Norcros Transition Plan

1 Foundations

1.1 Strategic Ambition

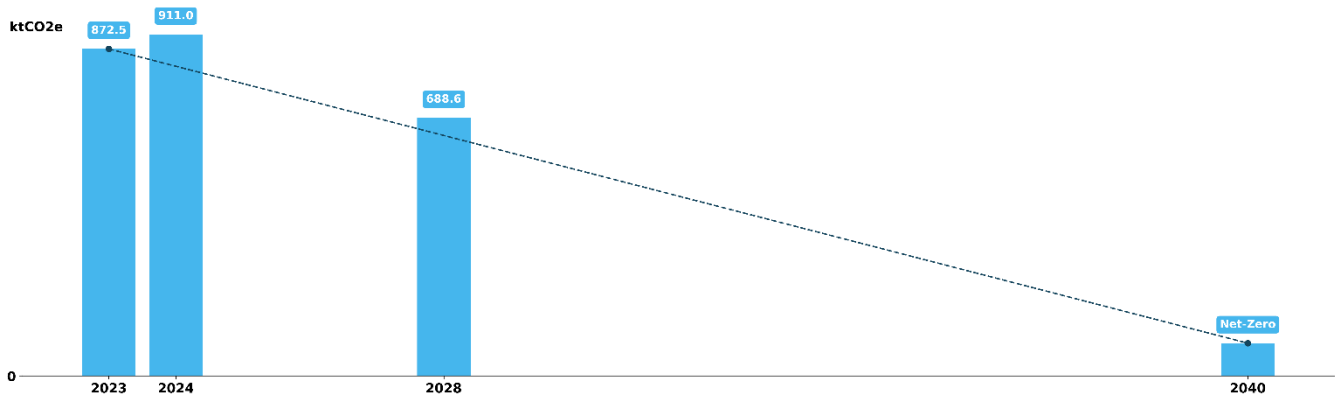
Climate change is one of the biggest challenges of our time and the transition to a low carbon economy has the potential to significantly impact our business as well as our clients and suppliers. Norcros aims to minimise our impact on climate change by reducing our carbon emissions across our operations and our value chain and responding to climate-related risks and opportunities appropriately. As a diverse group of businesses, we also have the ability to contribute a wide range of products and services that can be utilised by our customers in the transition to a low-carbon economy. Our ambition is also to make the Norcros name synonymous with sustainable products. In that way, we can ensure that we are maximising the Group's contribution to the low-carbon economy, while optimising the Group's operational climate-related performance.

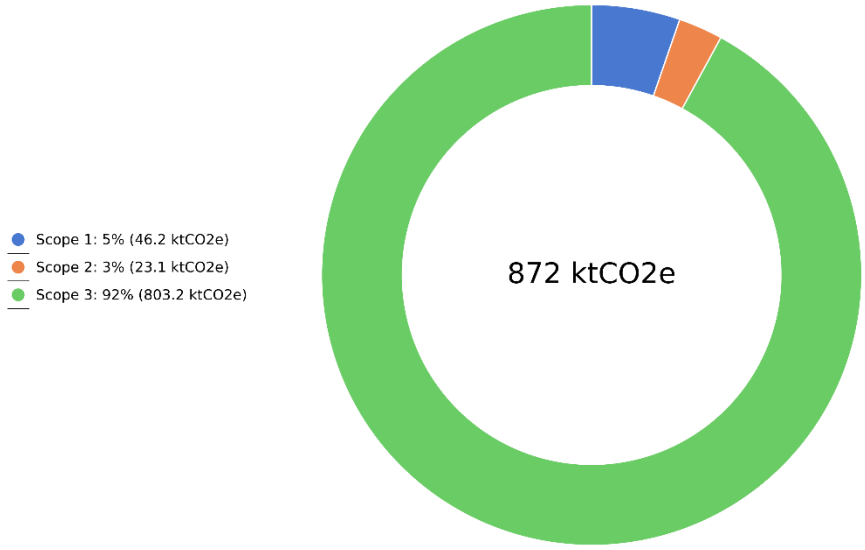
We aim to be net zero across our scope 1, 2 & 3 emissions by 2040 with minimal use of offsets. Our absolute emissions reduction targets, based on a 2023 baseline have been validated by the SBTi in January 2024, are as follows:

	By 2028	**By 2040**
Scope 1 & 2	33.6% reduction	90% reduction
Scope 3	20% reduction	90% reduction

Our targets are in line with the required pace to reduce emissions in line with the Paris Agreement goals and ensure our contribution to the UK's commitment to reaching net zero by 2050.

Overall emissions





2023 baseline scope 1, 2 and 3 emissions (tCO2e)

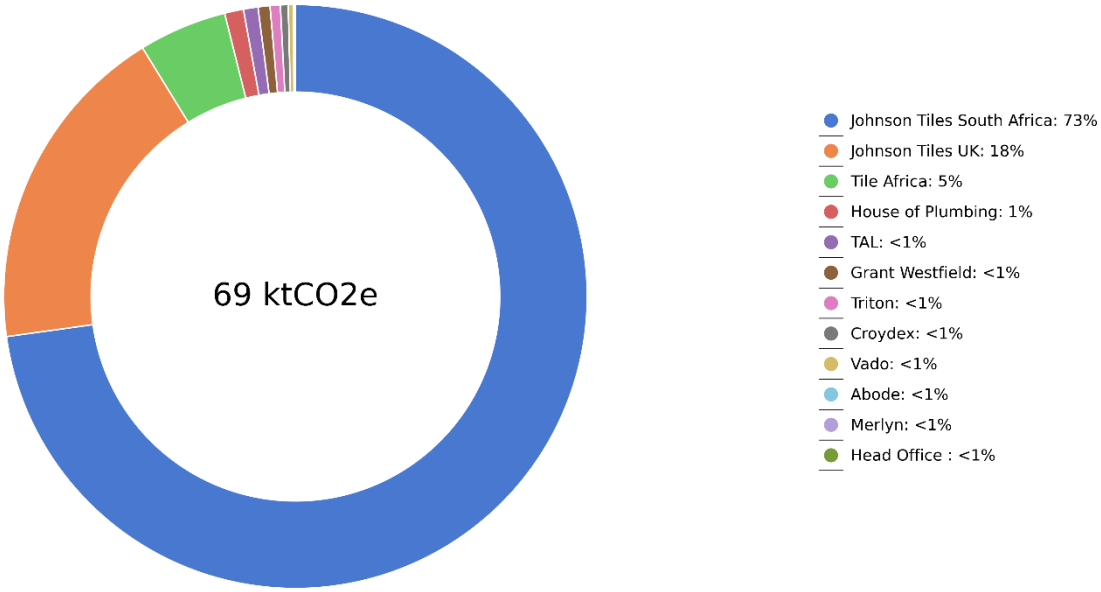
Objectives and priorities for reducing scope 1, 2 and 3 emissions

In 2022/23 we undertook a full carbon footprint inventory which enabled us to gain an understanding of our carbon hotspots and what drivers we can use to reduce them. Common with businesses in our sector, our total emissions footprint is dominated by our value chain emissions, with our scope 3 emissions accounting for 92% of our total emissions. This adds challenges to the control of our total footprint as our ability to influence these emissions is limited in some areas. In addition, despite the diverse nature of the Group, our emissions profile is concentrated in a handful of categories and within those, certain divisions often dominate. This helps to focus our attention on the key areas for action, but it also limits the number of potential levers open to us to meaningfully reduce total emissions. Further details on our emissions profile can be found below.

We have developed an emissions reduction plan covering each of our divisions and their employees, input from both our suppliers, and our customers and mitigation beyond our value chain. These actions allow us to identify and map out how we can reach our targets.

Most of our baseline scope 1 emissions (94%) relate to natural gas used in the kilns of our tile manufacturing businesses in both UK and South Africa. Our scope 1 also includes emissions related to heating, HFCs and fleet emissions across all divisions. Overall, our scope 1 emissions are around two times larger than our scope 2 emissions. Our priorities are to implement incremental enhancements to reduce the gas use in our kilns and allow us to hit our near-term scope 1 & 2 target, whilst investigating alternatives to gas as a fuel source for our kilns for adoption in the long-term. A number of our UK-based divisions already generate or source renewable electricity, which means our scope 2 emissions from purchased electricity are largely derived from our sites in South Africa. Hence, the major reduction in scope 2 will be derived from sourcing or generating renewable electricity in South Africa.

2023 baseline scope 1 and 2 emissions (ktCO2e) by Norcros division

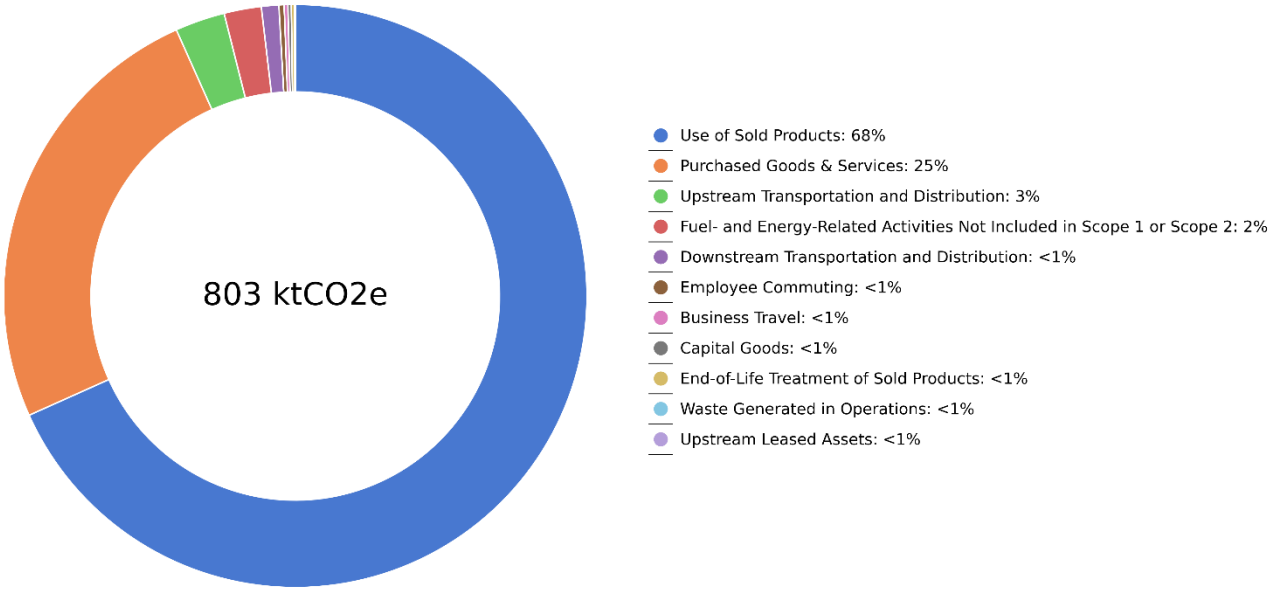


Our scope 3 emissions are significantly greater than our operational carbon footprint. Our largest exposure is Use of Sold Products (63% of our total emissions). This category is dominated by emissions related to the lifetime use of electricity from the Triton and House of Plumbing product ranges, with minor contribution from electrical items sold by Abode and Croydex. The development of products with higher operating efficiency, such as our eco showers, will benefit both Norcros, though a reduction in our use phase emissions, but also will help to reduce our customers energy and water consumption.

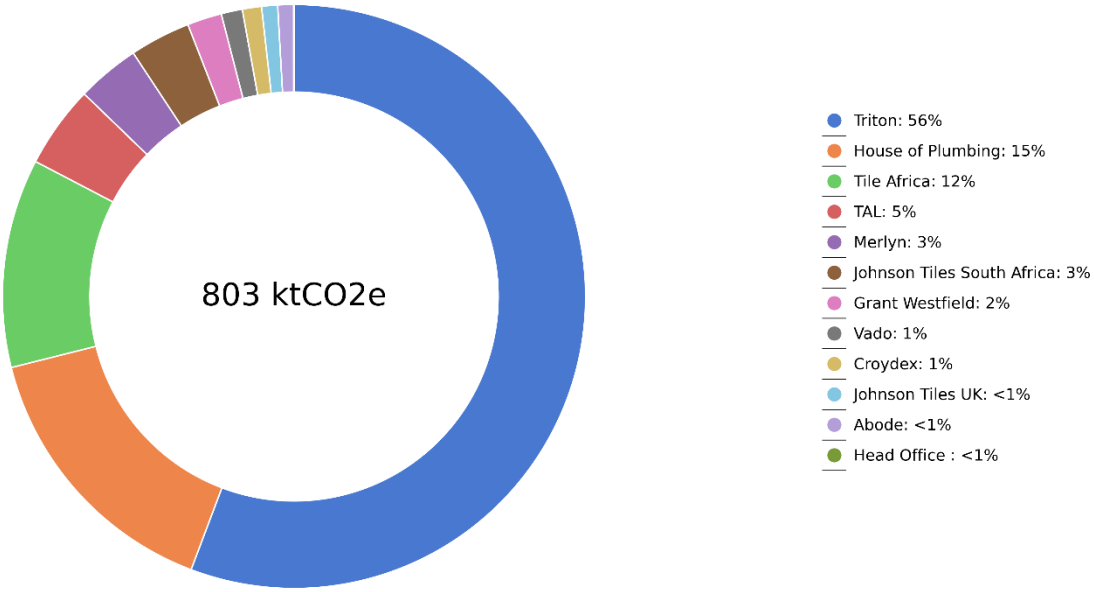
Purchased Goods and Services (23%) represents the embedded carbon within our raw materials and purchased items and is spread across all divisions. Where Norcros is responsible for design, we can more easily transition our products to use more recycled materials or materials with lower embedded carbon, but we are also dependent on our suppliers decarbonising their operations. Our new supply chain policy sets out our expectations to our value chain partners on environmental issues.

Upstream and Downstream Transportation and Distribution emissions (3% and 1% respectively) represent inbound, outbound company-paid logistics, and outbound third-party paid logistics, largely by road and sea, and are also common to all divisions. We will investigate freight efficiencies and modal shift of transport used, where possible.

2023 baseline scope 3 emissions (ktCO2e)



2023 baseline scope 3 emissions (ktCO2) by Norcros division



Our priorities for decarbonisation underpin our near-term targets for scopes 1, 2 and 3 as below. These are derived from the net zero plans put forward by our divisions in response to their individual targets, which themselves are derived from our Group targets. All are achievable through currently available technologies and are based on projects we have already assessed and other potentially available projects. A summary of these actions is listed below.

Our ambition	Climate change is one of the biggest challenges of our time and the transition to a low carbon economy has the potential to significantly impact our business as well as our clients and suppliers. Norcros aims to bet net zero across its whole value chain by 2040.	
Emissions	Scope 1 and 2	Scope 3
Near term targets	Reduce absolute scope 1 and 2 by 33.6% by 2028 from a 2023 base year	Reduce absolute scope 3 by 20% by 2028 from a 2023 base year
Summary of actions	• Improved energy efficiency of our sites and offices through building improvements, LED lighting retrofits, shift to more efficient air conditioning and heating systems, insulation in buildings and climate control systems. • Fleet electrification by prioritising the procurement of EVs and hybrid vehicles over ICE vehicles. • Electrification of heating processes to reduce natural gas usage. • Kiln efficiencies in our tile manufacturing businesses through heat recovery systems. • Alternative kiln technologies such as hydrogen or electric kilns. • Replacement of high emission aircon and chiller refrigerants. • Greening of procured electricity mix through renewable energy certificates (RECs) and PPAs. • Onsite generation of renewable energy e.g. solar	• Reduction of embodied carbon within manufactured products. • Development of full lifecycle assessments and EPDs to assist with future purchasing decisions. • Supplier audits to ensure suppliers are adhering with ISO 14001 requirements. • Improve efficiency of transport using telematics and loads/size of trucks maximisation. • Manufacturing of greener and thinner tiles which reduces the embodied carbon of the tiles. • Use of recycled packaging. • Increased investment in lower-carbon products such as eco-showers and energy saving taps to reduce in use phase emissions. • Improved circularity of products by improving repairability, recyclability and reusability • Customer engagement to educate shower users on the usage time of showers. • Grid decarbonisation will reduce in use phase emissions of our showers and boilers.

Addressing climate-related risks and opportunities

Norcros carries out an annual climate-related risk assessment and scenario analysis to ensure that we regularly assess the resilience of the Group to climate change. Our material climate-related risks and opportunities are outlined in more detail in our TCFD report but are summarised below.

In developing our transition plan, we have considered these risks and opportunities and in the most part, the mitigation of our climate-related risks and the development of our climate-related opportunities dovetails with our net zero strategy and plans.

Risks:

Risk	**Carbon Pricing (Carbon Tax) in own operations**	**Carbon Pricing in the value chain**	**Reliance on third parties or technologies to decarbonise**
TCFD Category	Transition (Current and Emerging Regulation)	Transition (Emerging Regulation)	Transition (Market and Reputation)
Business Area	Own operations	Upstream	Own operations/Upstream
Time Horizon	Medium term	Medium term	Medium term
Likelihood	Certain (5)	Certain (5)	Certain (5)
Magnitude of impact/Impact Measure	Intermediate (5)	Intermediate (5)	Low (3)
Risk Rating	25	25	15
Location or Service most impacted	UK and South Africa manufacturing division	Global, all divisions	Global, all divisions
Measurement	Scope 1 and 2 emissions	Scope 3 emissions (Category 1)	Scope 3 emissions
Description	Operational exposure of our gas and electricity to carbon pricing mechanisms. Potential financial impact would manifest through higher costs associated with energy.	Value Chain exposure to carbon pricing mechanisms. Potential financial impact would manifest through higher costs associated with purchased goods and services and inbound transportation.	Reliance on factors including decarbonisation of electricity grids, suppliers, retail partners and technology to develop alternative fuels requiring the purchase of electricity generated from less readily available renewable sources. Potential financial impact would manifest through higher costs and lower revenue.

Risk	Cost of Capital linked to sustainability criteria	Customer and Consumer Pressure	Flood Risk	Water Scarcity
TCFD Category	Transition	Transition	Physical (Chronic)	Physical (Chronic)
Business Area	Own Operations	Downstream	Own Operations	Own Operations
Time Horizon	Medium term	Medium term	Long term	Long term
Likelihood	Likely (5)	Likely (4)	Possible (2)	Possible (1)
Magnitude of impact/Impact Measure	Low (3)	Low (4)	Low (4)	Low (3)
Risk Rating	15	16	8	3
Location or Service most impacted	Global, all divisions	Global, all divisions	South Africa, UK, China	South Africa
Measurement	Scope 1,2 and 3 emissions, UK interest rates	Scope 3 emissions	Meteorological forecasting	Annual freshwater resource levels
Description	The availability and cost of capital is at risk due to sustainability being incorporated into assessments. High medium term risk with banks expecting to be more stringent. Potential financial impact would manifest through higher cost of capital.	Requirements for suppliers to be at forefront of embodied carbon reduction in use by their products. Medium-term risk that some product lines are no longer of interest. Potential financial impact would manifest through lower revenue.	Six key sites (South Africa, United Kingdom, China) face high risk of flooding under the RCP 8.5 scenario. Manufacturing facilities have the largest net impact on the business. Sales and administrative could be easily relocated in case of any disruptive climate event. Potential financial impact would manifest through higher costs and disruption of production.	Despite issues regarding water scarcity persisting in Cape Town, none of our sites are at Very High risk of water scarcity. In the RCP 8.5 scenario, only 1 of our 22 sites assessed was considered to be at 'Very High' risk of future water stress. This site was located within Cape Town in South Africa and produces adhesives for the manufacture of tiles. Potential financial impact would manifest through higher costs and disruption of production.

Opportunities

Opportunities	Product design- resource efficient manufacturing	Product design- resource efficient products
TCFD Category	Products and Services	Products
Business Area	Own operations/ downstream	Own operations/downstream
Time Horizon	Medium term	Medium Term
Likelihood	Likely (4)	Likely (4)
Magnitude of impact/Impact Measure	Intermediate (6)	High (8)
Risk Rating	24	32
Location or Service most impacted	Global, all divisions	Triton, Abode
Measurement	Scope 3 emissions, revenues from energy efficient products (Green revenues)	Scope 3 emissions, revenues from energy efficient products (Green revenues)
Description	Exposure to products manufactured through energy efficient processes with raw materials and preference of certified 'green' products. Potential financial impacts would be through increased sales and decreased costs.	Reduce customer and consumer energy (Scope 3 emissions) through innovative design of energy and water efficient products to promote continued revenue growth and maintaining competitive positioning. Potential financial impacts would be through increased sales.

Opportunities	Water, Energy, Waste Savings	Green Generation	Transportation
TCFD Category	Resource Efficiency	Energy Source	Resource Efficiency
Business Area	Own operations	Own operations	Own operations/Upstream/Downstream
Time Horizon	Medium term	Medium term	Near/Medium Term
Likelihood	Likely (4)	Likely (4)	Likely (4)
Magnitude of impact/Impact Measure	High (8)	Intermediate (5)	Low (4)
Risk Rating	32	20	16
Location or Service most impacted	Global, all divisions	Global, all divisions	Global, all divisions
Measurement	Water and waste costs per annum, Scope 1 and 2 emissions	Energy used from renewable sources	Scope 1 and 3 (Upstream and Downstream Transportation and Distribution)
Description	Various opportunities and initiatives exist to reduce water, energy and waste across the Group. Potential financial impacts would be through decreased costs.	Norcros aims to reduce our reliance on third-party electricity. This offers an opportunity to become less dependent on the national grid, which in South Africa has a low proportion of renewable energy.	Decarbonisation of our distribution and depot fleets would help to reduce scope 1 emissions. This may require transitional investment and further technological development, especially for zero emissions HGVs.

1.2 Business model and value chain

Norcros is a Group of market-leading brands that craft design-led sustainable bathroom and kitchen products in the UK, Ireland, South Africa and selected export markets. Each brand focuses on mid-premium product ranges that are differentiated through design, sustainability and innovation and best-in-class service to our trade and retail customers. The Group realises the benefits of scale by collaborating across all brands around customer relationships, sales and marketing, new product development and operational systems. Our business model already integrates certain emissions reduction activities and products with sustainable attributes, and we will be increasing our focus on both aspects going forwards, to align the Group and its products with a net zero world.

In developing our near-term decarbonisation plan for scope 1 & 2, we assumed no material changes in our business model, locations or asset footprint or value chain impacts. Our belief is that we can make the necessary emissions reduction to our operations within a business-as-usual environment, utilising typical replacement cycles or initiatives which do not incur material capex or operational disruption. Beyond our near-term target date, we are reliant on the development of new technologies to reduce operational emissions to zero, in particular in the production of ceramic tiles. In order to meet our emissions reduction targets, we will need to transition to lower carbon intensive fuels for our kilns, such as biogas, hydrogen or electricity. Technologies utilising these fuels are under development or not commercially available currently and in the meantime, we will focus on improving the efficiency of the firing process.

Our near-term targets for scope 3 emissions are also not predicated on any major shift in strategy. We anticipate taking steps to move our product portfolio towards the incorporation of lower embedded carbon materials and to improved operating efficiency in use. This year we have started to develop a methodology that enables us to classify our products against their sustainability attributes. This methodology will allow us to monitor and shift our revenue exposure to sustainable products over time.

Whilst we will need to increase and improve our supply chain engagement, Norcros already engages with certain suppliers to determine the embodied carbon for certain raw materials and then ensures they work together to “design out” carbon products and processes. We will continue to roll out this approach to an increased number of suppliers.

1.3 Key assumptions and external factors

While we have plans to meet out near term and long-term emissions reduction targets, we recognise that many aspects of our plan will depend on external drivers that are outside of our direct control. We set out below key assumptions that we have used within our transition plan:

- **Reliance on industrial technology development**: Low carbon technology is developing fast, and many solutions exist, but there are several areas where technological development will be required for us to reach net zero in the long-term. In addition to our requirement for low carbon kilns outlined above, we are also reliant on the development of low emissions solutions for e.g., heating, cooling and transportation.
- **Grid decarbonisation**: As with many companies, the ability to meet our downstream scope 3 emissions targets is dependent on global grid decarbonisation. We factor in grid decarbonisation aligned to national forecasts (e.g., Future Energy Scenarios from the National Grid[1]) where available, or scenarios developed by IEA Global Energy and Climate Model[2]. In the long-term, we are reliant on sourcing offsite renewable electricity in South Africa given that our energy needs are beyond that which we can generate

[1] https://www.nationalgrideso.com/future-energy/future-energy-scenarios-fes
[2] https://www.iea.org/reports/global-energy-and-climate-model

through onsite solar at our sites in the country. We are also reliant on DEFRA grid factors to be updated in line with grid decarbonisation.

- **Transport decarbonisation:** Norcros is reliant on the decarbonisation of transportation (sea and land freight) which is outside of our control. Decarbonisation assumptions are based on IEA forecasts[3].
- **Emissions data:** Our emissions collection methodology is constantly improving, however there are some areas within scope 3, where we have to rely on estimated or assumed data, or product footprints based on representative products for a product class.
- **Policy and regulatory changes:** We outlined in our TCFD report the potential risk of evolving climate policies e.g., carbon pricing. Norcros relies on governments to set ambitious targets to create the necessary regulatory environment to incentivise the transition to a low carbon economy.
- **Climate change scenarios used:** The climate scenarios used in our scenario analysis only provide high-level global and regional forecasts and contain several assumptions about how the world is predicted to decarbonise.
- **Reliance on suppliers:** We rely heavily on our supplier's ability and readiness to decarbonise and provide us with lower embodied raw materials for the production of our products.
- **Financing the transition plan:** The financing needed to meet our net zero targets is already incorporated into our existing overall strategy and capital expenditure for the short to medium term. In the longer term additional financial investments in machinery such as electric or hydrogen kilns may be needed to reach our targets.

[3] https://www.iea.org/reports/world-energy-outlook-2023

2. Implementation Strategy

Time horizons:

We discuss our transition plan within the context of two time horizons.

Near-term: Current to 2028, in line with our current strategic planning and near-term science-based targets.

Long-term: 2028 to 2040, in line with our eventual net zero target aligned to the UK Government's net zero pledge.

Norcros is committed to identifying and actioning every available opportunity to achieve our targets. We created a high-level net zero plan that would take us to our near-term and long-term net zero 2040 target based on our full value chain carbon footprint for FY 2023. Our top-down Group targets were then translated into targets for each of our divisions, incorporating the particular emissions exposures and drivers of the divisions. Our divisions have responded by assessing and collating bottom-up initiatives for both scope 1 & 2 and scope 3 emissions reduction. These initiatives are recorded centrally and provide a register of planned milestones by division which the Group uses to track progress every quarter at the ESG Forum.

The actions in this plan, although subject to risk, outline sufficient emission reductions required to meet both the Group's near-term scope 1 & 2 and 3 targets and include actions that Norcros will take, our suppliers will take and also some actions that are outside of our control, in particular grid decarbonisation. The next section will outline the plans and actions to manage our carbon intensive assets at an operational level.

2.1 Business operations

Scope 1

The majority of our baseline scope 1 emissions relate to natural gas used in the kilns of our tile manufacturing businesses in both UK and South Africa. In the near-term we are focusing on operational improvements such as heat recovery systems and retrofitting energy efficient burners to kilns. In the UK, we have also recently consolidated to one kiln to fire our tiles, which results in less energy used in the production process. At the start of the financial year ending March 2025, we announced the sale of Johnson Tiles UK, which will lead to a significant reduction in the Group's scope 1 emissions in 2025 as Johnson Tiles UK currently accounts for around 24% of our scope 1 emissions.

Additionally, we are planning to decarbonise our vehicle fleet by replacing traditional internal combustion engine vehicles with electric or hybrid vehicles. Several of our brands have already increased the number of electric vehicles in their fleet and installed electric vehicle chargers on their sites. Triton, Merlyn and Grant Westfield have each set targets to make their entire fleets electric. We are also planning on electrifying our heating systems by installing air source heat pumps and replacing high emission air conditioning refrigerants.

In the longer term, we will monitor technology development arounds kiln technologies such as electric, biogas or hydrogen kilns for our Johnson Tiles South Africa manufacturing facility. The Group will continue to support and contribute towards similar initiatives to provide us with options on transiting our kilns away from natural gas in the longer term.

Scope 2

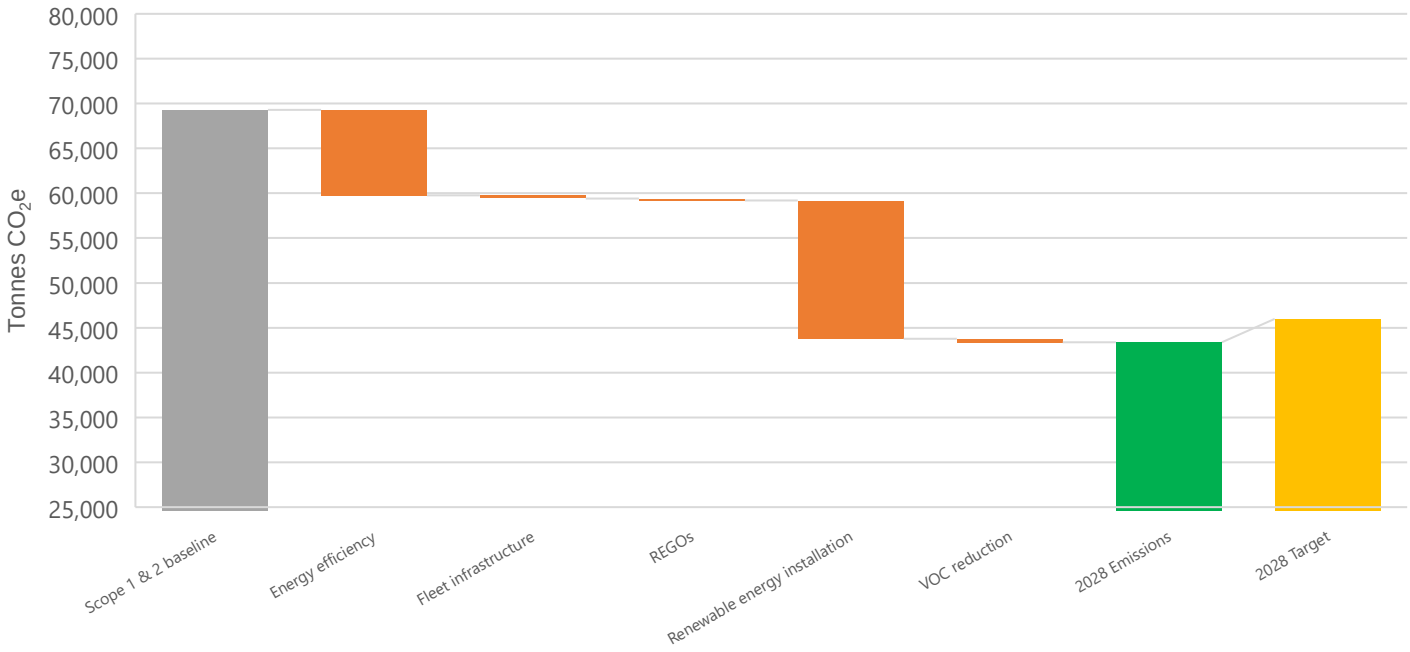
The most significant reduction in our scope 2 emissions will come from switching to renewable electricity supply, either through on-site renewables (e.g. rooftop solar installation at our main South African production site, and possibly Tile Africa and House of Plumbing sites) or securing purchased renewable electricity supply. The renewable energy market in South Africa is less mature than the UK market and therefore there is less availability, so we expect the transition to be slower for our South African brands.

We also expect grid decarbonisation to play a significant role in meeting our scope 2 targets, especially in the long term – although, again, we expect the UK grid to decarbonise faster than the South African grid. We will also investigate the use of Energy Attribution Certificates (e.g. RECs and REGOs) to reduce our market-based scope 2 emissions, although these are not central to us reaching our near-term targets.

Scope 3

From an operational perspective the main sources of our scope 3 emissions relate to purchased goods and services and waste. Purchased goods and services account 23% of our total emissions footprint and represent the embedded carbon within the raw materials and purchased items we procure. In the near term we are looking to design products that are more easily recyclable and have lower embedded carbon, while also engaging with our suppliers to provide materials with a lower carbon impact. The other main operational contributors to reducing scope 3 are improving our data collection and reporting systems which will ensure we have an accurate picture of our full scope 3 footprint and allow real-time carbon data capture. Waste reduction will also have a marginal impact in the near term with initiatives such as recycled packaging and phasing out of single use plastic contributing towards operational reductions in scope 3.

Scope 1 and 2 Waterfall – Planned Initiatives



2.2 Products and services

Norcros Sustainable Products

We are also focused on developing more sustainable products for our portfolio. This year, we have started to develop a Sustainable Products Framework that will allow us to define and measure the sustainability of our products consistently. We are continuing to develop this framework and supporting methodology through the current year, and we expect to publish the framework later in the year. This is a key driver for our Group as it will enable us to systematically focus our investment on sustainable products. We will then provide our customers with an increasing number of environmentally beneficial products that are energy efficient, easily recyclable and durable in order to increase their longevity. This reduces the lifetime environmental impact as there is a reduced need for maintenance and replacement of products.

We continue to develop innovative solutions, and we are always reviewing new products and technologies that align to customer and market demands, as well as investing in research and development to stay ahead of our competitors.

Sustainable design is embedded within our overall product development, and we already have an established set of products within our portfolio that are specifically designed with sustainability in mind, such as Triton's ENVi® shower.

Products and services scope 3 impact

Given our use phase emissions exposure, the single biggest factor in our ability to hit our near-term scope 3 target and net zero by 2040 target is the pace of decarbonisation of grids globally, especially in the UK, which is our main market. We cannot directly influence the pace of grid decarbonisation and rely on governments to implement appropriate policies to achieve this. That said, we are encouraged by the forecasts in the UK's Future Energy Scenarios, which see effective decarbonisation of the UK electricity grid by 2035 in three of the four modelled outcomes.

Our other main focus of scope 3 emissions reduction is product innovation and supplier collaboration. Through product innovation and in collaboration with our suppliers we can influence emissions not only in use phase, but also in embedded emissions in our purchased goods and end of life. By investigating alternative materials, (such as recycled material or raw materials that have acceptable technical qualities with lower carbon emissions), reducing the weight or number of components in our products and increasing the overall use phase efficiency of our products, we can reduce both the upstream and downstream impacts of our product range, including the associated packaging. We are also looking into use phase optimisation of certain products, such as Triton's electric showers, by designing and manufacturing showering products to reduce the carbon footprint during use. We foresee moderate impacts in the near-term from this activity with the majority coming in the long-term time horizon, subject to more substantial engagement with our suppliers and embedding change into our product development practices. We also expect our suppliers will make efficiency improvements in the way that we will in our own operations, such as upgrading equipment to be lower emissions, electrification of heating and other operational efficiencies.

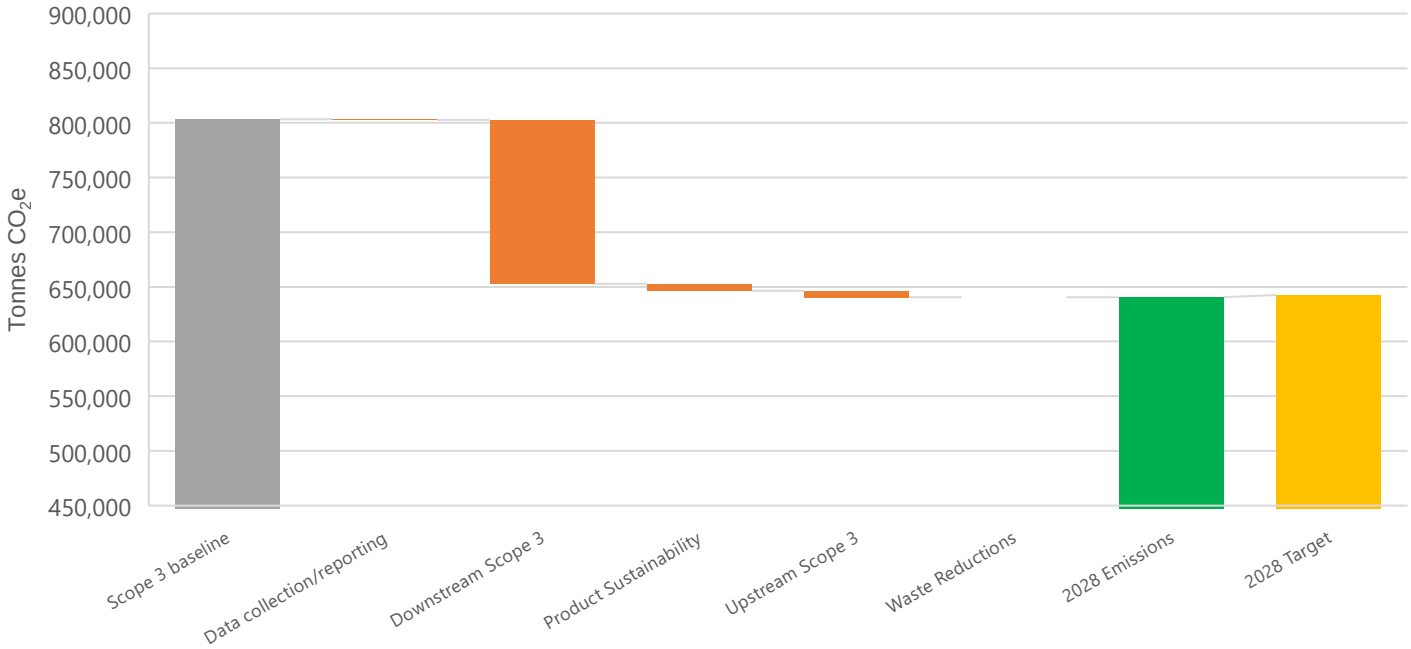
Across our divisions we have incorporated processes to consider the complete lifecycle of our products, and we aim to extend the lifetime of our products where possible. Repairability and recyclability of products are key aspects that we design into several of the Group's products, such as Triton's recycling centre. Several divisions are working on altering the composition of their products to have a higher recyclable content. In addition, ceramic tiles and our Multipanel (Grant Westfield) wall coverings offer long life solutions to our customers.

Reducing the embodied carbon in the goods that Norcros are purchasing will have significant impacts on our category 1 emissions. Norcros engages with its suppliers to determine the embodied carbon for certain raw

materials and then ensures they work together to “design out” carbon products and processes. This includes considering lighter weight options (e.g. thinner tiles) and lower embodied carbon inputs (where the raw materials used have acceptable technical qualities with lower carbon emissions).

Most of our products are shipped to us and our customers by sea or by road. We are looking at how we package and ship our products to see if there are opportunities for reducing the overall emissions footprint associated with logistics. We have factored in conservative assumptions on the decarbonisation of global transportation, which will drive the decarbonisation of logistics, business travel and employee commuting.

Scope 3 Waterfalls - Planned Initiatives



2.3 Policies and conditions

Norcros runs business activities in alignment with our Code of Ethics and Standards of Business Conduct which outline the Group’s approach to topics such as Modern Slavery, the Environment and Bribery & Corruption. The Group’s individual businesses also have their own specific policies which dictate expectations in relation to environmental issues. We have developed a Supply Chain Policy which set out what we expect from our suppliers in relation to environmental issues such as climate and energy. These are communicated across the Group.

2.4 Financial planning

The emissions reductions initiatives that we have outlined earlier in the report that will enable us to meet our transition plan are already incorporated or being considered in Norcros' financial planning and annual budgeting process. We are confident that implementation of these actions will result in a business resilient to our discussed climate-related risks.

Overall, we believe the actions that we have outlined in our plan will not impact on Group costs on revenue as they are already incorporated into our Group and divisional strategies.

3. Engagement Strategy

3.1 Engagement with value chain

Our ability to influence and engage with our suppliers and customers is vital if we are to meet our emissions reduction targets. Our Group-wide supply chain policy outlines our expectations to suppliers in relation to issues such as climate change, water and waste management. We will monitor compliance with this policy to ensure our suppliers are aligned with our expectations.

Norcros currently engages with its suppliers to determine the embodied carbon for certain raw materials and then ensures they work together to “design out” carbon products and processes. This includes options such as thrifting (e.g. thinner tiles), reduced packaging, use of returnable buckets for inbound transportation of small items from suppliers and lower embodied carbon inputs. As we have now carried out a full emissions inventory, we better understand our emissions hotspots that we need to engage with our suppliers on. We are planning further engagement with our suppliers to ensure that we are purchasing the lowest embodied carbon materials possible. We also now plan to work closer with our third-party logistics suppliers by improving the efficiency of transport using telematics.

Engagement with our customers has also begun. In some instances, our customers are already requiring us to outline the embodied carbon per product that they sell and Norcros is well-placed to respond to such requests.

Examples of this include:

- Abode is supporting the Travis Perkins Group, supplying it with embodied carbon data for products supplied via its kitchens business, Benchmarx. This will provide a better understanding of the environmental and social impact related to the range of Abode brand products they sell. Future steps include initiating projects exploring alternative material sourcing and possibly even the co-financing of supply chain innovations.
- Triton provides their customers with an Energy & Water Savings Calculator. The tool enables customers to answer several questions and produces tips that enables customers to reduce their bills and carbon footprint. This enables customers to identify how they can save on their bill and also how they can reduce their carbon footprint by changing their behaviour to having shorter or colder showers or by purchasing more energy efficient products.

3.2 Engagement with industry

We are members in several leading industry coalitions with climate progressive companies which aim to promote industry alignment on sustainability-related issues. We also collaborate with other industry bodies on how we can deliver more sustainable practices. An example of this is when Triton participated in the Housing Industry Leaders conference in Scotland by providing education on conscious showering and how we can move towards net zero goals by making conscious, informed choices about showering.

3.3 Engagement with government, public sector and civil society

Where relevant to the Group we look to engage with the government and public sector to be at the forefront of new regulations and developments. Our targets are in accordance with the Paris agreement and the 1.5 degrees trajectory, and we have joined the UK’s commitment to net zero by 2050 by publishing our transition plan.

4. Metrics & Targets

4.1 Governance, business and operational metrics and targets

We outline our strategic objectives above, but at this stage, we are not disclosing our internal operational targets that underpin these objectives, suffice to say that our net zero project plan initiatives are tracked and monitored. Oversight and responsibility for our transition plan is outlined below.

4.2 Financial metrics and targets

Currently Norcros does not disclose any financial metrics and targets related to our transition plan. The delivery of our planned near-term emissions reduction activities is incorporated in our existing business strategy, and no material additional spend or financial allocation is envisaged. We are starting to align our product portfolio with our Sustainable Products criteria and aim to start to disclose the proportion of the Group's revenue that meets these criteria.

4.3 GHG metrics and targets

Metrics

We are committed to reporting out climate-related disclosure in a transparent way and our MI Framework enables us to monitor our ESG journey and transition plan from the division up, ensuring that we track and execute our strategy.

Below is a summary of our key climate metrics that we use to track out progress:

- Absolute emissions scopes 1, 2 and 3 (tonnes of CO2e)
- Scope 1 and 2 GHG emissions intensity ratio (per £m Group turnover)
- Total energy consumption (kWh)
- Renewable electricity %
- Energy intensity ratio (per £m Group turnover)
- Water consumption (m3)
- Waste consumption (tonnes)

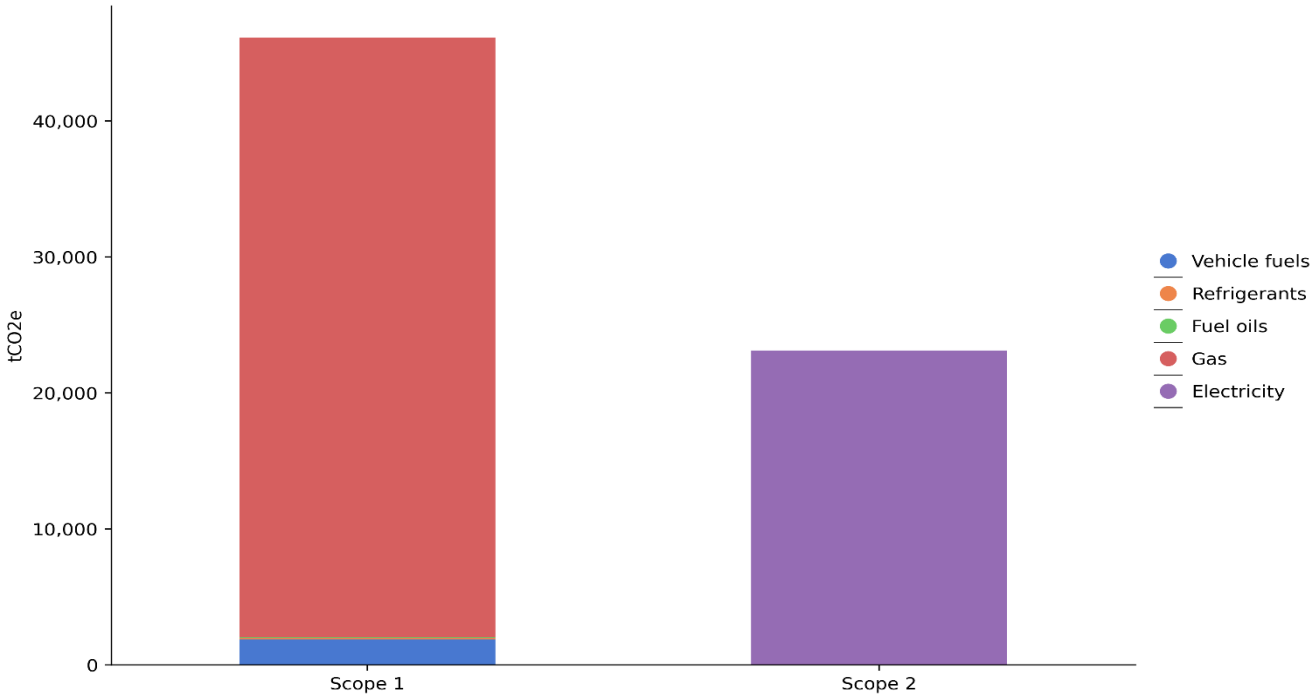
Scope 1 and 2 data has been calculated from monthly measured data (e.g., fuel and electricity use) using the appropriate conversion factors in accordance with the principles and requirements of the World Resources Institute (WRI) GHG Protocol: A Corporate Accounting and Reporting Standard (revised version) and Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019). Scope 3 emissions are collated annually and were reported for the first time in FY 2023, with guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required.

FY23 Baseline

	2024			2023 (Baseline)		
	UK	**Global (exc. UK)**	**Group total**	**UK**	**Global (exc. UK)**	**Group total**
GHG Emissions (tCO_2e)						
Total scope 1 (tCO_2e)	11,701	29,664	**41,364**	**13,898**	**32,253**	**46,151**
Scope 2 location-based (tCO_2e)	3,035	21,589	24,624	3,424	22,885	26,309
Scope 2 market-based (tCO_2e)	238	21,565	21,803	256	22,872	23,128
Total scope 1 + 2 location-based (tCO_2e)	14,736	51,253	65,989	**17,321**	**55,138**	**72,459**
Total scope 1 + 2 market-based (tCO_2e)	11,939	51,228	63,168	**14,154**	**55,125**	**69,278**
Upstream scope 3 (tCO_2e)			216,489			245,478
Downstream scope 3 (tCO_2e)			631,381			557,741
Total scope 3 (tCO_2e)			847,870			**803,219**
Total scope 1, 2 & 3 location-based (tCO_2e)			913,859			875,678
Total scope 1, 2 & 3 market-based (tCO_2e)			911,038			872,497
Scope 1 + 2 market-based GHG emissions intensity ratio (per Group turnover) £m			162			162

Scope 1 and 2 overview

2023 scope 1 and 2 emissions (tCO2e) by type



Scope 3 overview

Category	Scope 3 emissions (tCO2e) - 2024	Scope 3 emissions (tCO2e) – 2023 (Baseline)
Purchased goods and services	178,333	200,971
Capital goods	1,510	1,502
Fuel- & energy-related activities	13,040	16,587
Upstream transportation and distribution	19,019	22,168
Waste generated in operations	180	264
Business travel	2,207	1,661
Employee commuting	2,200	2,306
Upstream leased assets	-	17
Total Upstream Scope 3	**216,489**	**245,478**
Downstream transportation and distribution	6,564	7,747
Processing of sold products	-	-
Use of sold products	623,116	548,553
End-of-life treatment of sold products	1,701	1,440
Downstream leased assets	-	-
Franchises	-	-
Investments	-	-
Total Downstream Scope 3	**631,381**	**557,741**
Total Scope 3	**847,869**	**803,219**

Targets

Our targets are as follows:

	By 2028	By 2040
Scope 1 & 2	33.6% reduction	90% reduction
Scope 3	20% reduction	90% reduction

4.4 Carbon credits

We utilise carbon credits for additional emission reductions beyond the value chain and some of our divisions already use carbon offsets to achieve Carbon Neutral status. These credits address a variety of projects such as renewable energy generation in Brazil to afforestation projects in Madagascar. Credits purchased have been issues by verified carbon-crediting programmes such as Voluntary Carbon Standard (VCS) and Gold Standard. In line with the SBTi criteria, our Group targets and transition plan do not include the use of carbon offsets. Whilst no such action is planned, we may use offsets to reduce our residual emissions in 2040 to zero.

5. Governance

5.1 Board oversight and reporting

Board

The Board of Directors oversees and is ultimately accountable for progress against our Net Zero Transition Plan and our wider sustainability strategy, as well as reviewing and managing the climate-related risks and opportunities of the Group. The Board are kept informed of climate-related matters through regular scheduled updates at Board meetings with ESG (including climate change) on the agenda at least twice a year. The Board monitors and oversees progress of the Group's sustainability performance, through the ESG Forum updates and the Management Information (MI) Framework, which includes monitoring the Group's emissions (scopes 1, 2 and 3).

The Audit and Risk Committee supports the Board in ensuring climate-related issues are integrated into the Group's risk management process. Climate-related risk assessments are conducted twice a year and are fully incorporated into the Group's principal risk process. Materially significant risks, including climate-related risks, which fall outside risk appetite levels need to be reviewed and approved by the Board unless treatment actions can bring them in line with the appropriate risk appetite level.

5.2 Roles, responsibility and accountability

Management

As climate-related issues are fundamental to the Group's business purpose, the Chief Executive Officer has overall responsibility for their oversight, ensuring climate-related issues are considered in the review of Norcros' strategy, budget and business. The Chief Executive Officer is also responsible for reporting on progress to the Board, which is done at two Board meetings a year. At a management level, the Group created a sustainability committee (ESG Forum) in 2022, comprised of representatives from each of the brands within the Group. The Chief Executive Officer and the Executive team are informed about climate-related issues on a quarterly basis by the Corporate Development and Strategy Director, who reports on the matters discussed at the ESG Forum. The Group-level net zero targets have been cascaded to each brand so there is accountability throughout the organisation. The costs of climate-related initiatives for each brand are included in their annual budgeting process, with net zero targets considered during new product development and associated capital expenditure. The Executive team will review the carbon reduction plans to deliver the emissions targets in each brand each year and monitor progress of key milestones twice a year in the ESG Forum.

ESG Forum

The ESG Forum met monthly in 2023 during the data capture and strategic development phase, but now convenes quarterly with one in-person meeting per annum. Led by the Corporate Development and Strategy Director, these meetings serve as a platform to track progress on our Net Zero Transition Plan and, crucially, to exchange ideas, challenges and best practices across the Group. The ESG Forum is responsible for assessing and managing climate-related issues, and reviewing progress against the Group's ESG MI Framework, directing action in their respective brands and feeding back data, achievements and barriers to be resolved. They promote awareness of, and action on, sustainability within the Group and promote a consistent approach to sustainability communication and data and to meet external disclosure requirements.

Representatives of the ESG Forum are informed by operational and project teams within their brands. The brands have their own structures in place to monitor and implement carbon reduction programs.

With our Net Zero Transition Plan and wider ESG KPIs in place, we will consider the need for further KPIs and targets and aligning staff incentives.

Sustainability and climate change governance framework

5.3 Culture

Norcros' commitment to sustainability means that climate change has become a fundamental aspect of the Group's culture and influences decision across all our divisions. Our monthly ESG Forums play a pivotal role in keeping the workforce informed about the company's sustainability goals, achievements, and ongoing initiatives related to climate change mitigation. This transparency fosters a sense of collective responsibility and empowers employees to contribute actively to the company's environmental objectives. Triton demonstrates this sense of collective responsibility relating to sustainability through its "Sustainability 6" initiative. The "Sustainability 6" is a set of cross-functional projects involving representatives from all teams in our business. The teams are empowered to identify and put in place the actions that will directly impact our carbon footprint and glide path to Net Zero.

5.4 Incentives and remuneration

Currently Norcros does not include sustainability as part of its executive compensation structures. Our approach will be reviewed with our next review of our Remuneration Policy.

5.5 Skills, competencies and training

The Board receives regular updates on sustainability-related information which keep them informed of the evolving ESG landscape. Our external ESG consultant also provides executive management and the ESG Forum with relevant information on sustainability issues that may impact the Group. Several of our business also participate in regular industry forums, providing input and also collaborating with other companies which enhance our employees' skills on environmental issues.