

Sustainability report

With sustainability at the heart of the Group's strategy, we are committed to lead on Environmental, Social and Governance ("ESG") through our "Building for Better" agenda

Making strides towards our commitments

In 2022 we made progress towards our ambitious carbon reduction targets, reducing Scope 1 & 2 carbon by 34% and Scope 3 by 2% compared to 2021. Against our 2020 target baseline this represents a 35% improvement (Scope 1 & 2) and a 2% deterioration (Scope 3). Scope 3 carbon emissions compared

to inflation-adjusted revenue improved by 16% against the 2020 baseline. 342 colleagues and industry partners graduated in apprenticeships facilitated by LEAP, the Group's Early Careers and Apprenticeship provider. This sets a strong foundation for the Group's new skills goal of 10,000 graduated apprentices by 2030. Our work in all other focus areas has moved forward and progress is reported in the following pages.

PURPOSE

We're here to help build better communities and enrich lives

AMBITION

Leading partner to the construction industry

SUSTAINABILITY PRIORITY

Decarbonising the industry

BUILDING FOR BETTER

Changing the game

Modernising construction

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

Sourcing responsibly

Ensure safe and quality products from ethical, traceable and resilient supply chains. Support the Golden Thread of data.

Operating sustainably

Lead by example within our own operations. Deliver net zero carbon and reduce operational waste.

Developing the next generation

Upskill our people and the wider industry in Green and Future skills to equip the sector for change.

Doing the right thing

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

This agenda is a key driver in achieving our Group Purpose and Ambition. We are uniquely able to convene the supply chain to collaborate and co-create solutions, influencing and supporting the sustainability changes our industry needs, because of the Group's market-leading businesses and our position in the supply chain between thousands of suppliers and thousands of customers.

Prioritising the most material focus areas

In 2022 an in-depth ESG materiality assessment was undertaken, engaging with stakeholders to deepen the Group's understanding of the ESG issues that matter most to a range of different audiences. The findings guide the Group's strategic choices and reporting and ensure we remain focused on the most important issues. While the assessment confirmed that the focus areas within the previous framework remain relevant, it demonstrated that carbon is the principal issue for stakeholders, making it the Group's sustainability priority moving forwards. The assessment also confirmed that broader ESG topics and those related to core business responsibilities are important for many stakeholders.

The materiality assessment was supported by a third-party expert and involved three steps:

- Refinement of key ESG topics:** Desktop research and internal consultation to challenge and evolve the list of ESG topics. The review was informed by "societal megatrends", the UN Sustainable Development Goals (SDGs) and the Group's top and emerging risks.
- Stakeholder engagement:** 43 individual and group interviews were carried out with 65 customers, colleagues, suppliers, investors, communities and other stakeholders. A quantitative survey with over 3,600 respondents was conducted to explore the relative importance of the ESG topics and included a specialist sample of opinion formers, as well as UK consumers and Travis Perkins Group customers and suppliers.
- Strategic analysis:** Analysis was conducted on the qualitative and quantitative findings and the relationships between them, giving an understanding of the ESG topics and their importance to stakeholders.

The Materiality Map illustrates key priorities for the Group based on 'Double Materiality':

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

























Sustainability report continued

Building for Better: Commitments and progress

Strategic sustainability priority	Material focus areas	Long-term commitments	2022 key actions
<div>Decarbonising the industry</div> <div>1.5 degree-aligned, SBTi-approved carbon reduction targets</div> <div><div></div><div>Good progress</div></div> <div><div></div><div>Some progress</div></div>	Modernising construction		
	Sustainable products and services to support MMC, retrofit, energy efficiency, decarbonisation, climate resilience, biodiversity, nature, water and waste.	63% reduction in Scope 3 carbon by 2035	Develop a retrofit proposition to support social landlords with the decarbonisation of their properties. Increase engagement with stakeholders, with particular focus on suppliers, to reduce Scope 3 carbon emissions.
	Sourcing responsibly		
	Safe and quality products from ethical, traceable and resilient supply chains. Supporting the Golden Thread of data.		Evolve the Group's due diligence approach to bring into scope remaining product suppliers and "goods-not-for-resale" suppliers, on a risk-basis.
	Operating sustainably		
	Net zero carbon and reduced operational waste. Leading by example within our own operations.	Net zero for Scope 1&2 carbon by 2035 (with at least 80% reduction)	Extend hydrotreated vegetable oil (HVO) fuel use from 12 to 200 vehicles.
			Reduce the amount of plastic waste the Group produces by engaging with suppliers and seeking alternative, sustainable packaging solutions.
	Developing the next generation		
	Upskilling our people and the wider industry in Green and Future skills to equip the sector for change.	10,000 graduated apprentices by 2030	Deliver a curriculum offering career development opportunities to all colleagues enabling the development of the next generation workforce.
	Doing the Right Thing (underpinning the Changing the Game focus areas above)		
	Safety & wellbeing: Getting everyone home safe and well, every single day.		Continue to drive 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.
	Diversity, equity & inclusion: Creating an environment where everyone can be themselves.		Create a DE&I policy that reflects the Group's vision "You be you, it's what makes us, us". Educate the business and implement the policy effectively.
	Colleague voice: Listening to colleagues to make better decisions and drive engagement.		Engage all colleagues in the Group's purpose, values and strategy, with focus on what this means at a local business level.
	Charity & volunteering: Taking pride in helping others and making positive change happen.		Put charity and community partnerships in place that support the Group purpose, engage colleagues, strengthen collaboration and delivery on the Group's strategy and impact goals.
	Reward: Improving the financial health of colleagues.		Further develop financial wellbeing support to colleagues by launching new services with the Group's partner "Wagestream".
	Modern slavery & human rights: Eliminating modern slavery from our business and supply chains.		Expand 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.
	Legal compliance: Complying with all relevant laws.		Refresh of mandatory Group-wide baseline training covering key legal compliance areas, improving awareness of reporting channels and completeness monitoring.

1. More information on the United Nations Sustainable Development Goals ("SDGs") is included on page 35.

	2022 progress	2023 key actions	Supporting the Group's strategy	Delivering against the SDGs ¹
	 	Continue with Scope 3 and Product Sustainability supplier engagement programme, supporting suppliers to calculate their carbon footprint.	By providing sustainable products and value-add services to customers, the Group can both deepen and elevate relationships, earning a greater share of spend and becoming a key partner.	  
		Continue to evolve the Group's due diligence approach to bring into scope the next phase of lower-spend product suppliers and "goods-not-for-resale" suppliers.	The depth of customer relationships are underpinned by trust in the Group to source responsibly and to meet changing data transparency requirements.	 
	 	<p>Launch internal Carbon Change-Makers campaign to influence colleague behaviour.</p> <p>Explore opportunities to enable the reuse of unwanted construction materials in the business.</p>	All of the Group's stakeholders expect credible action on operational carbon and waste. Performance can influence the outcome of customer tenders.	 
		Deliver a development curriculum aligned to our talent management processes that offer career development opportunities to all colleagues enabling the development of the next generation workforce and helping to change construction.	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 our expertise and advice.	 
	      	<p>Continue to drive 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.</p> <p>To put in place the foundations that will help us to build the skills, knowledge and behaviours of our leaders to enable them to create the conditions for a diverse and inclusive workplace.</p> <p>Continue to engage all colleagues in our purpose, values and strategy, leveraging the Group story to build colleague connection to their role in the future success of the Group.</p> <p>Use the experience we have gained from 2022 to deepen and elevate our existing partnerships.</p> <p>Further the reach and impact of financial wellbeing and employee benefits support to colleagues, particularly those on the front-line.</p> <p>In 2023 the Group will continue to roll out ID checks for third parties coming to site, addressing higher risk organisation types first.</p> <p>Further awareness raising and training to make sure the Code of Conduct, policies and tools that have been launched are fully understood and embedded across the Group.</p>	Doing the Right Thing deepens relationships with customers as expectations around responsible business increase.	

Engaging with Stakeholders

The Group actively engages with stakeholders to share progress, inform plans, listen to feedback and seek views.

The materiality assessment and stakeholder sentiment analysis in 2022 highlighted four key themes:

- Partnership and collaboration: Stakeholders see the Group as a convenor, bringing together supply chain partners up and down the value chain.
- Influence and leadership: The Group is an industry-leader and is expected to lead the way.
- Communications: Stakeholders wanted the Group to share more information about the sustainability journey, not only the successes but also the journey and challenges.
- Transparency: Stakeholders would like to see more sharing of data to support improved confidence and accelerated sustainability outcomes.

The key stakeholder groups, their key ESG concerns and the Group's engagements with them in 2022 are detailed in the table below.

Stakeholder Group	Key ESG concerns	Engagements in 2022
Customers	Carbon Sustainable products Responsible sourcing Social value Packaging Safety	Two ESG forums were hosted for the UK's top 15 National House Builders. Two ESG forums were hosted for groups of Social Housing Landlords in Norfolk and the Midlands. An ESG Survey was issued with responses from 1,006 customers and 1,505 DIY consumers and interviews were held including ten customers as part of the 2022 materiality assessment.
Colleagues	Safety and Wellbeing Skills Diversity and Inclusion Responsible sourcing Modern slavery Carbon	An ESG Survey was issued (responses from 321 colleagues) and interviews were held (including 35 colleagues) as part of the 2022 materiality assessment. Training sessions were delivered for 725 colleagues on ESG overall and Sustainable products in particular, including colleagues from sales, commercial and Group functions. ESG was added as a module to all apprenticeships to build wider colleague understanding. ESG was an integral part of the Group Story launched across all businesses in 2022. Net Zero Carbon Live week hosted by the ESG team with a panel discussion involving the property, fleet and commercial teams discussing our decarbonisation plans. A range of questions submitted by colleagues from across the Group were answered and debated.
Suppliers	Carbon Quality (UKCA) Responsible sourcing Sustainable products Packaging Safety Modern slavery	The Group's CEO hosted a Decarbonisation dinner for the CEOs of seven critical manufacturers to share successes and challenges and agree upon priorities to collaborate on. Sustainability workshops were run for and attended by circa 750 suppliers across April, July and September covering Sustainability overall, Environmental sustainability and Social sustainability. An ESG Survey was issued with responses from 176 suppliers and interviews were held with five large suppliers as part of the 2022 materiality assessment.
Investors	Carbon Responsible sourcing	193 investor meetings were held in 2022. 15 interviews were held with investors and five interviews with sell-side analysts, covering 50% of actively managed funds in the shareholder register, as part of an Investor Perceptions Study.
Communities	Carbon Sustainable products Safety Quality Skills Responsible sourcing	An ESG Survey was issued (responses from 550 'Catalyst' opinion formers and consumers with an interest in sustainability) and interviews were held with the think tank Quality of Life Foundation and a journalist as part of the 2022 materiality assessment. Extended partnership with Volunteer It Yourself (VIY) and the Northampton Saints. Engagement with the Group's 7 core charity partners. Partnership with Northampton University continued, including attendance of the Northampton Sustainability Forum by the Group Head of Environment, James Vance, to share knowledge on ISO 14001, packaging and carbon. Hosted a webinar showcasing our decarbonisation journey at the Reading Climate Festival as part of The Great Big Green Week.

Stakeholder Group	Key ESG concerns	Engagements in 2022
Government	Carbon Skills Sustainable products Governance	<p>ESG interviews were held with the Construction Leadership Council (CLC), Department for Business, Energy and Industrial Strategy (BEIS) and a local MP as part of the 2022 materiality assessment.</p> <p>The Group's Head of Fleet, Karl Wilshaw, contributed to the Department for Transport's Low Carbon Fuels Strategy call for ideas.</p> <p>Dialogue with officials from BEIS/CLC with regard to Industry Sponsorship of the CLC's People and Skills workstreams.</p>
Trade bodies	Carbon Skills Sustainable products Governance	<p>Travis Perkins Group COO, Frank Elkins, sits on the Board of the Builders Merchants Federation ("BMF"), representing the Group at key events on ESG. In 2022, Frank presented with Andy Rayner, Director of Apprenticeships and Early Careers, at the BMF Members Conference, on the skills challenge for the sector.</p> <p>The Group continues to be a CO₂nstructZero Business Champion, the Construction Leadership Council's framework for net zero in the construction industry, submitting case studies to the CLC to share best practices.</p> <p>ESG interviews were held with the Builders Merchants Federation, the Federation of Master Builders and Logistics UK as part of the 2022 materiality assessment.</p> <p>The Group's HSE and Fleet Director, Richard Byrne, is Chair of the BMF's Health and Safety Committee.</p> <p>The Group's Head of Fleet, Karl Wilshaw, sits on Logistics UK's strategic road freight council (regional & national), Logistics UK's Environment Working Group and the FORS Governance and Standards Advisory Group.</p>
Professional bodies	Carbon Waste Retrofit Net zero construction	<p>The Group continued its Corporate Membership of the Institute of Environmental Management & Assessment ("IEMA") benefitting from cross sector knowledge sharing, greater insight of emerging legislation and enhancing influence on government policies.</p> <p>The Group Sustainability Director and Corporate Affairs Director trialled membership with the Sustainable Energy Association (SEA) for three months.</p>

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 and nominated leads and leadership sponsors in each business. Progress is reported to the Group Leadership Team and the Board on each material focus area to monitor and improve performance. The Stay Safe Committee of the Board oversees performance in health and safety. Objectives and targets are set for each material focus area.

Assessing climate-related financial risks and opportunities

The Group has submitted an annual climate disclosure to the Carbon Disclosure Project ("CDP") for 13 years, including a financial assessment of climate-related risks and opportunities. The Group has prepared its second full disclosure against the Task Force for Climate-related Financial Disclosure ("TCFD") recommendations on pages 50 to 61. During 2022 the Group further enhanced its climate risk and opportunity assessment and engaged Inspired ESG to support in developing climate scenarios and assessing impacts on the Group.

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"). Following a review of the detailed targets underpinning each of the UN SDGs in 2022, six goals are most relevant and are detailed in the table on page 32.

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. Other SDGs are more directly aligned to one specific focus area.

Whilst several of the remaining SDGs have some relevance to the Group, such as Good Health and Well-being, on review of the specific UN targets underpinning the goals these were determined to be less directly aligned to the Group's work and therefore are not listed.

Modernising construction

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

Supporting our purpose and sustainability priority

To help to change construction and to decarbonise the construction industry, the Group needs to provide the right products, data and services to customers. 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 building of better communities and improves the living standards and comfort of all.

Progress in 2022

A core objective for 2022 was to develop a retrofit proposition to support social landlords with the decarbonisation of their properties. Progress on this and other key initiatives is set out below, with further information available on the website www.travisperkinsplc.co.uk.

Enabling retrofit of the UK's housing stock

A new working group was established in 2022 to better understand social housing landlord requirements in order to retrofit their housing estates. This team conducted in-depth research with a broad range of customers, gained insight into the basket of goods needed to retrofit different properties and mapped out the role that the Group can play in delivering the housing improvements that are required. New products have been listed and supply chains established in order to give customers a one-stop-shop for their retrofit materials. Strategic partnerships are being explored to support landlords and homeowners in understanding the measures that need to be taken and to upskill the trade in qualifications required to deliver retrofit in line with regulatory requirements. The breadth of products is shared on the websites of the most relevant businesses in the Group, along with guidance on funding opportunities currently available from the Government.

Progress against the Group's Scope 3 carbon reduction target

The Group's absolute Scope 3 carbon reduced by 2% in 2022, as compared to 2021. Against the 2020 target baseline, absolute Scope 3 carbon has increased by 2%. Having seen a 5% increase in absolute Scope 3 carbon in 2021, the 2022 performance shows the Group's first steps towards Scope 3 carbon reduction. This may be due to a change in product mix or lower volumes in some categories. This will be investigated further during 2023 as supplier and product level emissions are reviewed in further detail. Scope 3 carbon data was assured for 2022 and the certificate can be seen on the travisperkinsplc.co.uk website, along with the breakdown of the Scope 3 footprint and the Group's Scope 3 reduction roadmap.



Supporting efficiency for customers through "Intelligent Solutions"

BSS has launched a new flagship service, "Intelligent Solutions", to the market. The services offered to clients, currently mostly in the public sector, provide significant benefits including improved visibility of their asset portfolios, financial planning, and effective maintenance and renewal. Through a programme of integrated services using the latest in site capture technology, platform development, building information modelling and deepening our existing technical knowledge, BSS is transforming the way they work with clients, both now and in the future. The transformation will allow BSS to support clients on their journey to net zero through a combination of efficient products such as pumps and boilers, all the way through to reconfiguring existing spaces to use carbon cutting technologies such as heat pumps. BSS has also launched a Smart Building Management System product which, when used with the Intelligent Solutions service, will enable clients to further optimise their operations.

Convening the industry to collaborate on decarbonisation

The Group acts as a convener within the industry to enable the construction value chain to share challenges and successes and to co-create solutions. In 2022 this included two half day sessions with groups of social housing landlords, two evening forums with the top 15 national house builders, a workshop with a group of regional house builders and a half day session with a group of drylining contractors. The Group took the opportunity to share the ways in which it can support customers on sustainability and listened to customers about their own pain points or ideas. These collaborative sessions allow for bespoke projects and actions to be agreed which enable either faster, more cost efficient or more impactful sustainable outcomes. See page 38 to read about decarbonisation collaboration with manufacturers.



Data to support customers with their sustainable product choices

A data request went to over 200 manufacturers in 2022 to ask them to share data on the sustainability of their products. For example, embodied carbon (backed up by Environmental Product Declarations), recycled content, recyclability at end of life, certifications and much more. Whilst this type of information is not often available at this stage, where the data is available the Group is starting to collect and share this with key customers. Large contractors, developers and landlords increasingly request information on sustainable alternatives in product ranges and more sustainability information on products. Guidance has been shared with marketing, category, communications and sales teams in the businesses to ensure that sustainability information is vetted and underpinned by evidence prior to sharing it with customers or others. The Group is committed to responsibly sharing information relating to sustainability in order to avoid greenwashing or breaching environmental claims regulations.

Sustaining progress in certified timber

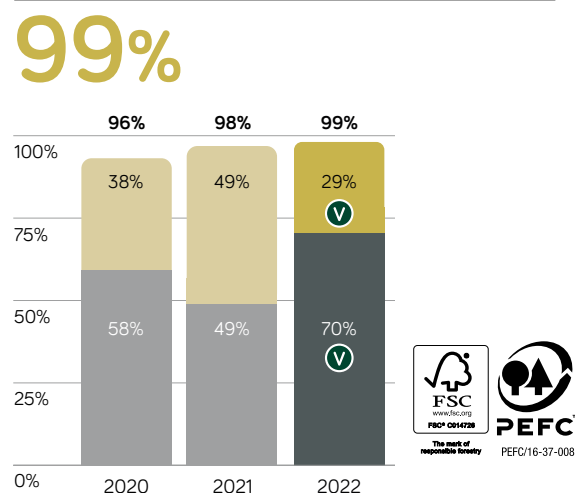
99% of timber purchased by the Group in 2022 was certified. The business continues to operate a robust timber chain of custody system in order to pass the Chain of Custody safely on to customers.

‘V’ indicates that the data point has been assured. Please see page 41 for more information.

What's next?

A core objective for 2023 is to continue with the Scope 3 and product sustainability supplier engagement programme, supporting suppliers to calculate their carbon footprint.

FSC® or PEFC™ certified timber purchased in 2022



Sourcing responsibly

Ensuring safe and quality products from ethical, traceable and sustainable supply chains. Supporting the Golden Thread of Data.

Supporting our purpose and sustainability priority

The way products and services are sourced has a material impact on the environmental and social sustainability of construction. By requiring and supporting suppliers to evolve and to improve their operations, the Group can enhance sustainability and decarbonise supply chains. Improved data and traceability of products will bring more accountability and effective decision-making to the construction sector.

Progress in 2022

A core objective for 2022 was to evolve the Group's due diligence approach to bring into scope remaining product suppliers and "goods-not-for resale" suppliers, on a risk-basis. Progress on this and other key initiatives is set out below, with further information available on the website www.travisperkinsplc.co.uk.

Extending the reach of supplier assessments

During 2022 an additional 284 suppliers submitted Online Risk Assessments (ORAs) raising the number of suppliers of goods for resale which have been assessed, or are in assessment, to in excess of 1,300 suppliers. Own brand sites are subject to in-person ethical and technical audits, with all ethical audits completed by a third-party auditor. In 2022, 139 factory audits were completed. The supplier assessment programme covers suppliers to BSS, CCF, Keyline, Travis Perkins and Toolstation. Where issues are identified, time-bound corrective action plans are used to support suppliers to resolve these. Plans were developed during the year to bring remaining product suppliers into the scope of assessment. A regional trial of the "lite" version of the assessment for lower spend suppliers was launched in 2022. This will be expanded into further regions during 2023. A bespoke assessment for suppliers of "Goods Not For Resale" (GNFR) and service providers was also finalised in 2022, with input from key technology suppliers to refine the approach. This will be launched to suppliers in 2023 on a risk-basis.

Supporting suppliers to operate more sustainably

Workshops were held in April, July and September to engage circa 750 manufacturers with the Group's sustainability roadmap. The purpose of the sessions was to build awareness of key priorities for the sector and why there is a need for change. Clear requests were made of suppliers during the online workshops but underpinned by guidance and advice to better enable suppliers to change. Suppliers had the opportunity to ask questions and the sessions provided an opportunity for best practice sharing.

A CEO roundtable to collaborate with suppliers on Scope 3 carbon

The Group's CEO hosted a dinner with the CEOs of several large manufacturers, including Ibstock plc, British Gypsum, Wienerberger UK, Knauf UK & Ireland, Wavin UK and AkzoNobel. Collaboration is key to achieving supply chain emissions reduction. CEO Nick Roberts said: "It was great to get some of our key suppliers round the table to discuss the challenges we face to

deliver on our net zero targets. It was a rich conversation that covered a lot of ground; from public policy to inspiring and motivating our workforce, and overcoming the skills gap we collectively face. I was struck by the energy in the room and the clear desire and commitment we all have to accelerate action and make a positive difference."



Angela Rushforth – MD, BSS Group

Mike Chaldecott – Chief Executive, Saint-Gobain UK and Ireland

Megan Adlen – Group Sustainability Director, Travis Perkins plc



Jose Antonio Jimenez Lozano – MD, AkzoNobel UK and Ireland

Frank Elkins – COO, Travis Perkins plc

Mike Chaldecott – Chief Executive, Saint-Gobain UK and Ireland

Simon Paz-Uceira – Commercial Director UK, Metsa Wood

New and improved training for colleagues

New Responsible Sourcing colleague training was developed and will be launched to colleagues across the Group in 2023. The training module provides an in-depth insight to responsible sourcing and is targeted to colleagues in Commercial, Purchasing and Service Management teams. The module is hosted in the new Knowledge Management System, Thrive, which offers a whole new way to share learning, knowledge, skills, expertise and best practice (see page 40).

Industry collaboration to drive efficiency

The Group is collaborating with the industry to inform and guide the development of a responsible sourcing database for our sector, recognising the duplication and inefficiency of the industry's current approach. The Group's Head of Ethical and Responsible Sourcing and Group Sustainability Director have consulted with trade federations, customers and suppliers with valuable learnings shared across all parties. The focus in 2023 will be to collaborate further, learning and working together towards a solution that supports transparency of the sustainability of organisations operating in our supply chains.

What's next?

In 2023 the Group will continue to evolve the Group's due diligence approach to bring into scope the next phase of lower-spend product suppliers and "goods-not-for-resale" suppliers. These assessments provide insights and progress not only on ethical behaviours in the supply chain, but also environmental performance and carbon footprints.



Operating sustainably

Leading by example within our own operations. Delivering net zero carbon and reducing operational waste.

Supporting our purpose and sustainability priority

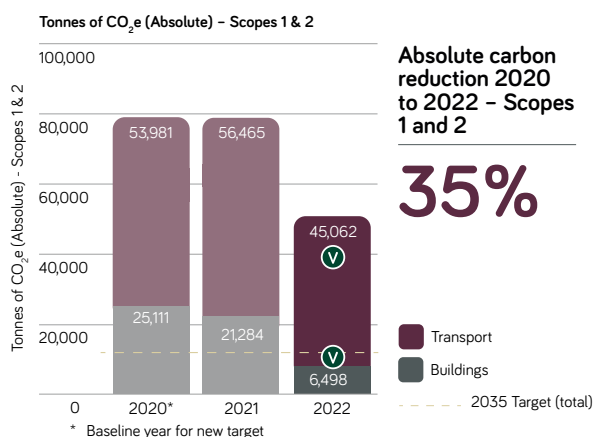
The Group has committed to reduce Scope 1 and 2 carbon (relating to the Group's fleet and estate) by 80% by 2035, offsetting any remaining emissions thereafter. Whilst 99% of the Group's footprint is in the supply chain, to have integrity in asking suppliers and customers to decarbonise, the Group must also address its own direct emissions. The Group generates waste from its operations, primarily relating to added packaging or obsolete products, and takes its role in preventing, reusing, recycling or recovering waste very seriously in order to protect the natural environment and the communities within which it operates.

Progress in 2022

Core objectives in 2022 included increased engagement with stakeholders, with particular focus on suppliers to reduce Scope 3 carbon emissions, and the reduction of plastic waste by engaging with suppliers and seeking alternative, sustainable packaging solutions. Progress on these and other key initiatives is set out below, with further information available on the website www.travisperkinsplc.co.uk.

Positive progress against the Group's Scope 1 and 2 target

The Group's Scope 1 and 2 footprint reduced by 34% in 2022 (compared to 2021), which is a 35% reduction against the 2020 baseline. Details on the initiatives behind this reduction are provided in the sections below on decarbonising the estate and fleet. For further detail on Scope 1 and 2 carbon, please see page 30.



Engaging colleagues on decarbonisation

The Group Head of Environment, Technical Fleet Director, Group Energy Manager and Head of Commercial (sustainability) co-hosted a live online panel discussion on decarbonisation, answering questions from colleagues during 'Net Zero Carbon Week'. Colleagues from each of the businesses' commercial teams also joined the online workshops hosted for suppliers to support them with their decarbonisation (see page 52). An introductory training course on carbon is available to all colleagues through the Group's new Knowledge Management system, Thrive. Engagement of all colleagues to understand and take responsibility for their role in achieving the Group's carbon reduction goals remains an important focus for the Group.

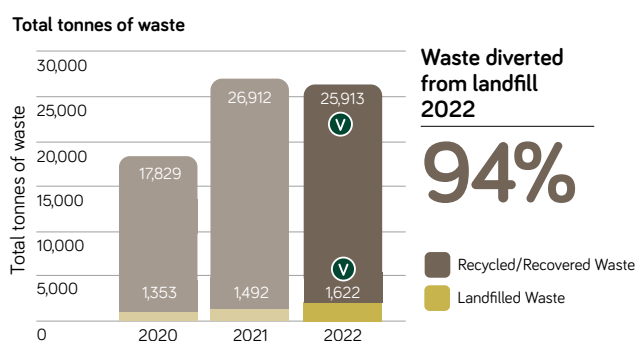
Decarbonising the Group's estate

The decarbonisation of the Group's property portfolio in the last two years was largely driven by the renewable energy tariff which came into effect in October 2021, with nine months of the annualised benefit falling into 2022. In addition the LED light roll out continued with over 300 branches completed to date, 61 of which in 2022. A Net Zero Carbon assessment was completed at the Group's main distribution centre (DC) in Northampton which has resulted in a business case being developed to install solar panels across the DC roof. 'Profile alerts' were trialled at 20 sites to help save energy through improved colleague use of energy at site. The property and energy teams for the Group manage a Buildings Decarbonisation Roadmap which is published on the Group website (www.travisperkinsplc.co.uk) and for which an interim target was developed and approved by the Board during 2022. The interim target is to achieve a 40% reduction against the 2020 baseline by 2027.

Decarbonising the Group's fleet

A Hydrotreated Vegetable Oil (HVO) diesel-replacement trial has now been fully mobilised across 34 sites, supplying the low carbon fuel to 215 vehicles and saving approximately 1.4m litres of diesel per year. HVO plays an important role as a transition fuel until the infrastructure for electric vehicles improves and the development of more long-term solutions such as hydrogen become a reality. The Group uses HVO from waste oils, not virgin plants, and from certified sustainable sources. In addition, the Group introduced 34 new high-efficiency Volvo trucks in 2022, with another 146 planned in 2023. The new vehicles form an integrated part of the Group's fleet decarbonisation roadmap, with each one benefitting from the latest Euro VI Step E diesel engine technology – engineered to reduce emissions and help save fuel without compromising performance – and with the capability to run on HVO. HVO 'Driver days' training has been delivered to raise awareness of the benefits of HVO. The Group Leadership Team also approved a contract to transition all remaining Fork Lift Trucks from diesel to electric or HVO by the end of 2024. A new interim target has been approved by the Board for the Fleet Decarbonisation Roadmap which is published on the plc website (www.travisperkins.co.uk). The interim target is to achieve a 27% reduction against the 2020 baseline by 2027.





Reducing waste impacts in 2022

The Group produced 27,535 tonnes of waste in 2022. This was a 3% reduction in tonnage as compared to 2021. In addition 94% of waste was diverted from landfill (95% in 2021).

Innovative solutions to drive out waste

The businesses are working to eliminate waste streams or find alternative materials or solutions to minimise the impact of operational waste and product packaging. CCF has introduced a reusable pallet hood to prevent wrapping with single-use materials. Travis Perkins and Keyline now use a Bulk Bag which contains 30% recycled content. Partnering with innovative suppliers helped the Group to be the first builders' merchant in the UK to use the new sustainable bags. "Using a minimum of 30% recycled content in our bulk bags also means we don't need to pay the new Plastic Packaging Tax on them," said John Duffy (Senior Category Manager for Aggregates and Blocks), "It means we've saved the business around £350,000 each year by doing what matters."



Toolstation tackling product packaging

Toolstation tracks packaging by product and by packaging type, giving their category teams visibility of over-packaged products or those using more harmful packaging types. And these insights are driving action. While the volume of packaging materials increased in 2022 due to business growth and a changing product mix, Toolstation has eliminated 190 tons of plastic and has avoided additional cost from the new plastic tax, remaining below the de minimis volumes for the tax to apply. The business has eliminated unnecessary packaging on own brand products with around 95% now being plastic free. In replacing single-use plastic, other packaging material types increased such as steel and aluminium, however both of these can be infinitely recycled and can also be collected from bottom ash within the local authority recycling streams. Polystyrene packaging is close to being eliminated from the Toolstation business with less than 0.1% of products remaining with some polystyrene. All businesses in the Group participate in a packaging working group, also meeting at manufacturer sites or specialist packaging suppliers to improve their knowledge.

Environment Incidents

In 2022 the Group recorded 19 environmental incidents with seven classed as 'reportable' and 12 'non-reportable'. Of the 12, four were a result of '3rd party' sources (such as spillages from supplier or customer vehicles). Most incidents related to spillages such as hydraulic oil or paint.

Assurance

"Specific data points in the Sustainability (or "Building for Better") section, marked with the logo 'V', have been assured against LRQA verification procedures which are based on AA1000AS (2008) and ISAE 3000. A copy of their verification statement is available at www.travisperkinsplc.co.uk.

What's next?

In 2023 the Group will launch an internal Carbon Change-Makers campaign to upskill key colleagues in the businesses and Group functions in order to influence colleague behaviour and expand the network of expertise on sustainability and carbon in particular across the Group.

Doing the right thing

Supporting our purpose and sustainability priority

The establishment of the Group's Code of Conduct and a strong Legal Compliance framework helps to ensure stakeholders can rely on the Group to continue to "Do the Right Thing". 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 and Human Rights, the Group underpins its work on the strategic sustainability focus areas with a responsible approach to business. A number of "people" topics also fall into this category of "Doing the Right Thing" and are covered in the people section on pages 43 to 49.

Progress in 2022 – modern slavery and human rights

A primary objective in 2022 was to expand 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. This is because the construction industry is one of the most exposed industries to modern slavery. The Group's work in this space helps to ensure the fair treatment and protection of rights of all workers.

- The Group's policies and procedures to tackle modern slavery are described in the Modern Slavery Statement on the Group's website, www.travisperkinsplc.co.uk, including how the Group assesses risk and carries out due diligence, along with policies on employee recruitment and human rights.
- Businesses in the Group developed plans to expand in-person ID checks to third parties (other than labour agencies who are already in scope) working at the Group's sites. In-person ID checks have been introduced at the central Head Office site for third-party cleaning staff. The trial will be expanded into other parts of the Group during 2023 on a risk basis.
- In September a series of online sessions was delivered to raise awareness of Modern Slavery, to highlight the red flags and to signpost to both the Travis Perkins SpeakUp! Hotline and the Modern Slavery & exploitation helpline. These were extended to both suppliers and colleagues, with the sessions attended by 388 people.
- New Modern Slavery colleague training under the umbrella of "Licence to Operate" was developed and will be rolled out to colleagues across the Group in 2023. This comprises an in-depth module for high-risk colleagues and a bite-sized module for all other colleagues.

What's next?

In 2023 the Group will continue to roll out ID checks for third parties coming to site, addressing higher risk organisation types first.



Progress in 2022 – legal compliance

A primary objective in 2022 was to refresh mandatory, Group-wide baseline training covering key legal compliance areas, improving awareness of reporting channels and completeness monitoring. This helps to ensure stakeholders can rely on the Group to continue to "Do the Right Thing".

Building on the roll-out of refreshed training for Anti-Bribery and Corruption and Competition Law in 2021, a new course on Anti-Money Laundering was rolled out during 2022. In addition a suite of modules forming mandatory new baseline training under the umbrella of "Licence to Operate" was rolled out to all colleagues across the Group in December 2022, covering the following topics:

- Code of Conduct and Speak Up (whistleblowing line)
- Anti-Bribery and Corruption
- Anti-Money Laundering
- Competition Law
- Corporate Criminal Offences
- Market Abuse/Insider Trading
- Sales of Restricted Products

What's next?

Further awareness raising and training to make sure the Code of Conduct, policies and tools that have been launched are fully understood and embedded across the Group.

Travis Perkins

Doing the **Right Thing**

Modern Day Slavery

 **This is closer than we all think so speak up**

If you have any concerns or suspect someone may be a victim of Modern Slavery then call the SpeakUp Hotline.

Speak Up! Hotline 0800 890 011 then key in 833 331 1347

Our people



“We are a business at the heart of our communities. Our team of 20,000 colleagues takes great pride in working closely with customers and suppliers, and caring for each other and the communities where we live and work. As we look to become the employer of choice, and help build the next generation of talent across this sector, we remain committed to developing a sense of belonging, to accelerate safety and wellbeing, and build new skills that are needed to deliver a construction industry that is fit for the future”.

Emma Rose
Chief HR Officer



Developing the next generation

Upskilling our people and the wider industry in Green and Future skills to equip the sector for change.

Supporting our purpose and sustainability priority

The Group is committed to building better communities and a stronger business through the development and deployment of talent and the next generation workforce. The development and apprenticeship programmes upskill colleagues in their current roles and introduce new colleagues to the business and the wider construction supply sector. Development is not only about construction sector skills but also life skills including digital skills, maths and English. New colleagues are being introduced to the merchandising sector and often bring enhanced digital capability. The Group is helping existing colleagues develop their digital skills to enable modern merchandising. In the majority of programmes, colleagues are being taught about modern construction methods, enabling them to help customers build better. In this way the Group is developing the next generation for the construction supply sector.

Progress in 2022

The core objective in 2022 was to deliver a broad Group-wide development curriculum offering career development opportunities to all colleagues enabling the development of the next generation workforce and helping to change construction.

A new long-term stretching target to support upskilling

The Group developed a new long-term skills target which was approved by the Board during 2022. This target is for 10,000 successfully completed apprenticeships by 2030, delivered both through the business and the wider industry (through the Group's partnership with the Builders Merchants Federation). This target reflects the size of the challenge facing the sector to upskill and supports the changes that the industry needs. A first of its kind in the sector, this target underlines the Group's commitment to people development and to supporting the modernisation and decarbonisation of the industry.



Continuing the Group's pedigree in apprenticeship and Kickstart provision

During 2022 the Group continued to expand its apprenticeship offering and now has an apprenticeship programme in place for all substantial job roles across all areas of the Group. All apprenticeships are designed to develop the next generation and address the challenges faced by the sector, specifically around digital skills, data, carbon reduction and changes to construction methods. 61% of the Group's colleagues

graduated with distinction. In order to help the wider construction sector develop the next generation workforce that is needed, the Group opened its Apprenticeship programmes to supply chain partners within the wider Construction sector. As part of this work the Group has now become the Early Careers and Apprenticeship provider to the Builders Merchants Federation. All apprentices now have the option to become student members of the Institute of Builders Merchants.

Travis Perkins Group was rated 33rd in the 2022 Top 100 Apprenticeship Employers list published by the National Apprenticeship Service, and was also rated 11th Top Employer in the "Rate My Apprenticeship" rankings which are voted on by the apprentices themselves. 2022 highlights included:

- 260 new Travis Perkins apprentices recruited with increased levels of diversity.
- 470 current Travis Perkins colleagues enrolled on an apprenticeship to further develop their career.
- A further 340 colleagues working for supply chain partners or within the wider construction sector were enrolled on a Travis Perkins delivered apprenticeship.
- 160 of these colleagues were also supported to achieve new English and Maths qualifications.
- 270 Travis Perkins colleagues completed their apprenticeship and graduated.
- 100 Apprentices from supply chain partners or within the wider Construction sector completed their apprenticeship and graduated.
- A further 291 young people gained work experience within the business through the Kickstart scheme with 70% of those that completed the scheme moving into permanent employment with the Group.

Embedding ESG into colleague learning

The apprenticeship team introduced a new ESG module to all internally-managed apprenticeships during 2022 and will be used as standard going forward. The purpose of the module is to introduce colleagues to the concept of ESG, the ESG agenda for the Group, why it is important, what we are committed to and how they can play their part. Achievement of the Group's Building for Better goals and the Group purpose relies on colleague awareness, engagement and empowerment to make changes for the better in their own roles.



Developing leadership skills

In 2022 the Group launched its 'At My Best' leadership programme aimed at building leadership capability by improving self awareness, developing capability to have great conversations and fostering a culture of two way feedback. The programme aims to equip leaders to confidently hold positive, productive and energising discussions with their teams. We expect our leaders to have great conversations with their teams and to discuss colleague strengths as well as the challenges they are facing to improve their performance. This is a foundational part of building a high performance culture across the business. Leaders now have a familiar language and toolkit to use to talk with their teams about performing at their best at work, enabling a dialogue of feedback and coaching to bring out the best in colleagues. Over 300 leaders experienced the 'At My Best' leadership programme in 2022.



Raising the profile of the construction sector

In a fight for talent it is important to attract the best people into the industry and retain them. In 2022 the Group continued to raise the profile of construction offering a great career through various Early Careers initiatives such as the recent Maddie Rose Campaign on hidden careers in construction. Maddie Hollamby was a colleague who worked for Keyline. She loved working in construction and was passionate about highlighting the benefits of the sector to other young people, so that they could develop through it as she had. The Maddie Rose Campaign was set up in partnership with Construction Youth Trust as a lasting legacy in celebration of her life, to inspire and enable young people to overcome barriers and discover a career in the construction and built environment sector. To support this initiative, colleagues from across the Group helped to deliver the Construction Youth Trust Hidden Careers Programme to inspire and support young people; to help them see construction as a career choice rather than just a job, and provide them with access to opportunities in the sector. This involved colleagues going into schools to talk about their own career experiences, and providing work experience placements, to give young people a greater understanding of what it's like to work in the builders merchanting industry. Also, the Group partners with Volunteer It Yourself (VIY), a social enterprise which helps young people to learn trade skills whilst helping their community. You can read more about this partnership on page 49.

What's next?

Continue to deliver a broad Group-wide development curriculum aligned to our talent management processes offering career development opportunities to all colleagues enabling the development of the next generation workforce and helping to change construction.

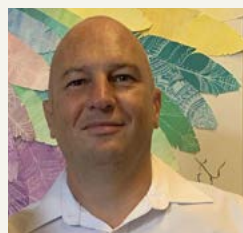


Cleo Fitzsimons Assistant Store Manager, Toolstation

Cleo started out as a Customer Services Representative for Toolstation on a Level 2 Apprenticeship and knew it would be worth going for the Level 3 Management Apprenticeship when the opportunity arose. Cleo has received great support from their manager. "Cleo is fantastic! Cleo is also on an apprenticeship at the moment, so we're able to support one another and understand each other's priorities."

Cleo is a member of the Group's Proud Network, which supports colleagues who identify as LGBTQ+, and they are pleased this has opened up new networks to them. "Being Assistant Store Manager is my favourite role in the company so far; and being promoted was the proudest moment in my professional journey", said Cleo.

The role offers challenges and Cleo explained their recent joy in achieving full marks for a health and safety audit, as they specifically recognised the importance of this work.



Gary Kent National Stock and Systems Manager, Travis Perkins

Gary is one of the first apprentices in the country to have completed a Level 6 Apprenticeship in Leadership with the Open University.

This apprenticeship, for which he achieved a Merit, took 48 months and is the equivalent of a Bachelor's Degree. It also has Chartered Manager status with the Chartered Management Institute.

Gary is rightly proud to have completed it, especially whilst also balancing work and studies with a busy family life: "My Manager asked if I would be interested in this apprenticeship, and after attending a meeting to hear more about, and what it involved, I knew it would be a challenge and that I would have to make some sacrifices, but after discussing it with my partner and my colleagues, I decided that the sacrifice was worth the future benefit I would gain from the apprenticeship," Gary explains.

"I really enjoyed learning about other departments and functions, and I gained more confidence to ask questions as to "why" we complete a task in a certain way, because I just had a better understanding of how the business worked," he continued.

"Still, I could not have completed the apprenticeship without the support of my manager, the site, and my family, but I would really recommend the apprenticeship scheme we have. My apprenticeship was a challenge, but it was worth all the sacrifice and stress and has enabled me to fulfil my potential and improve as a manager", Gary concluded.

Diversity, equity and inclusion

Supporting our purpose and sustainability priority

- Leading the way in building a culture of belonging where everyone has the skills, confidence and ambition to be their best;
- Creating diverse teams that will drive the diversity of thought needed to help us and our industry to innovate and change quicker; and
- Redefining how we build for a brighter, more sustainable future – building communities and enriching lives.

Progress in 2022

The core objective for 2022 was to create a Diversity, Equity and Inclusion policy that reflects the Group's vision "You be you, it's what makes us, us" and to engage with the business to educate and to implement the policy effectively.

Diversity, Equity and Inclusion (DE&I) policy developed

Through engagement with all of the diversity networks in the Group and the Diversity and Inclusion Advisory Board, a new DE&I policy was developed and approved by the Group Leadership Team. Through this process it became clear that the Group would need to build the skills, knowledge and behaviours of its leaders to enable the effective roll out and embedding of the new policy. Therefore the strategy for 2023 is to build a better understanding of our DE&I strategy and purpose with both colleagues and leaders to support the introduction of the policy. The policy is supported by a Minimum Standard framework which describes the actions that each of the businesses would be taking to comply with the policy. This enables progress tracking and for the businesses in the Group to learn from each other as they are at different levels of maturity.

A new menopause policy launched

As part of the Group's commitment to stop the stigma by starting to talk openly about menopause, there is now a policy and managers' guide in place. These aim to raise awareness of menopause and its impact, as well as provide the resources and assistance needed to support colleagues experiencing it or being otherwise affected by it. On World Menopause Day, more than 80 colleagues joined a webinar hosted by Dee Murray, who is founder of The Menopause Experts Group. This gave colleagues the opportunity to find out more about the menopause and its health impacts. A Google Community has been set up to allow colleagues to have a 'cuppa and a chat'.



Supporting disability, whether hidden or visible, through a new adjustment policy

A new Travis Perkins Group Adjustment Policy defines the support and actions we'll take when a colleague with a disability requires reasonable adjustments. Reasonable adjustments are the changes the business considers to remove or reduce the effect of a colleague's disability to enable them to do their job, or for a candidate when applying for a job – the adjustment could be to the workplace, to equipment, or working arrangements. The new Adjustment Policy sets out how to request a reasonable adjustment and what considerations will be taken into account when reviewing a colleague's request.

Measuring progress

Progress is measured both in diversity statistics and through colleague perceptions on inclusion. For both of these, the latest figures are presented below. Progress continues to be made with an improvement in overall gender balance (25.2% in 2022, 25.0% in 2021), and an improvement in women in senior management (26.7% in 2022, 24.8% in 2021). From an inclusion perspective, the engagement survey in 2022 showed that 68% of colleagues felt a sense of belonging at this Company. For full diversity statistics please see the data table on pages 184 to 185.

What's next?

To put in place the foundations that will help us to build the skills, knowledge and behaviours of our leaders to enable them to create the conditions for a diverse and inclusive workplace ie inclusive leadership programme, all colleague education, Network led thrive content, allyship programme.

Gender diversity 2022 – by role type	Female	%	Male	%	Total
Director (Board) ¹	3	37.5	5	62.5	8
Senior Manager (Grade M3+)	73	26.7	200	73.3	273
Colleague	4,815	25.2	14,289	74.8	19,104
Total	4,891	25.2	14,494	74.8	19,385

Gender diversity 2022 – by business segment	Female	%	Male	%	Total
Central Services	408	46.7	466	53.3	874
Toolstation	2,515	36.0	4,479	64.0	6,994
Merchandising	1,968	17.1	9,549	82.9	11,517
Total	4,891	25.2	14,494	74.8	19,385

1. Louise Hardy joins the Board from 1 January 2023, taking the Board total to 9 and the female representation to 4 (44.4%)

Safety and wellbeing

Supporting our purpose and sustainability priority

Keeping people safe and well is clearly aligned to the Group's purpose. It remains the Group's number one priority. Without our colleagues, we don't have a business. Supporting and empowering colleagues to look after their wellbeing has a positive impact on their lives both in and outside of work and the communities around them.

Progress in 2022

The core objective for 2022 was to continue to drive a culture of "Calling It Out", taking time to "Stop, Step Back, Think. Then Act" by ensuring daily 10B410 (10 minutes before 10am) team briefings take place at all locations

Significant progress in performance and culture

Strong improvements have been made in the Group's core safety metrics (Lost Time Injury Frequency Rate and Severity Rate). This has been driven by a number of factors including the fact that the 10B410 are becoming part of everyday routines. The Lost Time Incident to Near Miss ratio, which is an indicator of colleague risk awareness, improved by 19% as compared to 2021. This clearly shows colleague engagement and commitment to keeping themselves and others safe.

Learning and changing

Our commercial vehicle fleet travels 34 million miles a year. Regrettably, two fatal Road Traffic Accidents involving our vehicles occurred in 2022. Both involved members of the public and are still subject to ongoing Police investigations. The Group's Incident Review Boards continue to support the identification of organisational and business specific learning opportunities. As the Group's LTI Frequency Rate has reduced, the 'next level down' of incidents – Significant Near Misses – will now also be covered by the Review Boards.

Integration of Staircraft to the Group's safety standards

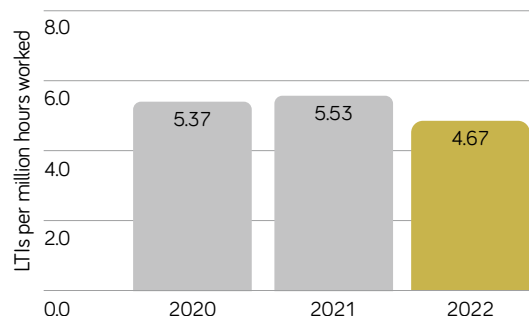
Regrettably, a Staircraft colleague was seriously injured in a fall from height in June 2021 (before the Group acquired ownership of the whole of Staircraft in October 2021). In August 2022 Staircraft Group Ltd was prosecuted and fined £200,000. As part of the Group Staircraft is benefiting from the help, expertise and support of all the Group's health and safety and other resources. Lessons have been learned from the incident and post acquisition, the Group is making good progress with fully integrating Staircraft into its Safety Management System. The colleague involved has been fully supported by Staircraft and we are pleased to report that they are fully returned to work.

Industry leading approach to managing safety in contracted works

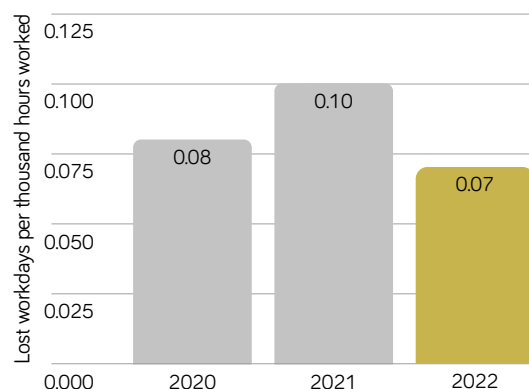
Following a deep dive review of how safety is managed in contracted works, the Group has developed and introduced new ways of working which improves safety for both contractors and those in control of branches in which contractors are working. Feedback and engagement from all concerned has been positive and this will continue to be rolled out across the Group in 2023 before talking with industry more widely about the approach.



Lost time incident frequency rate



Severity rate



Stronger wellbeing focus

During 2022 the Mental Health First Aider (MHFA) community continued to provide support to colleagues across the Group. Their work has ranged from providing support to colleagues returning to work following a suicide attempt, to organising a monthly 'netwalking' initiative where colleagues can take a walk with a MHFA to discuss any issues they are currently facing in a less formal or intimidating environment.

In addition, line managers have been equipped with practical skills to build confidence in supporting colleague wellbeing. Rob Kuzemko (Regional Director) said "Natalie's session around raising awareness of mental health and wellbeing was so powerful, insightful and absolutely necessary considering how much we can all do to help our colleagues who are struggling in this space. It enabled the BMs to take a far more proactive approach in handling potentially difficult conversations and turning them into positive outcomes".

Financial wellbeing support was also provided (see page 48).

What's next?

As colleague engagement on safety and wellbeing is so critical, and is driving improvements, the objective for 2023 is to continue to drive 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.

Colleague voice

Supporting our purpose and sustainability priority

To enrich colleagues' lives, to create a sense of belonging and to build better communities, it's essential the Group has a means to hear colleagues' voices. Listening to colleagues enables the Group to make better decisions, leverage diversity of thought and be responsive and agile to colleagues' needs.

Progress in 2022

In 2022 the core objective was to engage all colleagues in the Group's purpose, values and strategy, with focus on what this means at a local business level. Our Group Story was used to help colleagues to understand the journey we are on and the important role they play.

New values launched across the Group



A refreshed and consistent set of group values was launched across all of the Group's businesses in 2022. Colleague voice was at the heart of the approach to developing the updated values. Over 500 colleagues input into the development, reflecting every part of the business and every colleague group from new starters to long servers, early career to late career, those who see themselves as belonging to minority groups, and colleagues from Business Units and Head Offices. The result was three values which underpin the culture we continue to cultivate and develop to ensure our ongoing success. They represent strengths from our heritage that we want to build into the future as well as harnessing new ways of working. The Group Leadership Team takes a visible leadership role in ensuring that the values are firmly embedded across the Group, and fully demonstrated in leader actions and behaviours.

New engagement survey allows for industry benchmarking

A confidential all-colleague survey was launched in 2022, working with an independent partner who supported the administration and analysis of the results. One of the key measures of engagement is participation and 76% of colleagues shared their voice, up 9% compared to the previous year. It is encouraging that so many colleagues took the time and wanted to have their voices heard and by doing so helped to create a colleague experience that is unrivalled in the sector. The Group's key strengths have been consistent since the prior year – a focus on safety is the number one strength and the businesses' approach to customer focus is highly valued. The Group also scored above global benchmarks on an authentic culture and creating equal opportunity for all. The positive scores reflect the progress made in the last year.

For further information on colleague voice and colleague listening by the Board, see pages 62 and 86.

What's next?

To leverage the Group's strategy, purpose and values – "Our Story" – to build colleague's connection to their role in the future success of the Group.

Reward

Supporting our purpose and sustainability priority

Improving the financial health of colleagues has a direct link to their emotional and physical wellbeing, enabling stable communities and enriching the lives of colleagues and those around them.

Progress in 2022

The core objective for 2022 was to further develop financial wellbeing support to colleagues by launching new services with the Group's partner 'Wagestream'.

Successful launch of Wagestream

Wagestream is a financial management and wellbeing app, providing our colleagues with the ability to access a portion of their salary each month before pay day or set up a savings fund direct from their pay to earn a competitive interest rate. Colleagues can also access free financial coaching and use the budgeting and payment tracking services. Wagestream was successfully launched across the Group in June 2022. Take-up across the Group at the end of 2022 was 32%. At Toolstation, where the benefit was launched in 2021, take-up at the end of 2022 was 62% which is higher than typical for the retail sector. The vast majority of colleagues using Wagestream do so to track their earnings and budget more effectively. One-third of users use the app to stream their wages – most commonly to help with grocery costs and bills – and a third of users are working towards achieving their savings goals with over £500k saved by our colleagues to date. Nearly 3,000 colleagues have completed the in-app financial health check.

Continuing to support financial wellbeing

Increased communications and educational webinars on employee benefits, discounts and offers have helped to raise awareness and support colleagues with cost of living challenges, pensions and mortgages. Spend through the 'MyPerks' retailer discounts and cashback platform increased significantly compared to last year and with savings typically at 6-7% of spend, this benefit continues to help colleagues manage their household expenditure more cost-effectively. In addition, the Group awarded a cost of living payment to the majority of colleagues in January 2023.

Aligning reward to the Group's decarbonisation goals

Scottish Widows has increased ESG integration into the default pension investment strategy. The Group has partnered with Scottish Widows to help develop ESG fund ratings and ESG member communications. As ongoing members of the 'Make My Money Matter' campaign, the Group is committed to investing money in a sustainable way.

What's next?

Further the reach and impact of financial wellbeing and employee benefits support to colleagues.

Charity and volunteering

Supporting our purpose and sustainability priority

The Group's colleagues sit at the heart of the communities where they live and work. The Group's culture and values – “we care” – means that great pride is taken in helping others and making positive changes happen.

Progress in 2022

The core objective for 2022 was to put charity and community partnerships in place that support the Group purpose, engage colleagues, strengthen collaboration and deliver on the Group's strategy and impact goals.

Delivering social value in our communities

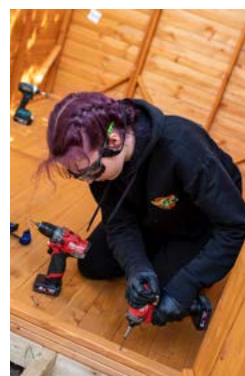
The Group's businesses held a varied and creative calendar of fundraising initiatives with partner charities and the Group widened its partnership with VIY (“Volunteer It Yourself”). VIY engages with young people and supports them with training and skills in construction through the renovation of community spaces and places. The Group acted as VIY's Kickstart Gateway Provider to optimise social impact in the form of job opportunities in the communities where Travis Perkins plc colleagues and customers live and work.

Ukraine appeal

Colleagues across the Group were touched by the events in Ukraine and the impact on people both there and in neighbouring countries. The business made it a priority to support colleagues, partners and suppliers who were affected by events, and directly supported the relief efforts in Ukraine with a £107,000 donation to The Disasters Emergency Committee (DEC). The business set up a JustGiving page for colleagues which raised over £7,000 in one month. Branches and colleagues worked in their local communities to host fundraisers for Ukraine. Some branches acted as drop-off points for donations to support the Northampton Saints' donations appeal for refugees fleeing the conflict. Other colleagues donated their time and expertise to provide employment support including CV writing and interview techniques to Ukrainian refugees in the Northampton area.

Volunteering pilots

In 2022 the Group piloted volunteering to help deliver on the Group's impact goals, connect colleagues with each other, and promote sustainability, engagement and wellbeing. Projects included carrying out gardening in the Cynthia Spencer Hospice woodland, local to the Group's head office in Northampton and a beach clean with the Marine Conservation Society at Portishead, where nearly 5kg of rubbish was cleared from a 100-metre long beach. These volunteering opportunities have been popular amongst colleagues, and in the future volunteering will form an important part of the Group's employee value proposition.



Charity and social enterprise partners	2022 contributions
Macmillan Cancer Support	£1m
Centrepont	£2k
Mind	£107k
Prostate Cancer UK	£57k
VIY	£150k
Variety	£9k
Cynthia Spencer	£23k
DEC Ukraine Appeal	£107k

What's next?

Use the experience gained from 2022 to deepen and elevate existing partnerships; scaling up cross-Group volunteering opportunities with VIY and the Northampton Saints to empower colleagues to take positive action, and improve data capture to support social impact reporting.

Climate-related financial disclosure

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 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 second 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 scenario analysis 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 2023 Annual Report and TCFD Report.

The Company has not included disclosures consistent with TCFD recommendations and recommended disclosures in relation to Metrics and Targets (disclosure a) due to ongoing work to develop a fuller set of KPIs and sub-targets to better align performance measures with the material risks and opportunities identified in this disclosure. This will also be shared in the 2023 Annual Report.

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	52
		Principal Risks report – Climate Change and Carbon Reduction	79
	Describe management's role in assessing and managing climate-related risks and opportunities	TCFD report – Board Oversight and Engagement	52
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 – Risk and Opportunity Management	55
		Principal Risks report – Climate Change and Carbon Reduction	79
	Describe the impact of climate-related risks and opportunities on the organisations businesses, strategy and financial planning	TCFD report – Risk and Opportunity Management	55
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2° or lower scenario	TCFD report – Scenario results	58
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	55
	Describe the organisation's processes for managing climate-related risks	TCFD report – Risk and Opportunity Management	55
	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 Principal Risks report – Climate Change and Carbon Reduction	55 79
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 KPIs	60-61
		Sustainability report – Operating Sustainably	40-41
		Sustainability report – Modernising Construction	36
		Remuneration Report	101-116
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	TCFD report – Metrics and KPIs	60-61
		Sustainability report – Operating Sustainably	40-41
		Sustainability report – Modernising Construction	36
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	TCFD report – Metrics and KPIs	60-61
		Sustainability report – Operating Sustainably	40-41
		Sustainability report – Modernising Construction	36

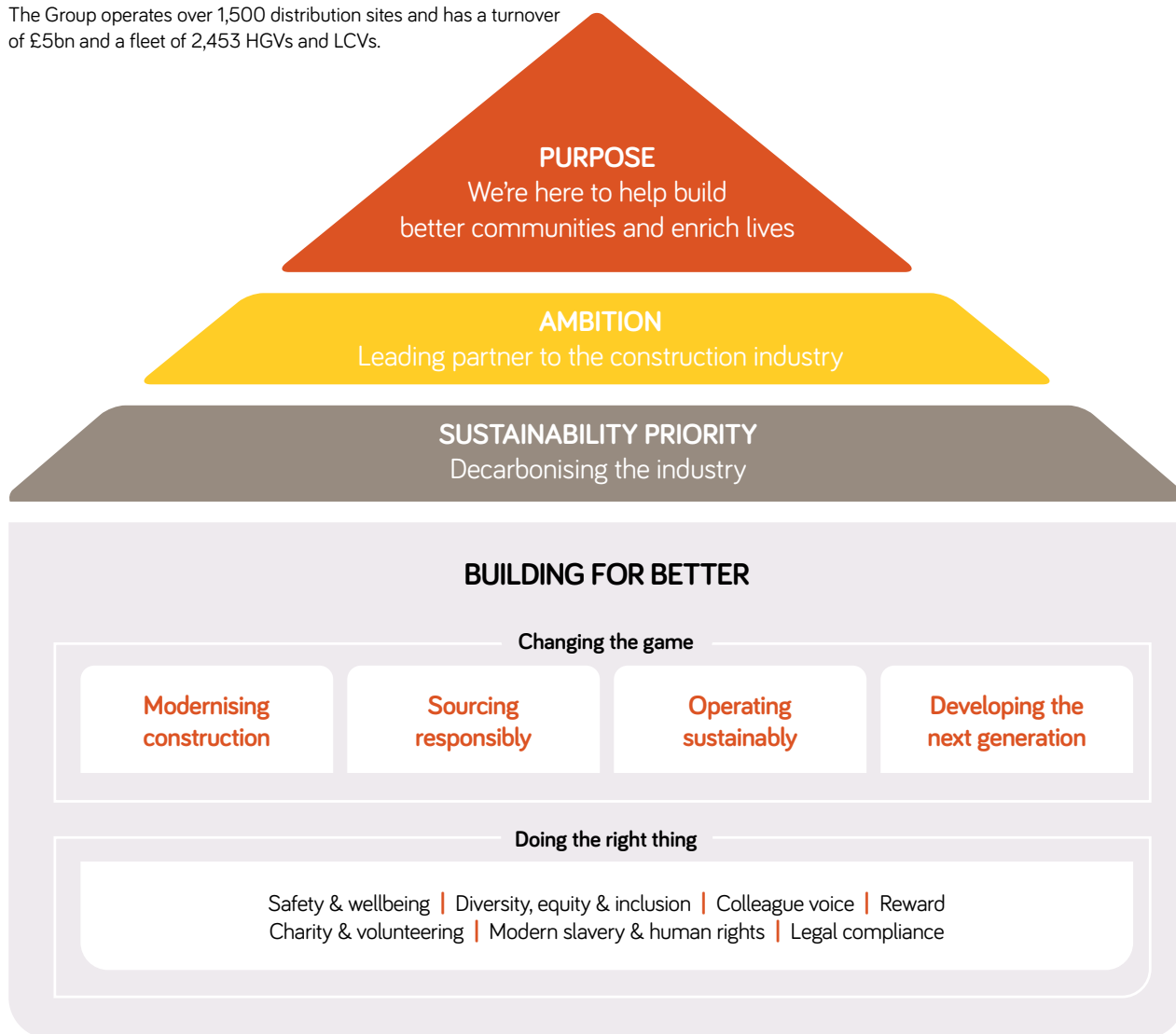
Governance

Scope and sphere of influence

The Group's addressable market for construction materials is £78bn with three-quarters coming through distribution channels. The Group has a 6% share of this addressable market, serving generalist and specialist customers that range from the smallest jobbing tradesperson to the largest national contractor or housebuilder. The Group operates over 1,500 distribution sites and has a turnover of £5bn and a fleet of 2,453 HGVs and LCVs.

Leadership role

Decarbonisation of our own business and our supply chain is the Group's sustainability priority. For further information see pages 32 to 33.



The Group has sector-leading commitments to reduce carbon in line with a 1.5 degree 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 page 58.

By 2035 Travis Perkins will have reduced absolute Scope 1 & 2 GHG emissions by 80% and absolute Scope 3 emissions by 63% from a 2020 baseline.

The Metrics and KPIs section (page 60) provides details of the KPIs used by the Group to assess progress against these targets.

Climate-related financial disclosure continued

(in line with TCFD guidelines)

Advocates for change

The Group is proactively engaging with the sector to drive forward the decarbonisation agenda. During 2022 the Group hosted online workshops for over 750 suppliers to support them to understand the journey we are on and their role in delivering reduced carbon.

This included guidance on tools to use to calculate carbon and insights to customer product and data needs. Sitting in the middle of the supply chain, the Group recognises and takes seriously the role of convenor, bringing the industry together to share best practices, collaborate and co-create solutions. Two ESG forums were hosted by the Group for the top National House Builders, bringing together Commercial Directors and Sustainability Directors to agree and act upon key priorities. Additionally, three events were hosted with groups of Social Housing Landlords to support them with their decarbonisation and retrofit agendas. The Group CEO hosted a Scope 3 dinner with the CEOs of the suppliers representing the majority of the Group's Scope 3 carbon footprint. These business leaders discussed successes, challenges and how we can win the hearts and minds of colleagues and others in our industry to enable change.

The scenario analysis conducted by the Group during 2021 identified that an early adoption pathway has the lowest risk and best financial opportunities for the Group. Consequently the Group will continue to advocate for progressive action on climate change in line with these scenarios.

Accountabilities

Climate change is a Board room 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 Fleet and Property departments along with nominated leads in each of the Group's businesses, including the Group Commercial Board. The Managing Director for BSS Group, the largest contributor to Scope 3 emissions in the Group due to the sale of commercial gas boilers, is the Group Leadership Team sponsor for 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 nine sessions with the Group Leadership Team or plc Board during 2022. 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 and contextual analysis.

For more information on how the Board is apprised of climate related risks and opportunities, see the climate change principal risk on page 79.

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 2022 the GLT and Board approved the move from three purpose goals to a single sustainability priority; Decarbonising the Industry. The GLT approved the costs to transition the remaining diesel fuelled Mechanical Handling Equipment to electric or Hydrotreated Vegetable Oil (HVO) by the end of 2024 and continued investment in HVO for an additional 203 HGVs.

Alignment of incentives to carbon commitments

The 2022 bonus targets for the Group Leadership Team included a Scope 3 carbon engagement target, aiming to increase the amount of our spend which is with suppliers who have calculated and set reduction targets for their carbon (see page 107). In addition, the new restricted stock scheme includes a climate-related performance underpin (see page 103).

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 and where commercial opportunities might exist in relation to the decarbonisation agenda. 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 page 75.

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 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 sold, rather than how it moves through the Group's businesses. The table below summarises the Group's principal risks and opportunities.

Top climate-related financial impacts	Description	Risk for the Group*	Scenario in which this impacts	Time period in which this impacts	Parts of the value chain most impacted
Risk – technology: Transitioning to lower emissions technology	Decarbonisation of the HGV fleet (<i>c.1600 HGVs to transition away from diesel</i>)	High	Proactive Reactive	5–15 years	In-house: Travis Perkins Group
Risk – physical: Rising sea levels and extreme weather events	Decreased asset values (<i>assumes some branches affected</i>)	Low – Medium	Proactive Reactive Inactive	15–30 years	In-house: Travis Perkins Group
Risk – regulation: Mandates on and regulation of existing products and services	Product carbon pricing (<i>assumes a small portion of carbon-related cost price increases are not passed through</i>)	Low	Proactive Reactive	5–15 years	Downstream and Upstream: Customers and Manufacturers
Risk – Market: Changing customer behaviour	Obsolescence of product (<i>assumes some product lines are no longer of interest to customers aligning with net zero</i>)	Low	Proactive Reactive	3–15 years	Upstream: Manufacturers (<i>particularly manufacturers of gas boilers or high-carbon building fabric materials</i>)
Opportunity – products and services: Development and or expansion of low emission goods and services	Rising demand for new product mix and new technologies (<i>to meet changing building regulations and low-emission targets</i>)	High	Proactive Reactive	1–15 years	In-house: Travis Perkins Group
Opportunity – resource efficiency: Use of more efficient modes of transport	Increased revenue opportunity (<i>assumes large customers move business towards merchants with decarbonised transport options</i>)	Low	Proactive Reactive	1–15 years	In-house: Travis Perkins Group
Opportunity – products and services: Development and or expansion of low emission goods and services	Rising demand for new product mix and new technologies (<i>to adapt to climate change (i.e. strengthening flood resilience), and to react to climate events (ie extreme weather)</i>)	Low	Proactive Reactive	1–15 years	In-house: Travis Perkins Group

*Risk ratings are in line with those in the Principal Risks Section on pages 75 to 81.

A number of other less-material climate-related risks and opportunities are mapped and monitored internally.

Climate-related financial disclosure continued

(in line with TCFD guidelines)

Timeline considered

The timelines considered and why they were selected are 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 (2022–2037)	This time horizon was chosen to reflect that scenarios show limited divergence prior to this point
Long	15–30 years (2022–2052)	The physical impacts from climate change will magnify over a longer time period than usual business planning

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

The Group's low-carbon transition plan

The Group has shared the roadmaps to 2035 for Scopes 1, 2 and 3 on its corporate website (<https://www.travisperkinsplc.co.uk>) and these now all include interim targets. Key activities include:

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 88% of this)

- Working with the whole value chain to phase out fossil-fuel boilers from sales by 2035. This primarily relates to commercial gas boilers sold by the BSS business.
- Reducing the Group's total forecast emissions in 2035 by 25% through reduction of 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 products where carbon reduction is not viable.
- Improving in-use product efficiencies at a higher rate than International Energy Agency modelling.

Decarbonisation of the Fleet and Estate

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

- Phasing in the use of hydrotreated vegetable oil ("HVO") fuel for diesel engines as a transition fuel. An additional 191 HGVs were moved to HVO in 2022.
- Introducing electric or alternate technology HGVs from 2026 at the latest. The first electric HGV was deployed in 2021 as a pilot to inform the Group's roadmap and the Managed Services fleet now has eight 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.

Risk and opportunity management

As climate governance is integrated into business decision-making, the principal risks and uncertainties are recorded and reported with other business risks and uncertainties on page 75. 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 added 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 the GLT and Board. The Group's principal risk list, which includes climate change risk, is also scrutinised 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 ten years in the Carbon Disclosure Project (CDP) climate disclosure.

The uncertainties around the 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 2022 the Group followed up the initial PwC scenario analysis undertaken in 2021 with a deep-dive investigation of the possible physical climate impacts on its UK branch network and infrastructure, in partnership with Inspired ESG. The focus on physical impacts from climate change necessitated aligning the Group's previous scenarios with Representative Concentration Pathway (RCP) scenarios from the IPCC fifth assessment report.



Climate-related financial disclosure continued

(in line with TCFD guidelines)

Scenarios and modelling process

The Group's approach in 2021 had a greater emphasis on understanding transitional risks and impacts than physical risks and impacts (for which a small number of higher risk locations were assessed). In 2022, to better understand physical risks, the Group selected three established RCPs from the IPCC fifth assessment report that were most closely aligned to the scenarios used in 2021. The scenarios, previously referred to as Early action, Late action and No additional action are now referred to as 'Proactive, Reactive and Inactive'. The scenarios outline possible physical and transitional impacts out to 2050. 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.

	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.
Physical	<2 degrees mean global warming Using RCP 2.6. 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.	Between 2-3 degrees mean global warming Using RCP 4.5. 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.	>3 degrees mean global warming Using RCP 8.5 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	<ul style="list-style-type: none"> The retention of current market share in all categories where the Group is active. 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. A 0.5m rise in sea levels is effectively mitigated by sea defence adaptations. Cost price inflation caused by supply chain mitigation of physical and transitional risks can be substantially passed on to customers. The 80 UK sites 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. 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.

Scenario risk lenses

The climate change impact under each of the three scenarios was modelled through four key risk lenses for the Group, including the following examples.

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.

Risk lens	What was modelled	Yet to be modelled
Infrastructure risk	<ul style="list-style-type: none"> Impacts from flooding, sea level rise, fires and weather extremes on key physical locations across the supply chain including the Group's own estate Including the largest ports, highest revenue and traffic sites Supply issues due to increasing frequency of weather extremes 	Full physical impacts on the supply chain and the different nature and scale of impacts depending on geographies
Investment risk	<ul style="list-style-type: none"> Costs of decarbonising the fleet Impacts from existing and emerging regulatory requirements 	<p>Technology assumptions as clear alternative drivetrain to diesel fleet does not yet exist</p> <p>Macro-economic trends</p>
Energy and utilities risk	<ul style="list-style-type: none"> Electricity costs from switching to decarbonised vehicle fleet Charges for use of electricity and gas in the business Costs of diesel, Hydrogenated Vegetable Oil (HVO) fuel and electricity to power the fleet Impacts from existing and emerging regulatory requirements 	<p>Different Energy Pathways</p> <p>Technology assumptions around energy generation</p>
Product sales risk	<p>Increasing sales of sustainable products and raw materials to support energy transition</p> <p>Changes in sales of carbon-heavy products</p> <p>Introduction of emission tax on products</p> <p>Impacts from existing and emerging regulatory requirements</p> <p>Macro-economic trends and technological assumptions, as a clear alternative to diesel drive trains for lorries does not yet exist.</p> <p>Different energy pathways and technology assumptions around energy generation.</p>	No further modelling planned at this stage

Climate-related financial disclosure continued

(in line with TCFD guidelines)

Scenario results

Resilience over the three Scenarios

Scenario	Proactive	Reactive	Inactive
Future costs (resilience)	LOWEST 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 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 (this will be modelled in 2023).	HIGHEST 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

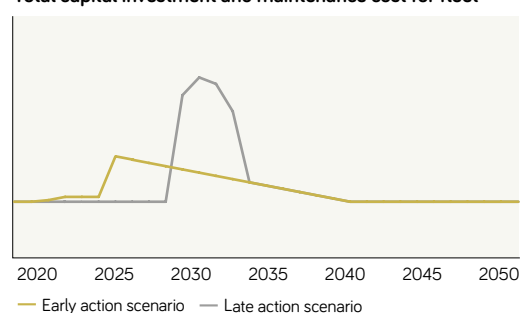
The transitional risk implication of climate change is that the Group's businesses will need to evolve their product mix and develop services to meet the product, data and service requirements of a low carbon construction sector. The analysis has identified a risk of product obsolescence, for example 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.

The Group's climate change strategy means it asks more from its value chain partners in terms of compliance and innovation than its peers. 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.

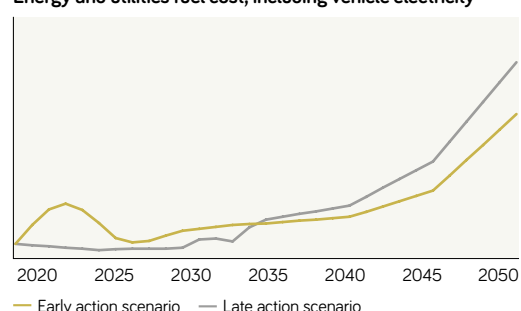
As a distributor, the Group is not a capital intensive business. The investment required to decarbonise the Group's heavy fleet is affordable and is most effectively deployed in a phased manner starting immediately. In the last two years, Capital spend requirements to deliver efficiency programmes have been approved and have proven to decrease direct costs. In 2022, £22m was invested in new delivery vehicles and £0.26m in the transition to HVO low-carbon fuel use (tank installation and surplus fuel costs). Transport-related carbon reduced by 25% in 2022 as compared to 2021.

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. The Group does take into account carbon taxes as part of the business case process.

Total capital investment and maintenance cost for fleet



Energy and utilities fuel cost, including vehicle electricity



Summary of physical risks

The physical risk from climate change to the **Group's estate in the UK** 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 following physical impacts.

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 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.

- Almost half the Group's 1500 sites in the UK are at risk of flooding.
- The Group's latest impact assessment using the three selected temperature scenarios suggests 49% of sites are at a high risk

of a one in 100 year river flooding event. Only one site from those surveyed was at a medium or higher risk from a 1-in-500 year river flooding event.

- A forecast 0.5m rise in sea levels would not impact on all Travis Perkins, 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. 22 Group sites could be impacted by 2050 under the Inactive scenario.

Scenario	Proactive	Reactive	Inactive
Timeframe for 0.5m sea level rise to impact	2112 (90 years)	2082 (60 years)	2052 (30 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.

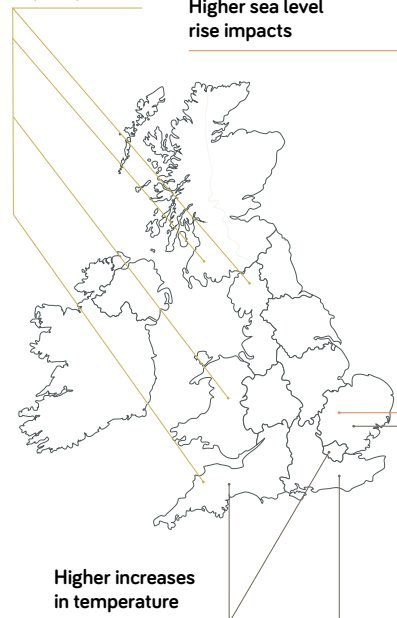
Region	Reference period (1980 – 2010)	Average daily temperature projection by 2052 (°C)		
		Proactive	Reactive	Inactive
London	10.86	11.40 (5%)	11.69 (8%)	12.09 (11%)
East of England	10.42	10.96 (5%)	11.20 (7%)	11.65 (12%)
South East	10.67	11.21 (5%)	11.50 (8%)	11.90 (11%)
South West	10.67	11.21 (5%)	11.50 (8%)	11.90 (11%)

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

Region	Reference period (1980 – 2010)	Average precipitation projection by 2052 (mm/yr)		
		Proactive	Reactive	Inactive
Wales	1143	1150 (0.6%)	1172 (2.5%)	1164 (1.8%)
South West	950	956 (0.6%)	975 (2.6%)	967 (1.8%)
North West	987	993 (0.6%)	1015 (2.8%)	1011 (2.4%)
West Scotland	1335	1343 (0.6%)	1369 (2.5%)	1358 (1.7%)

Higher increases in precipitation

Higher sea level rise impacts



Higher increases in temperature

The analysis 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.

Physical impact on community infrastructure and consequent business interruption was not fully modelled and will be returned to in future risk assessment cycles, along with deeper assessment of physical risk in the Group's supply chain.

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

Climate-related financial disclosure continued

(in line with TCFD guidelines)

Metrics and KPIs

The Group sets out performance against a number of environmental KPIs below, including absolute carbon reduction and performance against targets and additional detail on energy consumption. During 2022 the Group introduced interim targets to the three carbon reduction roadmaps (buildings, fleet and Scope 3).

Work is planned for 2023 to determine KPIs and metrics which more directly align to the material risks and opportunities set out in this disclosure. Additional KPIs and metrics will consider activity measures to complement the existing KPIs which are designed primarily to monitor progress on GHG reductions to ensure the Group's SBTi approved reduction targets are met. The activity measures will be aligned to the principal risk and opportunities disclosed above.

The 2022 Scope 3 engagement target for the GLT was achieved. In total 54% of product spend was with suppliers who have calculated and set reduction targets for their carbon. More detail on this target can be found on page 107 in the Remuneration Report.

The existing 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 & 2 carbon emissions that are equal to or less than the emissions the Group removes from the environment.

	2022			2021			
	UK	Non-UK	Total	UK	Non-UK	Total	
	Energy GWh						
GWh energy							
Annual energy use relating to gas, purchased electricity and transport fuel (for kWh data see the data table on page 184)	292	8	300	359	6	365	
	Carbon Dioxide Equivalent (CO ₂ e) Tonnes						
Scope 1							
Direct emissions from burning gas and solid fuel for heating and from road fuel use for distribution ²	49,893	1,016	50,909 ✓	63,285	814	64,099	
Scope 2							
Indirect emissions from our use of electricity	0	652	652 ✓	13,121	530	13,651	
Scope 1 & 2 Absolute							
	49,893	1,667	51,560 ✓	76,406	1,344	77,750	
Scope 1 & 2 Intensity³							
Emissions from Scope 1 and 2 sources per £m of inflation adjusted sales	11.2	17.7	11.3 ✓	17.3	15.0	17.3	
Scope 3 Absolute⁴							
Indirect emissions from the supply chain. Including all Scope 3 categories	9,893,582 ✓			10,142,713			
Scope 3 Intensity³							
Emissions from Scope 3 sources per £m of inflation adjusted sales	2,176 ✓			2,255			

A full breakdown of the Group's Scope 3 carbon across the 15 Scope 3 categories is shared on the website <https://www.travisperkinsplc.co.uk>

Carbon data table¹

The Group has reported on all of the emissions' sources required under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013. Scope 1 and 2 emissions are calculated using the DEFRA Conversion Factors for Company Reporting 2022 on an operational control basis. 95% of Scope 1 and 2 data is from measured sources with the remainder extrapolated from either expenditure on fuel or distance travelled. 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 41.

1. The numbers reported include data for companies where Travis Perkins plc has operational control.
2. Fugitive emissions from domestic refrigeration and building air conditioning are included but they are not material to the Group's overall emissions.
3. Carbon intensity is reference to turnover, adjusted to allow for inflation, relative to baseline year. Adjusted sales figures use 2022 Office of National Statistics inflation data.
4. Scope 3 data quality improved in 2022, primarily due to a review of the emissions factors allocated to product categories within Category 11: In-use impact of products sold. The correction resulted in a material reduction to the Scope 3 footprint. Therefore 2021 and 2020 Scope 3 data have been rebaselined to ensure the trends published reflect progress, not data amendments.

2020			Performance in 2022 vs 2021	Targets (with 2020 baseline)	Performance in 2022 against 2020 target baseline year	
UK	Non-UK	Total	%			
Energy GWh						
335	5	340	-18%			
Carbon Dioxide Equivalent (CO ₂ e) Tonnes						
60,656	641	61,297	-21%			
17,333	461	17,794	-95%			
77,989	1,102	79,091	-34%	Net zero by 2035 with a minimum 80% reduction	-35%	
21.2	15.8	21.1	-35%			
9,687,330			-2%	63% reduction by 2035	+2%	
2,583			-3%			

2022 headline performance

"Overall, 2022 saw improvements across all three carbon scopes, reflecting the efforts the Group and businesses are making to achieve our SBTi-approved carbon reduction targets."

James Vance,
Group Head of Environment

Scope 1 & 2 absolute carbon

-34%

Scope 3 absolute carbon

-2%

Spend with suppliers engaged on carbon

54%