, reduce operational waste and prevent pollution.

## Why it is important

The Group takes responsibility for direct environmental impacts from its estate of over 1,400 sites and fleet of 2,500 vehicles, because it's the right thing to do and to drive operational efficiencies and meet growing expectations of customers and investors. The Group has committed to reducing Scope 1 and 2 carbon – relating to the Group's fleet and estate – by 80% by 2035 and offset any remaining emissions. Whilst 99% of the Group's footprint is in the supply chain, to have integrity in asking suppliers and customers to decarbonise the Group must address its own direct emissions. Besides carbon, the Group generates waste in its operations, primarily relating to packaging or obsolete products, and takes its role in preventing, reusing, recycling and recovering waste seriously in order to minimise the use of natural resources and protect the natural environment.

## Progress in 2024

In 2024, the Group committed to continue carbon training for colleagues and to better support customers by sharing best practices. Sustainability training, including carbon training, was delivered to over 8,500 colleagues either through online training modules or bespoke training sessions. Representation from the Group continued in a number of industry forums (see page 80) to share best practices and support customers. Additional action was taken to decarbonise the Group's estate and fleet.

## Decarbonising the estate

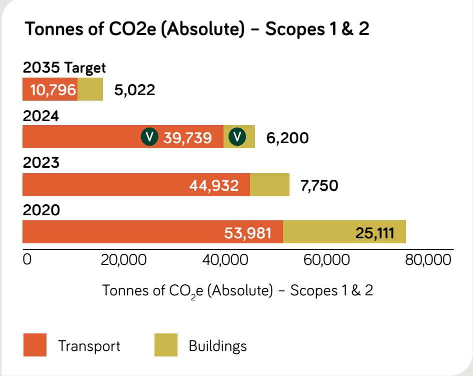
The Group's estate consists of a number of distribution centres and over 1,400 branches. In 2024 the Group continued to use a renewable energy tariff, saving 13,657 $tCO_2e$ emissions. Work continued on the rollout of the Group's LED lighting project, upgrading lighting in 38 locations, replacing obsolete fluorescent lighting with modern, efficient, LED lighting and PIR sensors. Investment in this project, whilst not delivering additional carbon savings while the Group is on a renewable tariff, lowers the Group's energy demand and delivers operational cost benefits. The Group has also taken action to decarbonise eight new branch openings, installing air source heat pumps, solar panels and electric vehicle charging stations. See the Swindon West case study for an example of this in practice.

## Decarbonising the fleet

In 2024 the Group completed one of the UK's largest forklift electrification programmes. This multi-million pound investment enabled the transition of diesel powered forklift trucks to a fully electric alternative. The programme resulted in a root and branches review of mobile handling equipment needs, and saw the introduction of around 900 electric forklift trucks and associated charging infrastructure. The Group is already seeing improvement in operational efficiency and it is estimated that this programme will reduce Scope 1 emissions by around 5,000 tonnes $CO_2e$ per annum. The Group also continued to use HVO instead of diesel in 210 of its HGVs during the year.

## Progress against carbon targets

During 2024, Scope 1&2 carbon reduced by 13%, taking performance from the 2020 baseline year to 2024 to -42%. The absolute reduction is partly influenced by volume-driven activity decline in a tough economic climate. Carbon performance per tonne of product sold is shared on page 58.



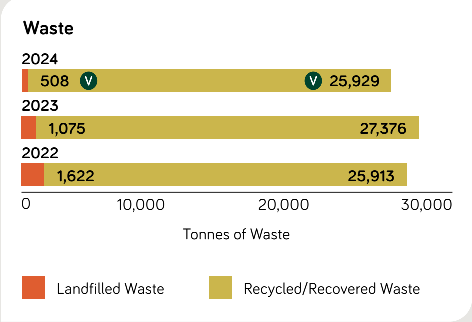

V indicates that the data point has been assured. Please see page 35 for more information.

Carbon reduction (absolute scope 1 & 2, 2020 to 2024)

-42%

## Reducing operational waste

The Group aims to reduce operational waste and contribute to a more circular economy. In doing so, the Group has continued its reverse logistics programme, backhauling timber pallets (6,360 tonnes), plastic packaging (239 tonnes), paper and cardboard (3,128 tonnes) to its distribution centres, to be sorted and sent for recycling. During the year the Group also reviewed its waste management framework contract, appointing Veolia as its trusted waste management partner.




Percentage of waste diverted from landfill in 2024

98%

## Environmental management

The Group has a robust Environmental Management System ("EMS") in place to help manage the potential environmental impacts from its day-to-day activities. The EMS is central to the Group's ambition to operate sustainably and is certified to ISO 14001:2015 the environmental management standard.

In 2024 the Group recorded 20 environmental incidents with nine classed as reportable by its internal procedures. Of the nine reportable incidents, six were the result of third parties. The majority of incidents related to small-scale spillages such as the release of hydraulic oils.

### Assurance

Specific data points in the Sustainability section, marked with the logo Ⓥ, have been assured against LRQA verification procedures which are based on AA1000AS (2008) and ISAE 3000. A copy of their verification statement is available on our corporate website.

### *What's next*

***Take stock of the Group's estate and assets, considering the availability of current and emerging low-carbon technologies, to inform the continued development of the Group's Fleet and Estate decarbonisation roadmaps for the years ahead.***

## Travis Perkins Flagship branch Swindon Westmead gains BREEAM* "Excellent" rating

This rating indicates that a new-build scheme has incorporated innovative strategies and techniques to reduce its environmental impact and is committed to long-term sustainability. Achieving an Excellent rating places the project in the top 10% of new non-domestic buildings.

The new-build development presented an opportunity to showcase enhanced new building design, ensuring the Group's operations remain fit for the future. The 2.1 acre all-electric site supports the Group's commitment to decarbonising its estate and includes a modern, energy-efficient design that incorporates insulated wall and roof panels, a 68,000 kWh solar panel array, charging points for electric vehicles, large underground attenuation tanks to support sustainable urban drainage ("SUDs") and landscaping and tree planting that, together with the installation of bat and swift boxes, supports biodiversity.

The new, sustainable building allows the branch to operate from a larger floorspace and yard and continue to provide customers with Travis Perkin's great range of products and services.

Scan this QR code to see inside our new Swindon site.

# Doing the Right Thing

Protecting against modern slavery and complying with all relevant laws.

## Why it is important

Maintaining the Group's Code of Conduct and legal compliance framework helps to ensure stakeholders can rely on the Group to continue to do the right thing and protects the Group from fines and business interruption. Whether managing key compliance topics such as anti-bribery and corruption, anti-money laundering, data protection or anti-competition, or reducing the Group's risks relating to modern slavery or human rights infringement, the Group underpins its work on the strategic sustainability focus areas with a responsible approach to business.

## Progress in 2024 – modern slavery

Construction remains one of the industries most exposed to modern slavery and the Group works to ensure the fair treatment of all workers in its own businesses and supply chains.

The key objective for 2024 was to further develop in-person ID checks, currently conducted on higher-risk labour agency workers, to include other third parties working at the Group's sites, based on risk. Following review of labour agency use, the Group undertook work to identify opportunities to improve its modern slavery controls.

**The current economic climate increases the risk of forced labour, especially in our supply chain. We are committed to robust due diligence and ethical sourcing to combat this.**

**John Bullivant**
Group Head of Responsible Sourcing

## Progress in 2024 – legal compliance

There was further development of the "Doing the Right Thing" and "Toolstation Together" internal webpages to enhance access to legal compliance policies and accompanying guidance. A risk-based approach was adopted to support the advanced understanding of certain audiences in key compliance areas of competition law and anti-bribery and corruption through the recompletion of advanced legal compliance modules. The foundational compliance modules listed below were completed in 2024 to improve understanding on key legal topics.

- Code of Conduct and whistleblowing line
- Anti-bribery and corruption
- Anti-money laundering
- Competition law
- Corporate criminal offences
- Market abuse and insider trading
- Sales of restricted products

## *What's next – modern slavery*

***Development and delivery of additional controls for labour agency workers employed at our Group's sites including controls to address the risk of modern slavery.***

## *What's next – legal compliance*

***Development and delivery of further bespoke training to cover a number of key compliance areas, to complement existing training modules.***

# People

**We continue to be immensely proud of our apprentices and 2024 has been another great year with our achievement rates improving by nearly 10%. In my role I am lucky enough to meet hundreds of colleagues who have gained a formal qualification alongside performing a busy job and their stories of perseverance and listening to them talk about the skills they have gained and their career progression is inspiring.**

**It is clear though that still more needs to be done if we are to address the skills crisis across construction and give colleagues the skills they need to operate in a fast-evolving industry. We are therefore looking forward to maximising the opportunities that will come from the government's overhaul of the apprentice system and the introduction of the new Skills and Growth levy.**

**Andy Rayner**
Director of Learning and Development

# Developing the next generation

Upskilling colleagues and the wider industry in green and future skills to help facilitate sector improvements.

## Why it is important

The sector is changing with new products and construction methods, increased digitalisation and new sustainability requirements. It needs to attract more people to be successful. The Group is committed to the development and deployment of talent and the next generation workforce. Development and apprenticeship programmes upskill colleagues in their current roles and introduce new colleagues to the business and the wider construction sector.

## Progress in 2024

The Group's focus has remained on the development of the next generation workforce, driving apprenticeships to attract new and diverse talent and upskilling existing colleagues.

Over 2,000 apprentices have graduated through training programmes run by Group, marking a significant milestone on the journey towards the Group's target of 10,000 development graduates by 2030.

The key objective for 2024 was to introduce a "flexi-job" apprenticeship which includes placements with other businesses in the sector and also to launch a suite of micro qualifications – short, focused learning programmes that provide specific, job-related skills and knowledge. Development programmes launched during the year are as follows:

- Customer Sales Excellence: Upskilling customer-facing colleagues and equipping them with better sales and service skills.
- Multi-Skilled Merchanting: Training colleagues to excel in all areas of a Travis Perkins branch including the branch counter, yard, Hire, Managed Services and Benchmarx.
- Fast Track Hire Management: Equipping colleagues with the skills and knowledge to manage a Hire business.

## External recognition

The Group was ranked 38th in the Apprenticeships Top 100 Employers 2024 and 48th in the Rate My Apprenticeships Best 100 Employers in 2024.

## Attracting new talent into the sector

The Group and its apprenticeship division, LEAP, worked closely with the Builders Merchants Federation (BMF) in 2024 alongside a wide number of industry peers to create the Building Materials Careers Campaign, "Materially Different". The campaign showcases the breadth of opportunities in the sector, enabling new entrants to find employers, job and apprenticeship opportunities.

**100% of the Group's apprentices rated their experience as "excellent" for learning new skills or developing existing skills.**

RateMyApprenticeship Data, 2024.

## *What's next*

***Develop the Group's Learning and Development offering in-line with the new Government's "Growth and Skills" levy to support a range of training and development programmes that extend beyond traditional apprenticeships.***

# Diversity, equity and inclusion

Creating an environment where everyone can be themselves.

## Why it is important

With a changing industry and a fight for talent, focus on Diversity, Equity and Inclusion ("DE&I") helps create diverse teams where everyone has the skills, confidence and ambition to be their best and which have the diversity of thought needed for the Group and the industry to innovate and change.

## Progress in 2024

The key objective was to improve the Group's engagement survey score for the statement "I feel a sense of belonging at this company" to above the provider's global average. The score was negatively impacted in 2024 by tough trading conditions and difficult decisions made by the Group. Further attention will be given to this during 2025.

## New Inclusive Leadership programme

The Group continued to build the skills, knowledge and behaviours of its leaders, helping them to create the conditions for a diverse and inclusive workplace.

The Group worked in partnership with Green Park, a pioneer in building diverse senior leadership teams and more equitable workplace cultures, to develop its Inclusive Leadership programme, which was delivered in 2024 to more than 80 leaders.

## Diversity statistics

| Gender diversity 2024 – by role type | Female | % | Male | % | Total |
|---|---|---|---|---|---|
| Director | 2 | 25% | 6 | 75% | 8 |
| Senior Manager | 62 | 26% | 176 | 74% | 238 |
| Colleague | 4,254 | 25% | 12,964 | 75% | 17,218 |
| **Total** | 4,318 | 25% | 13,146 | 75% | 17,464 |

| Gender diversity 2024 – by business segment | Female | % | Male | % | Total |
|---|---|---|---|---|---|
| Group and shared service | 476 | 50% | 475 | 50% | 951 |
| Toolstation | 2,254 | 35% | 4,180 | 65% | 6,434 |
| Merchanting | 1,588 | 16% | 8,491 | 84% | 10,079 |
| **Total** | 4,318 | 25% | 13,146 | 75% | 17,464 |

## Actively supporting the Construction Industry Coalition ("CIC")

The Group is strategic partner to the CIC and in 2024 has shared information on initiatives taken to drive improved DE&I. Angela Rushforth, Managing Director of Toolstation and Chair of the CIC, spoke at the Coalition in Conversation conference in October 2024, setting out the objective of the coalition: "There are good people in the industry but there are so many more good people the industry could have. We want to be game changers and build a truly inclusive industry."

## *What's next*

***The Group is targeting an engagement survey score for the statement "I feel a sense of belonging at this company" in excess of the provider's global average in 2025.***

For further diversity statistics please see page 186 ESG/SASB table at the back of the report.

**Hannah Stronach**
Branch Operations Manager

## From Branch Apprentice to Operations Manager

Hannah Stronach started her career at Travis Perkins Elgin three years ago, joining the business as a Branch Apprentice studying Level 2 Trade Supplier. Nearing the end of the programme, Hannah was promoted to Branch Operations Manager thanks to her skills and newly acquired expertise. After completing the programme, Hannah went straight on to the Level 3 Team Leader Apprenticeship where she says "Part of my new role in the branch was to make changes to the way the transport department was running and organised. Learning new management, organisation, and communication skills helped me massively to complete these changes and have the confidence to communicate the changes to the team."

When asked about her favourite thing about being on an apprenticeship, Hannah explained that it is "being pushed out of my comfort zone to learn new things and having difficult conversations with staff and customers if needed. It pushes you to not just do your 9-5 job but to take the leap and find out about what is available to you and how you could progress through the business if you are interested."

Hannah is among numerous colleagues benefiting from the Group's award-winning apprenticeship programme, an important focus as the Group develops the next generation of talent.

SUSTAINABILITY REPORT CONTINUED

# Safety and wellbeing

Getting everyone home safe and well, every single day.

### Why it is important

Keeping people safe and well is the Group's top priority.

### Progress in 2024

The Group's key objective for 2024 was to continue to create a culture of Calling it Out, taking time to Stop, Step Back, Think. Then Act by ensuring daily team briefings take place at all locations.

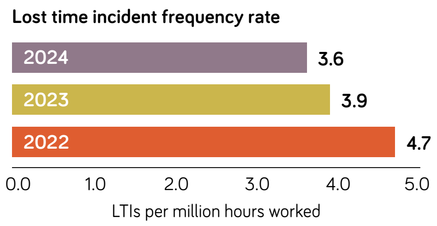
The Group's top leaders visited branches more often, checking in with branch teams to better understand safety performance and trigger additional support where needed.

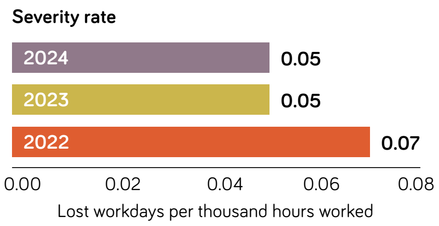
### Supporting the business to operate safely through business change

The Group's organisational structure changed in a number of ways during the year which required sharpened focus, new ways of working and increased communication and activity to keep up safety standards. The Group's Lost Time Incident ("LTI") Frequency Rate improved slightly, while the Severity Rate remained flat compared to the prior year.

### Enhanced site reviews to drive safety culture change

The site review programme has been overhauled to better articulate the Group's safety expectations, implement key safety culture change programmes and identify best practice and will make it easier for teams to see where improvement opportunities lie and provide more robust assurance. The updated programme will take effect from January 2025.




The figures reported do not include Toolstation Europe and agency colleagues

### New charity partner to support wellbeing

Travis Perkins plc has partnered with The Lighthouse Charity to help its 17,000 colleagues better look after their own mental health and to help them signpost support for customers and others who work in the construction industry.

Lighthouse is dedicated to supporting construction workers and their families through tough times such as illness, injury, financial hardship, providing emotional support, financial aid, and even retraining programmes to help people get back on their feet. Colleagues tell us that it is important to them that charity partnerships benefit those who work within the Group and help strengthen relationships with customers and suppliers.

### *What's next*

- ***Introduce a new second line of defence safety assurance programme that assesses both achievement of minimum standards, cultural position and best practice.***
- ***Continued focus on out-of-branch safety including safe deliveries.***

Stay Safe.

### Senior leaders engaging more on safety

Senior leadership engagement is critical in driving a positive safety culture, so in 2024 the Group's top 100 leaders spent more time visiting branches and holding safety conversations, helping to demonstrate where safety sits on the Group's priority list.

**When I visit stores I get the team to educate me about the safety challenges they experience. I find it interesting to see first-hand how some of the decisions my commercial team make can impact stores, as well as how we can help them. The insight enables me to feed into the Senior Leadership Team's strategic discussions in a different way. In fact, I've been so inspired that I've asked all of my direct reports to spend a day a month in Stores doing likewise.**

**Rupert Nichols**
Customer, Commercial and Supply Chain Director

# Colleague voice

Listening to colleagues to improve engagement.

## Why it is important

Listening to colleagues can improve engagement and create a more positive and productive work environment.

## Progress in 2024

Key actions undertaken during the year are detailed below:

Three senior leader events were held in 2024 to enable discussion on business and functional plans and their alignment to the Group's strategy and to help the businesses and functions to better support each other.

- Colleague engagement and development continued through At My Best conversations, to align colleague objectives to the Group's priorities.
- Improved accountability and ownership through local line manager action plans.
- Continued embedding of the Group's values.
- Business-level colleague forums and listening groups.

## Engagement survey

- The Group's annual engagement survey was carried out in Q4 2024 with participation of 80%.
- The engagement score fell from 73% to 69% due to poorly implemented restructuring and the uncertainty created by leadership change.
- The successes identified in the survey were local line manager feedback, the safety culture and the ability for colleagues to be themselves.
- The survey identified the need to give colleagues more clarity following significant change.

## *What's next*

***Conduct further analysis of the engagement survey, ensuring clear actions are taken.***

# Reward

Improving the financial health of colleagues.

## Why it is important

Improving the financial, physical and emotional health and wellbeing of colleagues contributes towards stable communities and enriches the lives of colleagues and those around them.

## Progress in 2024

The objective for 2024 was to continue to help colleagues build their financial resilience.

## Building better financial resilience

We offer fair pay and a comprehensive package of benefits and pensions. Depending on performance, there is also the opportunity for colleagues to earn a bonus and share in the Company's success through share plans and savings programmes.

The Group's colleagues have continued to use Wagestream, a financial management and wellbeing app that allows them to access a portion of earned salary each month before pay day and allows them to set up a savings fund directly from their pay. Colleagues have built short-term savings of almost £2.2m since the benefit was launched in 2022.

The Group launched a new benefit to encourage colleagues to save regularly, partnering with Commsave, one of the largest credit unions in the UK. Commsave is a not-for-profit financial co-operative which provides easy access to savings and loans direct from pay.

There are now 2,700 colleagues across Wagestream and Commsave who are saving regularly via payroll each month. As well as providing a critical financial safety net in times of need, a savings habit builds financial resilience, reduces financial stress and contributes positively to overall wellbeing.

## *What's next*

***We will be focusing on incentive structures to drive engagement and performance. Further support will also be provided to those approaching retirement to reflect the challenges of an ageing population.***

SUSTAINABILITY REPORT CONTINUED

# Charity and community

Taking pride in helping others and making positive changes happen.

## Why it is important

Travis Perkins plc is at the heart of its communities. As a local employer that supports building projects across the UK, the Group contributes to local and national economies. Colleagues take great pride in being part of a business that supports its customers and where they can deliver a wide range of community projects that create positive change.

## Progress in 2024

The focus in 2024 was to grow volunteering efforts and to continue to build charity and community partnerships that help to deliver on the Group's strategy and provide social value for the Group's customers and communities.

## Volunteering

The Group continued its partnership with Volunteer it Yourself ("VIY"); a social enterprise that provides young people with trade skills whilst renovating community spaces. In addition to part-funding projects that included the renovation of a Scout hut and a boxing club for people with special educational needs and disabilities, colleagues supported projects with volunteering, providing skills workshops, mentoring and general support with gardening, decorating and other renovations works.

## Charity partnerships

In 2024 the Travis Perkins business announced a new charity partnership with Alzheimer's Society and Alzheimer Scotland. Over a three-year period, the business has committed to raising funds, awareness and understanding to support those living with Alzheimers.

The Group introduced its first Group-wide charity partner, The Lighthouse Charity, to support mental health for colleagues and the wider industry (for more information see page 40).

Colleagues across the Group also continued to drive meaningful change by supporting many other charities and community causes in creative ways.

## Fundraising in 2024

| Charity and Social Enterprise partners | 2024 contributions |
|---|---|
| Alzheimer's Society | £183k |
| Centrepoint | £11k |
| Construction Youth Trust | £10k |
| Cynthia Spencer | £9k |
| The Lighthouse Charity | £17k |
| Macmillan Cancer Support | £633k |
| Mind | £35k |
| Prostate Cancer UK | £24k |
| Scottish Action for Mental Health | £2k |
| Variety | £26k |
| Volunteer It Yourself | £60k |

## *What's next*

***Continue to use charity and community partnership and activity as a way to create meaningful social change both nationally and locally, working with established and new partners and with a particular focus on improving wellbeing for colleagues and customers.***


**Without the support of companies like Travis Perkins, working with Variety, the children's charity, our young people would miss out on so much "out-of-the-classroom" learning. A Sunshine Coach enables us to plan for a more hands-on, practical curriculum to improve learning opportunities.**

Sheralee Webb, Executive Head Teacher, Northgate School Academy Trust

variety
the children's charity

The Travis Perkins plc property team has been a supporter of children's charity Variety since 2018 and in 2024 the team donated a Variety "Sunshine Coach" to Northgate School and Arts College in Northampton.

This school caters for students with special educational needs and is particularly focused on preparation for adulthood. The new Sunshine Coach will be used to regularly take pupils to and from their work experience and on educational trips.

# TCFD disclosure

## Compliance statement

The following disclosure is consistent with the recommendations and recommended disclosures of the Taskforce for Climate-related Financial Disclosures ("TCFD") as stated in the listing rule LR 9.8.6(8)R. Similar content can be found in the Travis Perkins Group Carbon Disclosure Project ("CDP") Climate disclosure which is available for public review. The disclosure covers the whole business and its supply chain and all climate-related risk and opportunity types, over three time periods, all of which is detailed in the pages that follow. This is the fourth year of disclosure under TCFD for the Group.

Further improvements have been made and more are planned to enhance the disclosure, including more in-depth analysis by material type to have greater insight to physical climate risks and opportunities in the supply chain and to further assess transitional risks and opportunities. This will be shared in the 2025 Annual Report and TCFD Report. During 2024 a desktop review of material risks and opportunities for three more material types and also for two customer types was completed to enhance the Group's understanding of supply chain risk.

| TCFD disclosure requirement | | Location in Annual Report | Page(s) |
|---|---|---|---|
| **Governance** | | | |
| Disclose the organisation's governance around climate risks and opportunities | Describe the Board's oversight of climate-related risks and opportunities | TCFD report – Board oversight and engagement | 45 |
| | | Principal risks report – Climate change and carbon reduction | 65 |
| | Describe management's role in assessing and managing climate-related risks and opportunities | TCFD report – Board oversight and engagement | 45 |
| **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 | TCFD report – Principal risks and opportunities | 46 |
| | | Principal risks report – Climate change and carbon reduction | 65 |
| | Describe the impact of climate-related risks and opportunities on the organisations businesses, strategy and financial planning | TCFD report – Principal risks and opportunities | 46 |
| | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario | TCFD report – Scenario results | 50 |
| **Risk management** | | | |
| Disclose how the organisation identifies, assesses and manages climate-related risks | Describe the organisation's processes for identifying and assessing climate-related risks | TCFD report – Risk and opportunity management | 48-56 |
| | Describe the organisation's processes for managing climate-related risks | TCFD report – Risk and opportunity management | 48-56 |
| | Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management | TCFD report – Risk and opportunity management | 48-56 |
| | | Principal Risks report – Climate change and carbon reduction | 65 |
| **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 | TCFD report – Metrics and targets | 57-58 |
| | | Sustainability report – Operating sustainably | 34-35 |
| | | Sustainability report – Modernising construction | 30-31 |
| | | Remuneration report | 90-117 |
| | Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks | TCFD report – Metrics and targets | 57-58 |
| | | Sustainability report – Operating sustainably | 34-35 |
| | | Sustainability report – Modernising construction | 30-31 |
| | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets | TCFD report – Metrics and targets | 57-58 |
| | | Sustainability report – Operating sustainably | 34-35 |
| | | Sustainability report - Modernising construction | 30-31 |

SUSTAINABILITY REPORT CONTINUED

# Governance

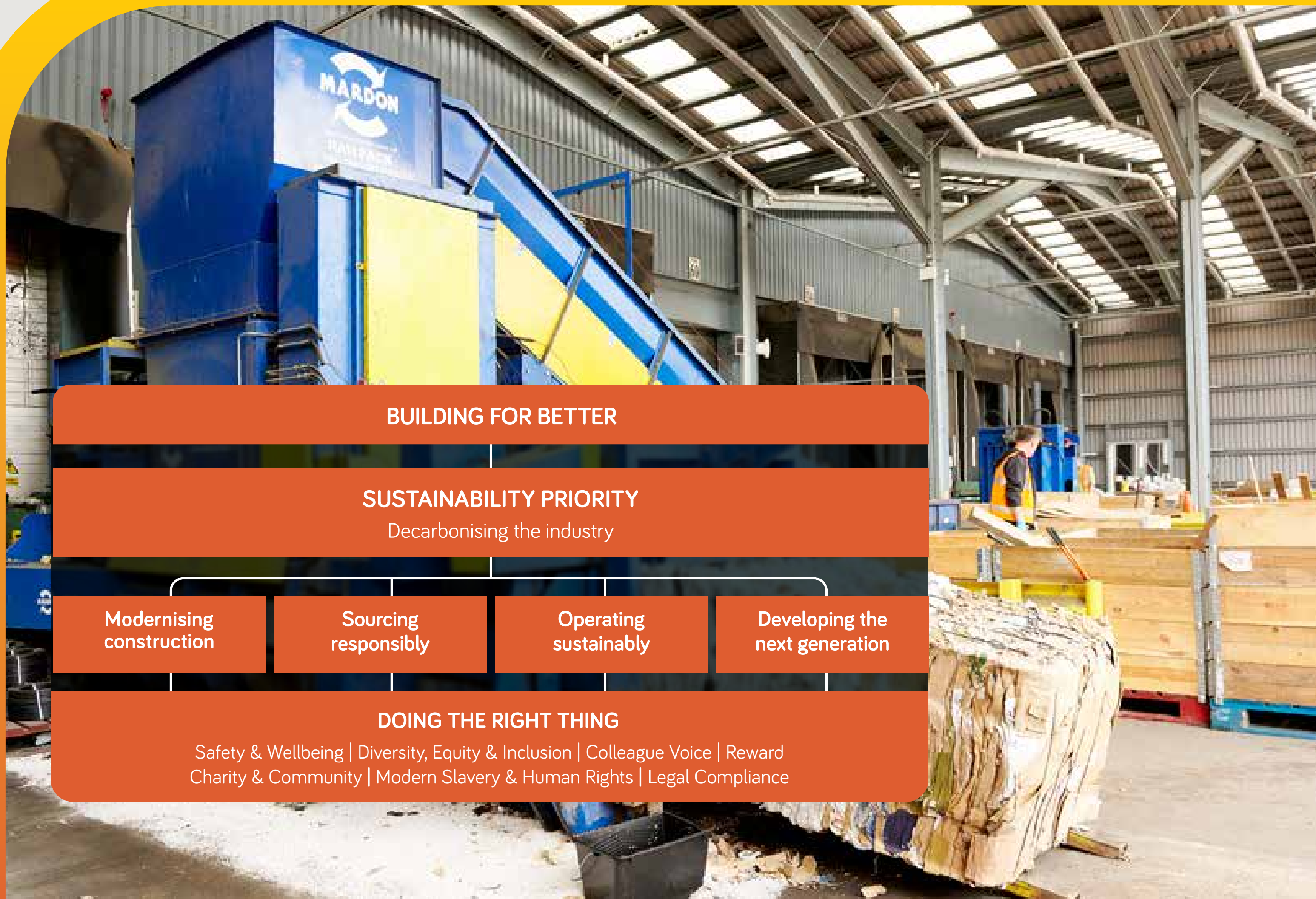
### Scope and sphere of influence.

The Group's addressable market for construction materials is £65bn. The Group has a 7% share of this addressable market, serving generalist and specialist customers that range from the smallest jobbing builder to the largest national contractor or housebuilder. The Group operates over 1,400 distribution sites and has a turnover of £4.6bn and a fleet of over 2,500 heavy and light goods vehicles.

### Committed to decarbonisation

Decarbonisation of the Group's businesses and supply chain remains the Group's sustainability priority. For further information see page 26. The Group has commitments to reduce carbon in line with a 1.5°C pathway across the value chain. To monitor delivery of this commitment, the Group has two key long-term targets which have been verified by the Science-Based Target initiative ("SBTi"). For more information on the Group's carbon agenda see pages 30 and 34. Pages 57-58 provide details of the metrics and measures used by the Group to assess progress.

The Group's targets are SBTi approved as being in line with a 1.5°C pathway. By 2035 the Group targets reduction of Scope 1 and 2 greenhouse gas emissions ("GHG") by 80% and Scope 3 emissions by 63% from a 2020 baseline.



# Governance continued

## Collaborating to support change

The Group is engaging with the sector to support the decarbonisation agenda. Sitting in the middle of the supply chain, the Group recognises the importance of collaboration, joining together with the industry to share best practices, collaborate and co-create solutions.

During 2024 the Group continued its partnership with the National Retrofit Hub ("NRH") and the Group Sustainability Director is co-Chair of NRH Working Group 2: Supply Chain, Products and Solutions, to help in showcasing solutions and encourage retrofit activity and the uptake of more sustainable and innovative products. The Group also has representation on sustainability working groups at the Builders Merchant Federation and the Supply Chain Sustainability School, to ensure that the voice of the merchant is well represented and solutions are created together. As 80% of the properties that will exist in 2050 exist today, action is needed to address the current housing and commercial stock and reduce in-use carbon, in particular moving away from gas boilers. For more information on stakeholder engagement see pages 78-80.

The scenario analysis conducted by the Group in the previous three years has identified that an early adoption pathway carries the lowest risk for the Group. Consequently the Group will continue to advocate for progressive action on climate change in line with these scenarios, but recognises that a slow pace of change to government policy and funding and other constraints in the macro environment pose a risk to the UK remaining on an early-action pathway.

## Accountabilities

Climate change is a boardroom topic with the CEO setting the agenda. Carbon strategy is directed by the CFO with delivery steered by the Group's Sustainability Director, Head of Environment and the Fleet, Property and Commercial teams along with nominated leads in each of the Group's businesses. The Managing Director for CCF Ltd is the Group Leadership Team sponsor for Modernising Construction, including Scope 3 carbon reduction.

## Board oversight and engagement

The management reporting cycle on the Group's climate goals and targets is at least quarterly, with five sessions with the Group Leadership Team or plc Board during 2024. The Group has developed carbon roadmaps (Scope 1 and 2: Buildings and Fleet, and Scope 3: Product Decarbonisation) against which progress is monitored by the Group Leadership Team (GLT) and the Board. Moreover, the GLT and Board consider the principal climate risks and opportunities identified via the Company's risk identification activities. The Company's risk identification activities consider risks emerging from three future scenarios and over the short, medium and long term. The Board has recognised the strategic importance of managing climate-related risks and opportunities due to the Group's ongoing materiality analysis.

For more information on how the Board is apprised of climate-related risks and opportunities, see the climate change principal risk on page 65.

The GLT and Board consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organisation's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions and divestitures.

For example in 2024 the GLT and Board approved the costs to renew the Group's renewable electricity tariff and install further LEDs by the end of 2025 and continued investment in HVO for over 200 heavy goods vehicles ("HGVs").

## Alignment of incentives to carbon commitments

The 2024 bonus targets for the GLT included deliverables in line with the Group's sustainability ambitions such as further carbon reductions and the development of more detailed carbon roadmaps. (see page 105).

In addition, the restricted stock scheme included an ESG-related performance underpin (see page 95).

**SUSTAINABILITY REPORT** CONTINUED

# Sustainability strategy

## Principal risks and opportunities

Risks and opportunities are identified via an assessment approach which aligns not only with the Group principal risk process and rating tables but also uses the risk drivers and types published by CDP. Internal stakeholders are invited to advise on the relevant risk and opportunity types, level of impact and speed of risk materialisation. External stakeholders have shared their insights on what is material to them through the Group's materiality assessment (last completed in 2022) and ongoing stakeholder engagement. The impacts from risks and opportunities have been considered in relation to products and services, supply chain and/or value chain, investment in research and development, operations (including type of operations and location of facilities), acquisitions or divestments and access to capital. The risk and opportunity identification process is iterative and informed by scenario analysis which the Group is developing but recognises is not yet complete. For more details on the principal risk process see pages 59-61.

Across all three assessed time periods, geographies, scenarios and risk types the Group does not consider its direct operations to be very highly exposed to physical impacts from climate change. The Group is predominantly a UK-based distributor of products, with limited non-UK activity and limited manufacturing activity. Accordingly, the majority of the climate-related financial risks and opportunities relate to what is purchased and sold, rather than how it moves through the Group's businesses. The table to the right summarises the Group's principal risks and opportunities.

L Low
M Medium
H High
P Proactive
R Reactive
I Inactive

## Top climate-related financial impacts

### RISK – TECHNOLOGY: TRANSITIONING TO LOWER EMISSIONS TECHNOLOGY

| Description: | Risk for the Group* | Scenario in which this impacts: | Time period in which this impacts | Parts of the value chain most impacted: |
|---|---|---|---|---|
| Decarbonisation of the HGV fleet *(c.1600 HGVs to transition away from diesel)* | H | P R | | In-house: Travis Perkins Group |

### RISK – PHYSICAL: RISING SEA LEVELS AND EXTREME WEATHER EVENTS

| Description: | Risk for the Group* | Scenario in which this impacts: | Time period in which this impacts | Parts of the value chain most impacted: |
|---|---|---|---|---|
| Decreased asset values *(assumes some branches affected)* | L M | P R I | | In-house: Travis Perkins Group |

### RISK – REGULATION: MANDATES ON AND REGULATION OF EXISTING PRODUCTS AND SERVICES

| Description: | Risk for the Group* | Scenario in which this impacts: | Time period in which this impacts | Parts of the value chain most impacted: |
|---|---|---|---|---|
| Product carbon pricing *(assumes a small portion of carbon-related cost price increases are not passed through)* | L | P R | | Downstream and Upstream: Customers and Manufacturers |

### RISK – MARKET: CHANGING CUSTOMER BEHAVIOUR

| Description: | Risk for the Group* | Scenario in which this impacts: | Time period in which this impacts | Parts of the value chain most impacted: |
|---|---|---|---|---|
| Obsolescence of product *(assumes some product lines are no longer of interest to customers aligning with net zero)* | L | P R | | Upstream: Manufacturers (particularly manufacturers of gas boilers or high-carbon building fabric materials) |

### OPPORTUNITY – PRODUCTS AND SERVICES: DEVELOPMENT AND/OR EXPANSION OF LOW EMISSION GOODS AND SERVICES

| Description: | Risk for the Group* | Scenario in which this impacts: | Time period in which this impacts | Parts of the value chain most impacted: |
|---|---|---|---|---|
| Rising demand for new product mix and new technologies *(to meet changing building regulations and low-emission targets)* | H | P R | | In-house: Travis Perkins Group<br>Upstream: Manufacturers |

### OPPORTUNITY – RESOURCE EFFICIENCY: USE OF MORE EFFICIENT MODES OF TRANSPORT

| Description: | Risk for the Group* | Scenario in which this impacts: | Time period in which this impacts | Parts of the value chain most impacted: |
|---|---|---|---|---|
| Increased revenue opportunity *(assumes large customers move business towards merchants with decarbonised transport options)* | L | P R | | In-house: Travis Perkins Group |

### OPPORTUNITY – PRODUCTS AND SERVICES: DEVELOPMENT AND/OR EXPANSION OF LOW EMISSION GOODS AND SERVICES

| Description: | Risk for the Group* | Scenario in which this impacts: | Time period in which this impacts | Parts of the value chain most impacted: |
|---|---|---|---|---|
| Rising demand for new product mix and new technologies *(to adapt to climate change (i.e. strengthening flood resilience), and to react to climate events (i.e. extreme weather))* | L | P R | | In-house: Travis Perkins Group |

* Risk ratings are in line with those in the Principal Risks Section on pages 59-69.

## Timelines

The timelines considered and why they were selected is detailed in the table below.

| Time Horizon | Description | Why chosen |
|---|---|---|
| Short | 1-5 Years (2022-2027) | This time horizon was chosen to ensure impacts being felt now and their potential escalation are understood |
| Medium | 5-15 Years (2028-2037) | This time horizon was chosen to reflect that scenarios show limited divergence prior to this point |
| Long | 15-30 Years (2038-2052) | The physical impacts from climate change will magnify over a longer time period than usual business planning |

**Despite tough economic conditions, we're making progress in reducing product carbon by engaging with industry partners, fostering innovation, and driving sustainable practices.**

**Heinrich Richter**
Head of Commercial - Sustainable Products and Services

## Strategic response to risks and opportunities

The material considerations in achieving the Group's strategic commitment to the transition to a low-carbon economy include:

- Accelerated trends in product replacement and the associated changes to the Group's business model, including the move away from fossil-fuel boilers.
- The need to adapt the Group's branches and fleet to be low carbon or no carbon.
- Changes to customer projects and locations that may impact the Group's estate.
- Strong customer and supplier partnerships remain key in achieving a successful transition.

## Carbon transition plan

The Group has shared the roadmaps to 2035 for Scopes 1, 2 and 3 on its corporate website and these now all include interim targets. Key activities include:

**(1) Reducing the embodied and in-use carbon of products sold**

*(Scope 3 represents 99% of the Group's footprint with Category 1 (Purchased Goods and Services) and Category 11 (Use of Sold Products e.g. gas boilers) representing 87% of this).*

- Working with the whole value chain to phase out the majority of fossil-fuel boilers from sales by 2035. This primarily relates to commercial gas boilers sold by the BSS business.
- Reducing the embodied carbon in the goods the Group sells. This will be achieved through influencing supplier action and supporting their uptake of new technologies such as carbon capture and storage and introducing alternative materials or products where carbon reduction is not viable.

**(2) Decarbonisation of the Fleet and Estate**

*(Scopes 1 and 2 represent 1% of the Group's footprint)*

- Phasing in the use of HVO fuel for diesel engines as a transition fuel. Over 200 HGVs used HVO instead of diesel in 2024.
- Introducing electric or alternate technology HGVs from around 2027. The first electric HGV was deployed in 2021 as a pilot to inform the Group's roadmap and the Travis Perkins Managed Services fleet now has seven electric vans.
- Taking action to improve the energy efficiency of both freehold and leasehold buildings.
- 100% renewable energy tariff for all UK sites. This tariff was introduced in October 2021.
- Continuing to move from gas boilers to air-source heat pumps and other low-carbon technologies to heat the Group's branches and offices.

**(3) Climate adaptation plan**

The Group has reviewed the physical impact risk across different warming scenarios for both its own estate, UK infrastructure and its supply chains. This information is used to inform:

- Commercial strategy for the medium to long term to ensure both continuity of supply and a just transition.
- Group property decisions and planning for new site locations and existing site adaptation.
- Group insurance planning to best manage future risks and business continuity. Physical climate risk impacts are rated as low to medium. Early conversations are underway on this and plans will evolve more in the coming year.
- Climate risk is now also influencing sales opportunities for the Group with opportunities to supply the climate adaptation products needed by customers.

SUSTAINABILITY REPORT CONTINUED

# Risk and opportunity management

As climate governance is integrated into business decision-making, principal risks and uncertainties are recorded and reported with other business risks and uncertainties on page 65. The identification of risks and opportunities around climate change uses the same complementary likelihood and impact criteria as other Group risks and the assessment covers direct and indirect physical and transitional impacts. In addition, risks and opportunities over the Group's three chosen scenarios (Proactive, Reactive and Inactive), as well as over three timelines (five years, 15 years and 30 years) are taken into account by referencing the results of the scenario analysis. A detailed risk assessment process is conducted annually to identify any emerging risks and ensure the assessment of impact from all risks and the selection of management approach is appropriate. A risk report is presented to and discussed annually with the GLT and Board. The Group's principal risk list, which includes climate change risk, is also reviewed by the Board and the Group's financial auditors. Details of the most material climate risks and opportunities have been published annually for the last 15 years in the CDP climate disclosure.

The uncertainties around impacts are considered via scenario analysis which is detailed on the next page.

Sizing and scaling of risks and opportunities is performed in conjunction with internal and external stakeholders and uses the outputs from the Group's scenario analyses, materiality assessments and the professional judgement of the internal sustainability team together with external advisers. Decisions to mitigate, transfer, accept, or control the risks are made by the risk owners (nominated GLT members) with confidence to make decisions provided by a clear carbon strategy, target and roadmaps.

In 2024 the Group followed up the scenario analysis undertaken in the previous three years with a desktop review of material risks and opportunities published by a sample of large materials suppliers and customer types. All other results published in this disclosure are from the 2023 scenario analysis.

## Scenarios and modelling process†

The scenarios modelled outline possible physical and transitional impacts to 2050 and beyond. The transitional scenarios used are from the Network for Greening the Financial System ("NGFS") and are the same scenarios used by the Bank of England in its Climate Biennial Exploratory Scenario publication which explores the financial risks from climate change. The Group selected the scenarios below to illustrate the best and worst outcomes and the sensitivities involved when identifying future impacts from changes to the climate and society's response to that change. Note that no additional scenario analysis was conducted in 2024. The results were instead enhanced through a desktop review of risks and opportunities identified by selected supply chain partners.

| | Proactive | Reactive | Inactive |
|---|---|---|---|
| | Early action | Late action | No additional action |
| **Transitional** | Action taken early and effectively. Global net zero $CO_2$ emissions are achieved by 2050. Transition risks are low. | Action is delayed until 2031 and is more sudden and disorderly. Higher transition risk and short-term macroeconomic disruption. | No further action is taken on climate change and even current obligations are not met. Hence GHG emissions grow unchecked. Transition risks are low. |
| | <2 degrees mean global warming | Between 2-3 degrees mean global warming | >3 degrees mean global warming |
| **Physical** | Using RCP 2.6. | Using RCP 4.5. | Using RCP 8.5. |
| | Global $CO_2$ emissions peak by 2020 and decline to around zero by 2080. Concentrations in the atmosphere peak at around 440 ppm in mid-century and then start slowly declining. | Emissions peak around mid century at around 50% higher than 2000 levels and then decline rapidly over 30 years and then stabilise at half of 2000 levels. $CO_2$ concentration continues on trend to about 520 ppm in 2070 and continues to increase but more slowly. | Concentrations of $CO_2$ in the atmosphere accelerate and reach 950 ppm by 2100 and continue increasing for another 100 years. |
| **Scenario assumptions which apply to all three scenarios** | • The retention of current market share in all categories where the Group is active<br>• The use of a blended construction and manufacturing GVA to project revenue. This assumes the sector moves from unsustainable manufacturing processes to new, as yet unknown, processes and materials<br>• A 0.5m rise in sea levels is effectively mitigated by sea defence adaptations<br>• Cost price inflation caused by supply chain mitigation of physical and transitional risks can be substantially passed on to customers<br>• The 166 UK sites, in 166 different towns and cities, assessed for physical climate risk are representative of the Group's UK sites and infrastructure and inferences about the portfolio risk can be made from the sample<br>• The expected number of days of business interruption from physical climate change impact are modelled with the Gumbel distribution to best represent extreme events | | |
| **Scenario assumptions which apply to specific scenarios** | • Full international implementation of country-level commitments on climate change action | • Price parity for non-fossil fuel delivery will not be achieved before 2040 | • Current commitments by countries and businesses to GHG reductions are not met |

† Climate scenarios make projections on hypothetical futures and as such come with a degree of uncertainty. While some of the information obtained from existing climate models have a high degree of accuracy, there is still a level of uncertainty. As a result, scenario analysis should only be used as a guide for climate-related risks and opportunities.

# Risk and opportunity management continued

## Scenario risk lenses

The climate change impact under each of the three scenarios was considered across a number of risks and opportunities for the Group, including the following examples.

The **transition risk and opportunity assessment** considered:

*Policy and legal risks*
- Carbon pricing
- Enhanced emissions-reporting obligations
- Mandates on and regulation of existing products and services
- Exposure to litigation

*Market risks*
- Increased cost of raw materials
- Changing customer behaviour

*Reputation risks*
- Stigmatisation of the sector
- Shifts in consumer preferences
- Increased stakeholder concern or negative stakeholder feedback

*Technology*
- Costs of lower emissions technology
- Unsuccessful investment in new technologies
- Substitution of existing products and services with lower emission options

The **physical risk and opportunity assessment** considered:
- Rising mean temperatures
- Changing precipitation patterns
- Sea level rise
- Extreme weather
- Wildfire

This was taken into account for the Group's UK estate as well as UK-wide infrastructure (roads, ports, railways, utility supply, IT infrastructure), selected supply chain locations and comprehensive timber supply chain locations. Impacts on the UK workforce due to physical climate risk were also reviewed.

In future reporting periods the Group will conduct deep dive assessments on other material types in its supply chains.

## Scenario results

*Resilience over the 3 scenarios*

| Scenario | Proactive | Reactive | Inactive |
|---|---|---|---|
| **FUTURE COSTS (resilience)** | **LOWEST**<br><br>The proactive scenario aligns with the Group's own SBTi approved targets and roadmaps. Transitional costs (fleet and estate) have been considered in line with this roadmap. Product-related carbon costs are assumed to be substantially passed through to the market. Costs from physical impacts of climate change are expected to be low to moderate. | **HIGHER**<br><br>The reactive scenario introduces more risk as policy around climate change is either too late or too weak, exposing the Group to higher transitional costs and a supply chain with less mandate to change. Costs from physical impacts remain low to moderate for the UK but may be higher in the Group's supply chains. | **HIGHEST**<br><br>The inactive scenario introduces reputational risk around target achievement as there would be no further changes from the government, leaving the Group unsupported by policy to meet its SBTi targets. The Group's UK infrastructure will be impacted by rising sea levels and flooding by 2050. There will be supply chain disruption. |

The Group's exposure to financial stress from physical climate change or transitional climate change impacts can be successfully mitigated by following the adopted strategy and roadmaps outlined in this disclosure. Transitional impacts are expected to be far greater than physical impacts and the ability to pivot away from some construction materials and technologies and towards the supply of other materials will be key to the future success of the Group.

The proactive scenario delivers a decarbonised business model in the most efficient way with the best financial outcomes. The Group's SBTi approved targets and roadmaps are aligned to this early action pathway.

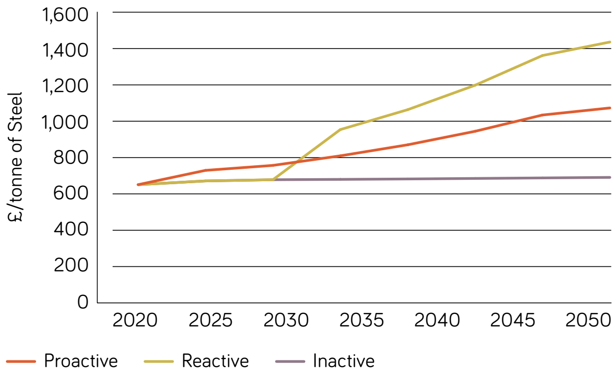
*Summary of transitional risks*

There are two predominant transitional risk implications of climate change for the Group – both of which are rated as high-risk. Firstly, impacts on the ongoing relevance of the **products and services** that the Group sells to the market. Secondly, impacts on the pace and methods of upgrading the Group's **own fleet**, in line with or ahead of UK policy.

With regard to **products and services**, the Group's businesses will need to evolve their product mix and develop services to meet the product, data and service requirements of a low-carbon construction sector. The analysis has identified a risk of product obsolescence, for example gas boilers in some markets, and changing customer demand towards materials, products and solutions that reduce lifetime GHG emission levels from buildings. The Group measures product sales that contribute to a low-carbon economy and is looking at ways of promoting more sustainable construction in the medium and longer term.

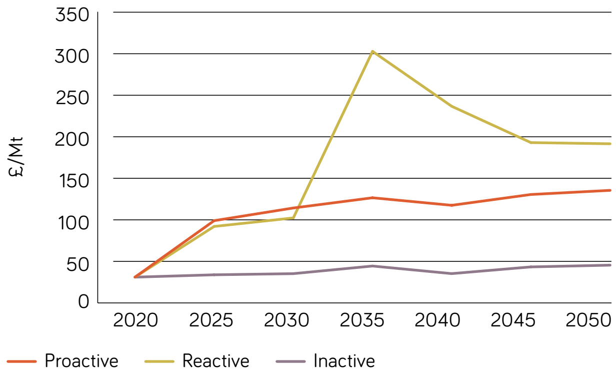
Carbon pricing will introduce a **cost to embodied emissions** and climate experts are calling for carbon pricing across more sectors and on high-emission materials such as steel, plastic, cement and bricks (see forecast trends on the following page). In 2023, the EU implemented the Carbon Border Adjustment Mechanism trial phase, placing a cost on the embedded emissions in certain materials. The UK will likely follow and introduce a similar mechanism. Whilst the Group has a policy to pass price increases through to customers, thereby not directly taking on these costs, **the market will consider alternative materials, and the Group will need to adapt to remain relevant.**

**Steel price**



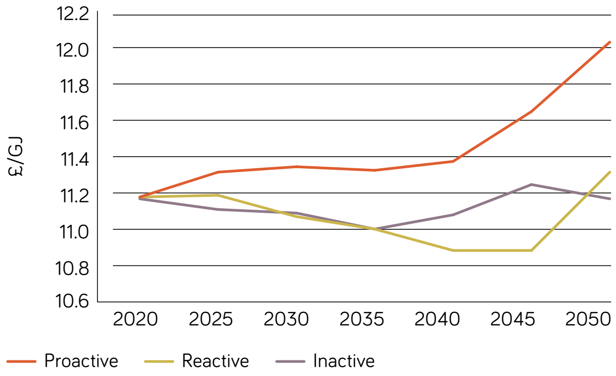

The price of steel after the introduction of a carbon border mechanism across each climate scenario and timeframe.

**Cement price**



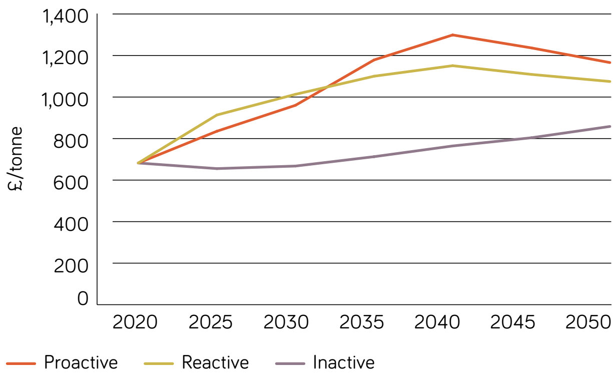

The price of cement across each scenario.

**Oil price**



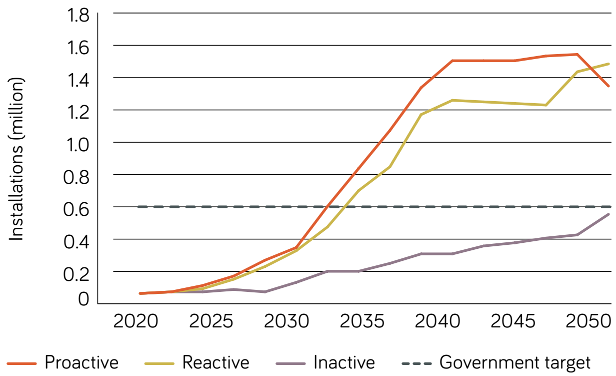

Pricing for oil under each of the three scenarios.

**PVC price**




The price of PVC across each scenario and timeframe.

**Heat pump installation projections**




Heat pump installation projections.

In addition to the cost increase of high-embodied carbon products, there will also be a **move to heating technologies with a lower carbon impact in-use,** such as heat pumps instead of gas boilers.

The data in these charts were modelled by Inspired ESG as part of the Group's scenario analysis work in 2023. They were not updated in 2024.

# Risk and opportunity management continued

The Group's climate change strategy means it asks more from its value chain partners in terms of compliance and innovation. Over the medium term, the Group's engagement strategy with its supply chain will become more targeted on lowering lifetime impacts. For example, in promoting innovative and sustainable products to customers and developing packaging waste solutions. The Group has expertise in developing low-carbon solutions that other parts of the value chain will require and is looking for ways to develop this into a service. The Group appointed a new Head of Commercial for Sustainable Products and Services and Sustainable Product Data Analyst in late 2023 to accelerate this work.

With regard to the Group's heavy fleet, the investment required to decarbonise the Group's heavy fleet is affordable and is most effectively deployed in a phased manner. In the last three years, capital spend requirements to deliver efficiency programmes have been approved and have proven to decrease carbon impacts. In 2024, £14.3m was invested in replacement or new delivery vehicles and an additional £1m on plant assets across the network. £406k was invested into HVO fuel purchase, based on average costs compared to diesel in 2024. Transport-related carbon reduced by 11.5% in 2024 as compared to 2023.

As a non capital-intensive business with 99% of emissions in the value chain, an internal carbon price is not a tool that has been adopted by the Group to date. Although this will be considered in future years as a tool to support the business case for change, particularly in light of the projected costs for oil under the three scenarios.

## Summary of physical risks

The physical risk from climate change to the Group's estate in the UK and the UK transport, utility and IT infrastructure is low to medium as the Group assets are large in number and geographically spread providing resilience to the physical impact from a changing climate.

The physical risk from climate change to the Group's supply chain (causing business interruption) is also forecast as low to medium due to the Group's ability to adapt to new supply routes and suppliers and the assumption that transactions with customers are not lost but delayed.

The physical risk from climate change to the Group's customers (causing delays in developments and therefore lost or delayed sales) has been explored initially through a desktop review. This will be explored further in future reporting years.

## A deep-dive on physical risk to the Group's UK estate

The scenario analysis for physical risks (temperature, precipitation, fire and extreme weather) to the Group's estate in the UK suggests broadly similar impacts (low to moderate) for each of the three warming scenarios. The likelihood of moderate risks increases in the reactive or inactive scenarios over time. The analysis suggests that not all regions will be impacted equally by changing precipitation, temperatures, wildfire risk or extreme weather events.

**Climate change risks impact all companies in the Group's value chain. By understanding customer and supplier risks we can consider how to ready our own business as well as how we can support with climate adaptation products and services."**

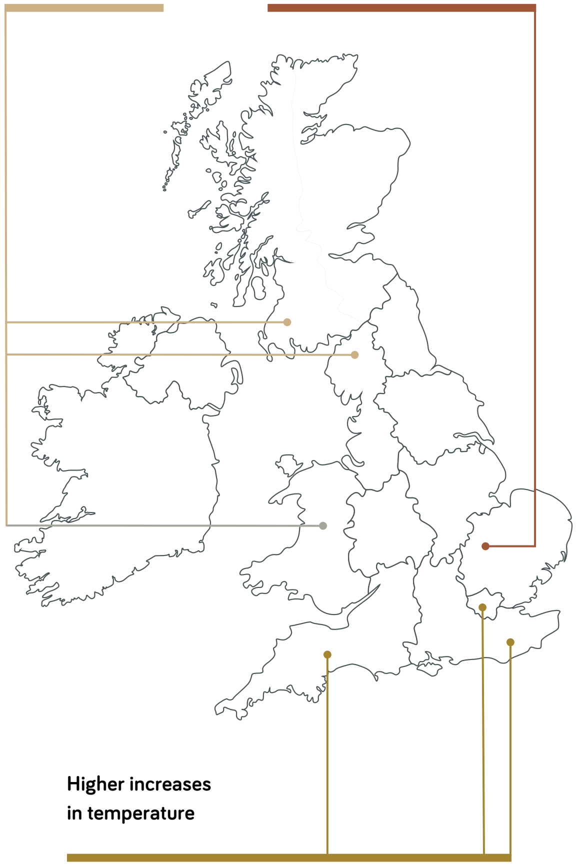
**Megan Adlen**
Group Sustainability Director

Direct flood impacts (damages to the Group's property, stock and machinery) will likely increase in the inactive scenario. 45 branches are at direct risk from river flooding and 73 branches will be exposed to indirect risks of flooding i.e. affected transport networks. Annually, Wales, Scotland and the Northwest receive the most rainfall.

- Heatwaves are predicted to become more likely as the UK temperature is predicted to rise between 0.67°C and 1.45°C by mid-century (from a 1980–2010 baseline). Extreme temperatures can disrupt transport networks, reduce employee productivity, increase the risk of wildfire and decrease the efficiency of electrical products. Greater London, the South East and South West will experience the most significant temperature increases under all three scenarios.
- A forecast 0.5m rise in sea levels would not impact on all of the Group's coastal sites and shipping ports used in the supply chain equally. Sites and ports in the east of the UK are forecast to be the most vulnerable to sea level rise. Twenty-one Group sites could be impacted by 2050 under the Inactive scenario.

| | Proactive | Reactive | Inactive |
|---|---|---|---|
| **Timeframe for 0.5m sea level rise to impact** | 2110 (86 years) | 2080 (56 years) | 2070 (46 years) |

15% of the Group's current estate was at risk of impact from wildfires within 10km of the branch between 2018–2022, although none directly impacted the estate or operations. The Group will keep monitoring wildfires as, whilst less common than flooding events, they could have a higher impact per event.




**Regions likely to experience the highest temperature increases under the three scenarios.**

| Region | Reference period (1980–2011) | Average daily temperature projection by 2052 (°C) | | |
|---|---|---|---|---|
| | | Proactive | Reactive | Inactive |
| Greater London | 10.77 | 11.44 (6%) | 11.76 (9%) | 12.22 (13%) |
| South East | 10.69 | 11.36 (6%) | 11.68 (9%) | 12.14 (14%) |
| South West | 10.48 | 11.15 (6%) | 11.47 (9%) | 11.93 (14%) |

**Regions likely to experience the highest precipitation increases under the three different scenarios.**

| Region | Reference Period (1980–2011) | Annual Precipitation Projection by 2052 (mm/yr) | | |
|---|---|---|---|---|
| | | Proactive | Reactive | Inactive |
| Wales | 1032 | 1056 (2%) | 1082 (5%) | 1066 (3%). |
| Scotland | 1028 | 1029 (0.1%) | 1029 (0.1%) | 1053 (2%) |
| North West | 937 | 962 (3%) | 972 (4%) | 970 (4%) |

The analysis, completed in 2023, confirms that overall physical risk across the Group's UK-based estate increases over time but never gets beyond medium in any region. Once impacts are monetised and seen in the context of the entire estate, the overall impact is considered to be low to moderate.

The Group will use the insight provided by the scenario analysis to refine its property and insurance strategies.

SUSTAINABILITY REPORT CONTINUED

# Risk and opportunity management continued

## A deep-dive on physical risk to UK infrastructure

Scenario analysis completed in the previous financial year included a review of the physical climate risks affecting the UK infrastructure. The headlines of this analysis are as follows:

- **Roads** will be affected by increased precipitation due to landslide risks and closed roads, in addition to increased surface water runoff. Extreme heat can also cause roads to melt. Road disruption affects both distribution of goods and the ability for employees and customers to travel to sites.
- **Ports** will be affected by sea level rises, storm surges and damage to port infrastructure. Shipping fees may increase as ports raise handling fees for repairs after storm damage and port closures will cause bottlenecks at other ports across the UK.
- **Railways** will be affected as heat waves can buckle tracks and flooding prevents trains from accessing tracks. Secondary risks include landslides and rock falls which can damage tracks and other rail infrastructure.
- **Electricity supply** will be affected as increased temperatures cause lower efficiency in electrical products, including solar panels. Storms can damage transmission lines and cause wind turbines to cut out. Storm damage to transmission lines left over one million people and businesses without power for a week in 2022. Extended droughts can impact water availability for hydroelectric power.
- **IT infrastructure** will be affected as increased flooding can corrode buried electrical cables and high-flowing flood water can damage telephone masts and other IT infrastructure. High temperatures impact wi-fi speeds as routers struggle to send and receive data.

The analysis confirms that the overall risks are low to medium, and the Group is well placed to balance the risk with the opportunity to sell products which prevent or remediate climate impacts.

The Group will use the insight provided by the scenario analysis to inform its approach to property locations, energy resilience, logistics planning, commercial strategy and business continuity.

## A deep-dive on physical risk to timber supply chains

Scenario analysis completed in the previous financial year included a deep-dive review of the physical climate risks to timber supply chains. Globally, climate change is expected to increase the frequency of extreme weather events, exposing the timber industry to varying degrees of risk. Key takeaways from the analysis were as follows.

- Increased carbon in the atmosphere will benefit tree growth, providing other factors also increase (water availability, soil nutrients, etc.).
- There is a risk to timber quality as increased carbon can promote faster tree growth, potentially making the timber unsuitable for construction grade requirements.
- Increased heat waves can directly damage foliage on trees and bake soils, affecting growth rates.
- Drought events limit water availability for tree growth and can cause reduced yields or tree mortality.
- Wildfire events will be more frequent, damaging forests.
- Flooding, due to increased precipitation, can prevent access to forests.
- Warmer climates favour invasive pest and disease species, threatening trees and ecosystems.
- Storm damage will increase, damaging forests and also potentially requiring timber to be treated before it can be used in construction.

The Group is protected in general by its spread of supply chain partners, enabling continuity of supply when parts of the supply chain are affected. The risks of supply chain disruption are rated as low-medium over the three scenarios. The Group will use the insight provided to inform its commercial strategy in order to ensure supply chain resilience and to work with suppliers to enable them to act early and support a just transition.

## A desktop review of climate risks and opportunities of sample supply chain partners

A desktop review was completed in 2024 of published climate risk reports from large manufacturers, in three product categories, and large customers, from two customer types. The results are presented on the next two pages. This research identified that:

- Suppliers and customers carry varying levels of risk and opportunity related to climate change, both transitional and physical.
- Companies within each category have "common risks" (i.e. certain transition risks relating to policy and markets) but also "company-specific risks" (i.e. physical risks based on their geographical locations, for example.)
- Common risks to all company types were physical impacts, carbon price and supply chain disruption.
- Manufacturers are dealing with the barriers to creating lower-carbon products while Customers are dealing with the risks of low availability of low-carbon solutions – there is progress underway but a hesitancy caused by technology, market and policy risks.

## Implications for the Group

- The findings do not alter the Group's climate risk and opportunity profile. However, the results do allow for better understanding and work with the supply chain to navigate the changes ahead.
- For companies that have identified their risks and opportunities and have adjusted their strategy accordingly, the Group can work with them to understand progress and their changing risk profile.
- For companies that have not yet identified their risks and opportunities, the Group can share guidance and insights to help them to understand the changes ahead and to ensure a just transition.
- The Group's commercial team can use this information to consider the supplier portfolio and where other supplier partners may be needed over time to prevent supply chain disruption.
- The Group's sales teams can use this information to consider which customer types need support to identify lower-carbon products or climate-adaptation solutions.
- Additional product categories and customer types will be reviewed in future years to keep aware of upstream and downstream quantification of climate risk and opportunity and what this means for the Group.

| | | Sample manufacturers | | | Sample customers | |
|---|---|---|---|---|---|---|
| **Risk type** | **Risk detail** | **Plaster and plasterboard** | **Blocks, cements and concrete goods** | **Bricks** | **National housebuilders** | **Tier 1 contractors** |
| **Physical risk** | Increase in intensity and frequency of extreme climate events | Y | Y | Y | Y | Y |
| | Sea-level rise, increase in average temperatures, change in precipitation | Y | Y | Y | Y | Y |
| | Water scarcity | | Y | Y | Y | Y |
| **Transition risk – Technology** | Availability and cost of raw materials for low-carbon products | Y | Y | | Y | |
| | Increase in costs for transition to low-carbon technology, energy and solutions | Y | Y | Y | Y | Y |
| | Risk of lower product demand. New homes weight efficiency over space | Y | Y | Y | | |
| | Slow technology innovation – CCUS*, hydrogen, low-carbon energy/transport | | Y | Y | Y | |
| | Risk of new technology quickly becoming outdated | | | | Y | |
| | Requirement for new skills to transition to new technology | | | Y | Y | |
| **Transition risk – Market** | Increased price of Greenhouse Gas (GHG) emissions | Y | Y | Y | Y | Y |
| | Increase in production and distribution costs (e.g. for high-carbon materials) | Y | Y | Y | | |
| | Redefinition of types and nature of materials required | | | Y | | |
| | Competitiveness risk with respect to imported materials (specific to Europe) | Y | Y | | | |
| | Disruptions in the value chain (supplies, operations, etc.) | Y | Y | Y | Y | Y |
| | Risk loss of sales to lower-carbon alternatives or Modern Methods of Construction (MMC) | | Y | Y | | |
| | Risk of loss of competitiveness on new ranges of low-carbon solutions | Y | | | | |
| | Risk of loss of competitiveness if low demand for low-carbon solutions | Y | | | | |
| | Low availability of low-carbon product alternatives, not meeting demand | | | | | Y |
| | Increased insurance premiums due to higher cost of adaptation measures | | | | | Y |
| **Transition risk – Policy** | Evolution of regulations (product, solutions, carbon reduction) | Y | Y | Y | | Y |
| | Climate change litigation | Y | Y | Y | Y | |
| | Extension of EU Emissions Trading Scheme (ETS), or reduction of free allowances on UK ETS | | Y | Y | | |
| | Poor accounting of full lifecycle of products | | Y | | | |
| | Burden of enhanced/changing reporting regulations | | Y | Y | | |
| | Limitation on suitable fuels or materials | | Y | Y | | |
| | Lack of financial incentives for R&D and low-carbon investment | | Y | | | |
| | Increased costs or risk of delays from changing housing regulations | | | | Y | Y |
| | Increased planning or site requirements lower land viability or cause delays | | | | Y | |
| **Transition risk – Reputation** | Continuation of extractive practices and the use of fossil fuels | Y | | | | |
| | Lack of progress, communication and transparency on climate issues | Y | Y | | Y | |
| | Changes in consumer preferences regarding the use of new materials | Y | Y | Y | | |
| | Dissatisfaction of customers with new technology or homes | | | | Y | |
| | Reduced access to capital or permits – if not meeting expectations | | Y | Y | | |
| | Greenwash risk from competitors – misleading the market | | Y | Y | | |
| | Public opposition for companies not meeting expectations | | Y | Y | | |
| | Challenges retaining/attracting talent – if not meeting expectations | | Y | | | Y |

* Carbon capture, utilisation and storage

SUSTAINABILITY REPORT CONTINUED

# Risk and opportunity management continued

| | | Sample manufacturers | | | Sample customers | |
|---|---|---|---|---|---|---|
| **Opportunity type** | **Opportunity detail** | Plaster and plasterboard | Blocks, cements and concrete goods | Bricks | National housebuilders | Tier 1 contractors |
| **Physical opportunities** | Impacted built environment in some areas driving demand for product | | Y | Y | | |
| **Transition opportunities – Technology** | New materials and construction methods for lower environmental impact | Y | | Y | | |
| | Development of solutions to reduce dependence on raw materials | Y | | | | |
| | Development of CCUS capability | | Y | Y | | |
| | Lower operating costs from energy efficiency measures | | | | | Y |
| **Transition opportunities – Market** | Increasing demand for low-carbon and/or recycled products, or MMC | Y | Y | Y | | Y |
| | Increasing demand to take local climate considerations into account | Y | | | | |
| | Rising energy prices (e.g. need for energy saving products, etc.) | Y | | | | |
| | Recognition of thermal mass benefits | | Y | Y | | |
| | Increasing demand for, and affordability of, green new homes and other developments | | | | Y | Y |
| | Green mortgage and energy efficiency cost savings allow for premium charge | | | | Y | |
| | Home buyers can borrow more with a green mortgage and get a larger home | | | | Y | |
| | Land buying and local partnerships enhanced with low-carbon homes | | | | Y | |
| | Sustainability performance opens green financing (lower interest rates) | | | | Y | |
| | Demand for retrofitting services including prioritisation over new build | | | | | Y |
| | Increasing demand for climate adaptation measures and climate-resilient buildings | | | | | Y |
| **Transition opportunities – Policy** | Changes in regulations related to site operations (GHGs, Energy Performance Certificates (EPCs)) | Y | | | | |
| | Changes in regulations relating to product (recycled, low-carbon, labels) | Y | Y | Y | | |
| | Changes in local regulations due to regional climate conditions | Y | | | | |
| | Credible accounting of full lifecycle of products | | Y | Y | | |
| | Lower carbon tax exposure where carbon reductions are made | | | | Y | |
| **Transition opportunities – Reputation** | Consumers' need for transparency concerning environmental impact | Y | Y | | Y | |
| | Investors' need for transparency concerning environmental impact | Y | Y | | Y | |
| | Greenwash risks well managed – allowing credit to be given where due | | Y | Y | | |
| | Increasing expectation of colleagues for sustainable business – talent attraction | | Y | | | Y |
| | Lower cost of capital opportunity | | | Y | | |

**To note:**

The companies reviewed often described their risks and opportunities differently or allocated them to different risk/opportunity types. Sensible decisions were made to consolidate this information and results are indicative only.

The companies reviewed had ranked their risks and opportunities according to severity. This is not presented in the table above to keep the summary simple as all companies only presented "material" risks and opportunities.

Whether one or all companies assessed listed a particular risk or opportunity, a "Y" was added to the table. The results show the breadth of risks and opportunities, and the differences by company type, rather than a weighting.

**Companies reviewed:**

Plaster and plasterboard – Saint Gobain (parent company to British Gypsum)

Blocks, cements and concrete goods – Forterra, Heidelberg Materials, H+H, Marshalls, Tarmac, Tobermore

Bricks – Forterra, Ibstock, Wienerberger

National house builders – Barratt Developments, Taylor Wimpey

Tier 1 contractors – Balfour Beatty, Wates Group

Note: Sample companies selected based on availability of data (not all companies have published climate risk reports) and were limited to a small, representative sample.

Note: As only large listed (originally) and large private (recently) companies are required to publish information on climate risk, the research shows the naturally higher risk profile of large companies. Much of the Group's customer base is SME trades who have not published climate risk reports and would be unlikely to identify with many of these risks and opportunities.

# Metrics and KPIs

The Group sets out performance against a number of environmental KPIs, including absolute carbon reduction and performance against targets and additional detail on energy consumption. The Group has also included interim targets within the three carbon reduction roadmaps (buildings, fleet and Scope 3).

KPIs and metrics which align to the Group's material climate-related risks and opportunities are set out in the table below. For additional detail required under Streamlined Energy and Carbon Reporting ("SECR") please see the table on page 185.

The carbon KPIs are measured using the GHG protocol, are independently verified by LRQA and accepted by the SBTi. More details about the methodology can be found on the Group's website (www.travisperkinsplc.co.uk/sustainability). The Group's net zero target follows the UK government's definition of total Scope 1 and 2 carbon emissions that are equal to or less than the emissions the Group removes from the environment. Data points from prior years may have been restated where better data is now available.

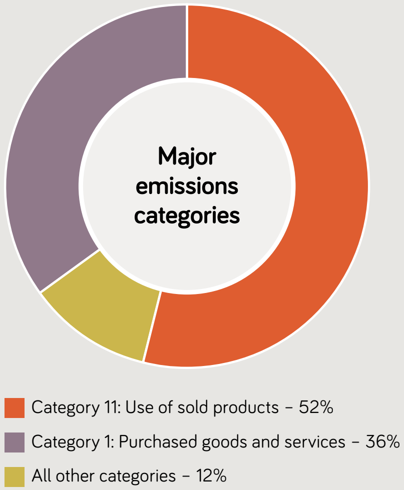
## Carbon data table

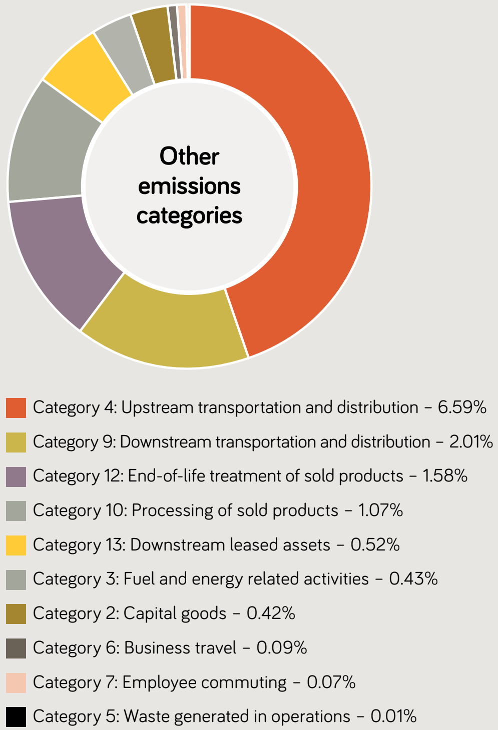
The Group has reported on all of the emission sources required under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013. The numbers reported include data for companies where Travis Perkins plc has operational control. Scope 1 and 2 emissions are calculated using the DEFRA Conversion Factors for Company Reporting 2024 on an operational control basis. Scope 3 emissions are calculated using EcoInvent or DEFRA factors, Environmental Product Declarations ("EPDs") or other Life Cycle Assessment ("LCA") data. Specific data points in the carbon chart and the carbon data table, marked with the logo V, have been assured against Lloyd's Register verification procedures. For a link to the assurance report see page 35. The following two footers relate to references in the carbon data table on the following page.

1. Fugitive emissions from domestic refrigeration and building air conditioning are excluded as they are not material to the Group's overall emissions.
2. Scope 3 data quality improved in 2024, due to data corrections and the use of Environmental Product Declaration carbon data where available within Category 1: Purchased Goods and Services, instead of estimated emissions factors. The data methodology for Scope 3 is shared on the website https://www.travisperkinsplc.co.uk.

| | |
|---|---|
| Total emissions Scope 1, 2 and 3 (tonnes $CO_2$ e) | 6,530,092 |
| Scope 3 % of total emissions | 99% |

**Breakdown of the Group's 2024 Scope 3 carbon by category**



## SUSTAINABILITY REPORT CONTINUED

* Note that figures stated are rounded to a sensible whole number or decimal point. Totals or percentages reflect true not rounded number calculations.

| | | 2024 | | | 2023 | | | 2020 (Baseline) | | | Performance in 2024 vs 2023 | Targets (with 2020 baseline) | Performance in 2024 against 2020 target baseline year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | UK | Non-UK | Total* | UK | Non-UK | Total* | UK | Non-UK | Total* | %* | | %* |
| | | Energy GWh | | | | | | | | | | | |
| Operational carbon | **GWh energy** Annual energy use relating to gas, purchased electricity and transport fuel (for SECR compliant kWh data see the data table on page 185) | 268 | 9 | **277** | 306 | 6 | **312** | 334 | 5 | **340** | (11)% | | |
| | | Carbon Dioxide Equivalent ($CO_2e$) Tonnes | | | | | | | | | | | |
| Operational carbon | **Scope 1** Direct emissions from burning gas and solid fuel for heating and from road fuel use for distribution[1] | 44,440 | 1.097 | **45,537** V | 51,325 | 501 | **51,826** | 60,656 | 641 | **61,297** | (12)% | | |
| Operational carbon | **Scope 2** Indirect emissions from the Group's use of electricity | 0 | 402 | **402** V | 0 | 856 | **856** | 17,333 | 461 | **17,794** | (53)% | | |
| Operational carbon | **Scope 1 and 2 Absolute** | 44.440 | 1,499 | **45,939** V | 51,325 | 1.357 | **52,682** | 77,989 | 1,102 | **79,091** | (13)% | Net zero by 2035 (min. 80% reduction) | (42)% |
| Operational carbon | **Scope 1 and 2 Intensity** Tonnes Scope 1 and 2 emissions per £m of revenue | 9.8 | 13.1 | **9.9** V | 10.7 | 11.3 | **10.8** | 21.3 | 15.7 | **21.2** | (9)% | | (54)% |
| Operational carbon | **Scope 1 and 2 Intensity *NEW KPI*** Tonnes Scope 1 and 2 emissions per tonne of product sold | 0.0055 | 0.0927 | **0.0057** | 0.0062 | 0.0964 | **0.0063** | | | | (10)% | | |
| Operational carbon | % of fleet (inc. MHE) that is low-carbon in use (either electric, hybrid or alternate fuel) | | | **42%** | | | **25%** | | | **16%** | 17 ppt | | |
| Supply chain carbon | **Scope 3 Absolute**[2] Indirect emissions from the supply chain. Including all Scope 3 categories | 6,244,830 | 239,323 | **6,484,153** V | 6,666,567 | 292,988 | **6,959,554** | 8,466,700 | 424 | **8,467,124** | (7)% | 63% reduction by 2035 | (23)% |
| Supply chain carbon | **Scope 3 Intensity** Tonnes Scope 3 emissions per £m of revenue | 1,374 | 2,088 | **1,391** V | 1,401 | 2,448 | **1,426** | 2,316 | 6 | **2,274** | (2)% | | (39)% |
| Supply chain carbon | **Scope 3 Intensity *NEW KPI*** Tonnes Scope 3 emissions per tonne of product sold | 0.779 | 14.794 | **0.807** | 0.802 | 20.807 | **0.836** | | | | (3)% | | |
| Supply chain carbon | % heat generators sold which are low carbon (i.e. heat pumps, solar thermal or electric boilers) | | | **19.00%** | | | **10.7%** | | | | 8.3 ppt | | |
| Supply chain carbon | % of Group product spend with suppliers engaged on decarbonisation (carbon calculated and targets set) | | | **61%** | | | **57%** | | | **1%** | 4 ppt | | |
| Total carbon | **Scope 1, 2 and 3 Absolute** | 6,289,270 | 240,822 | **6,530,092** | 6,717,892 | 294,345 | **7,012,237** | 8,544,689 | 1,526 | **8,546,215** | (7)% | | (24)% |

1 and 2: See previous page for more information on these two points