



Introduction

This year we have made excellent progress in the Group's management of climate change. We have further developed our environmental, social and governance (ESG) strategy with the publication of our Net Zero Transition Plan and the development of a new Sustainable Products Framework. We continue to enhance our environmental data collection, collecting data on sustainable home products and reporting with a higher level of granularity through our ESG Forum. Last year, we set net zero targets and this year we built out our Net Zero Transition Plan (including a high level decarbonisation profile for the Group), which has been validated by the Science Based Targets initiative (SBTi) and is in line with the Paris Agreement for 1.5°C for our operational emissions. Our targets reaffirm the Group's ambition for net zero across the value chain by 2040 and provide ambitious near-term targets for the Group.

We recognise that climate change poses significant risks and opportunities to our business and stakeholders. Our TCFD Report demonstrates we incorporate climate-related risks and opportunities into the Group's risk management, strategic planning and decision-making processes, aligned to our net zero ambition. We continue to monitor our exposure to natural hazards such as heat stress, fire weather stress, flood risk, storms and drought with a detailed bottom-up site analysis using a geospatial climate hazard mapping tool, and monitor our transition risks from a top-down perspective.

In line with the requirements of the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 and Listing Rule LR9.8.6R(8), the following pages set our compliance with all of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and recommended disclosures, as detailed in "Recommendations of the Task Force on Climate-related Financial Disclosures" (2017) and the additional guidance as set out in the TCFD 2021 Annex "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures" (TCFD Annex). Additionally, the Group has complied with the requirements of sections 414CA and 414CB of the Companies Act 2006 by including certain non-financial information within the TCFD Report. The Group has indicated in the following table which of the climate-related disclosures are addressed by the TCFD-recommended disclosures, alongside the pages where these are located.

We consider our disclosure to be consistent and compliant with all 11 of the TCFD recommendations.



TCFD recommendations reporting

Recommendation	Recommended disclosures	Reference
GOVERNANCE Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities.	Page 92
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	Page 93
CLIMATE-RELATED RISK MANAGEMENT Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	Page 93
	b) Describe the organisation's processes for managing climate-related risks.	Page 93
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Page 93
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.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	Pages 96 to 105
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	Pages 96 to 105
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Page 95
METRICS AND TARGETS Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Pages 96 to 105
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	Page 77
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Page 105

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GOVERNANCE

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, that 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, as outlined below.

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.

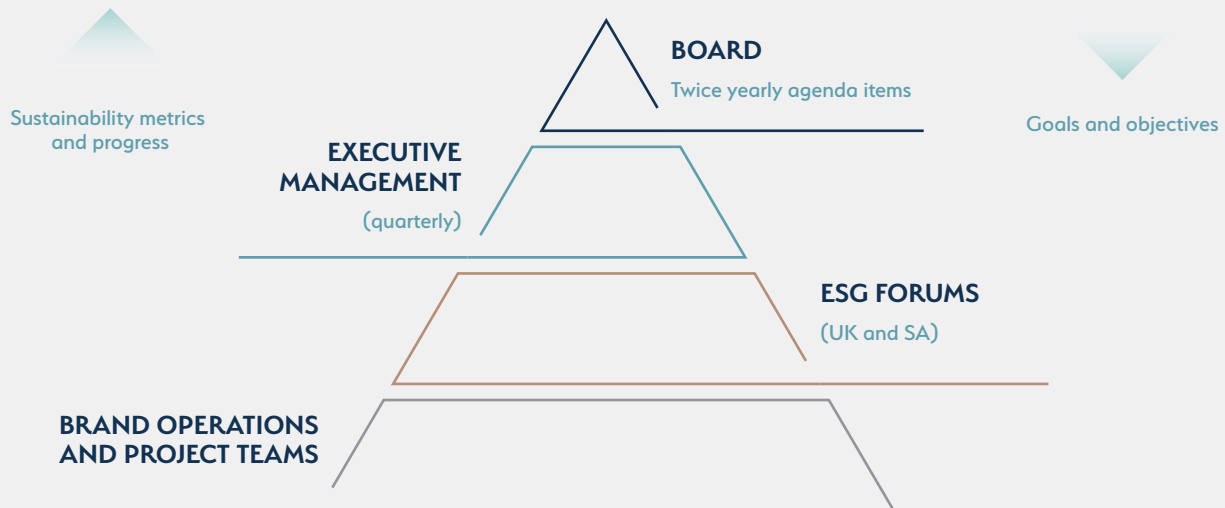
ESG Forum

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.





CLIMATE-RELATED RISK MANAGEMENT

ESG risks, and particularly climate-related risks within this, are classed as a principal risk by the Group. Climate-related risks and opportunities were assessed and prioritised on the existing Group five-point risk scoring criteria for both financial impact and reputation impact (minimal, low, intermediate, high, severe) and for likelihood (remote, unlikely, possible, likely, certain).

Overall risk scores are calculated as the multiple of impact and likelihood. Likelihood is based on the probability of the risk crystallising and affecting the business at least once during a three-year period and the longer time horizon of some climate-related risks is thus reflected in a lower likelihood score. By using the existing Group risk framework, climate-related risks are fully integrated into the current risk management framework and the relative significance of climate-related risks in relation to other risks can be determined.

Climate-related transition risks tend to impact the Group in a top-down manner. These are identified and shortlisted in collaboration with internal stakeholders and senior management, in conjunction with the ESG Forum. This analysis includes a horizon scanning exercise to incorporate policy and legal risks, and is refreshed annually to include any changes to the business, external regulatory developments or operating conditions.

Climate-related physical risks were assessed using a bottom-up site-level risk assessment using geospatial natural hazard mapping software, the Munich Re Location Risk Intelligence Tool.

A summary of key risks in the individual brands and corporate risk registers is presented to the Audit and Risk Committee at each meeting. In addition, a Group-level risk review, which identifies and reviews Group-level strategic risks, is completed at least annually.

The decision to control or accept risks is partially determined by the nature of the risk and its scoring. Management regularly review risk exposure against defined acceptable risk appetite levels and develop remedial actions, with target dates, to address risks scoring higher than the accepted risk appetite level. Except for 'strategic', 'operational' and 'commercial' risks, which carry a medium risk appetite, all other risk types carry a low-risk appetite. Risks scoring outside of these risk appetite levels require treatment actions to bring them in line with the appropriate risk appetite level, or they need to be reviewed and approved by Board Directors. Further detail is included in the Risk Management section on pages 106 and 107.

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STRATEGY

Time horizons

The time horizons of where our climate-related risks and opportunities are expected to first occur are:



Short term:
2024 to 2027

Aligned with our current strategic planning and incorporates our planned capital expenditures.



Medium term:
2028 to 2034

Aligned to where we will most likely see the impact of regulatory frameworks such as carbon pricing, the technology life cycle and our interim emission reduction targets.



Long term:
2035 to 2050

Aligned to the UK Government's Net Zero pledge, allowing incorporation of the useful life of our property assets, physical and transition risk time horizons and the Group's net zero target.

We consider risks and opportunities in all physical and transition categories outlined in the TCFD guidance risks, under current and emerging regulatory requirements, and whether they occur within our own operations, or upstream and downstream of the Group. In the following tables, we have identified and expanded on a number of key risks and opportunities that could have a material financial impact on the Group.

Climate-related scenario analysis has been used to improve our understanding of the behaviour of certain risks to different climate outcomes. The scenario analysis conducted this year builds on that completed in 2023. The more ambitious Net Zero Emissions by 2050 (NZE) scenario forms an input into the 1.5°C pathway used by the SBTi, against which we are aligned.

For the transition risks and opportunities, we have used the following climate-related scenarios from the International Energy Agency, which are far more descriptive and useful for modelling more positive climate outcomes. Transition risks are generally greater (more likely and with greater impacts) in the lower carbon scenario compared to the higher carbon scenario.

- **Net Zero 2050 (NZE)**¹: an ambitious scenario that sets out a narrow but achievable pathway for the global energy sector to achieve net zero CO₂ emissions by 2050. This meets the TCFD requirement of using a "below 2°C" scenario and is included as it informs the decarbonisation pathways used by the SBTi, which validates corporate net zero targets and ambition.

- **Stated Policies Scenario (STEPS)**¹: a scenario that represents the roll forward of already-announced policy measures. This scenario outlines a combination of physical and transition risk impacts as temperatures rise by around 2.5°C by 2100 from pre-industrial levels, with a 50% probability. This scenario is included as it represents a base case pathway with a trajectory implied by today's policy settings.

Physical risks were analysed using three scenarios from the Intergovernmental Panel on Climate Change (IPCC) embedded in the Munich Re software platform used to analyse physical risks of climate change:

- **RCP 2.6**²: a climate-positive pathway, likely to keep global temperature rise below 2°C by 2100. CO₂ emissions start declining by 2020 and get to zero by 2100.
- **RCP 4.5**²: an intermediate and probably baseline scenario more likely than not to result in global temperature rise between 2°C and 3°C by 2100 with a mean sea level rise 35% higher than that of RCP 2.6. Many plant and animal species will be unable to adapt to the effects of RCP 4.5 and higher RCPs. Emissions peak around 2040, then decline.
- **RCP 8.5**²: an extreme scenario where global temperatures rise between 4.1–4.8°C by 2100. This scenario is included for its extreme impacts on physical climate risks as the global response to mitigating climate change is limited.

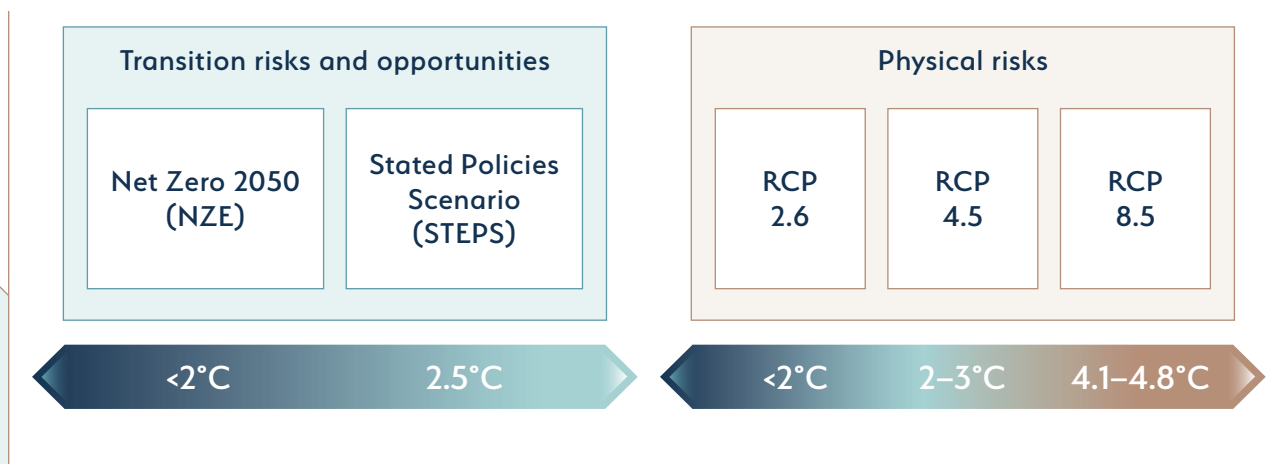
These scenarios have been supplemented with additional sources that are specific to each risk to inform any assumptions included in projections. Our scenario analysis includes qualitative, and some quantified impacts where the underlying data is available and where the current understanding of the risks is robust. We continue to work on quantifying our risks and opportunities by regularly reviewing the assumptions and estimates required.

We have analysed the climate-related risks under all our chosen scenarios and identified plans to mitigate against the impacts of these risks, as well as take advantage of opportunities. They have been incorporated into our transition pathway to net zero and into brand, management and the Board's strategic framework within our current expenditure envelope. We are confident that implementation of these actions will result in a business resilient to the discussed climate-related risks and well positioned to maximise the opportunities identified.

Our view is that significant financial planning or budgetary change as a result of climate change is not likely to be required and our emission reduction plan will not incur material capital expenditure or operational disruption.

- ¹ IEA (2023), Global Energy and Climate Model, IEA, Paris <https://iea.blob.core.windows.net/assets/ff3a195d-762d-4284-8bb5-bd062d260cc5/GlobalEnergyandClimateModelDocumentation2023.pdf>
- ² IPCC (2014), Climate Change 2014: AR 5 Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

Climate-related scenario analysis



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RISKS

Five transitional and two physical climate-related risks have been identified that could have a material impact on our business. Three of them, (i) carbon pricing in our own operations (which, to some extent, relies on decarbonisation of the UK and South African grids); (ii) carbon pricing in our value chain (which relies on decarbonisation across supply chain); and (iii) reliance on third parties for new technology for kilns, are the most material to our operations. Our Net Zero Transition Plan and emissions reduction initiatives form the basis of our mitigation strategies.





Transitional risks

TCFD category: Transition (current and emerging regulation)

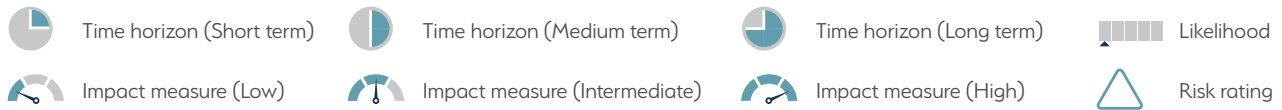
Carbon pricing (“carbon tax”) in own operations

The Group operates in multiple jurisdictions, with a focus on climate change. We view the implementation of operational carbon pricing as a certainty, which is applied to our gas and electricity used, particularly in tile manufacturing. We expect significant but gradual price increases in the medium term, with greater forecast price rises in the NZE scenario. In addition, the South African Treasury is considering the use of fines if companies exceed their approved carbon budgets. Our exposure to carbon taxes is mitigated by our Net Zero Transition Plan. We have calculated the costs to the Group based on International Energy Agency carbon price forecasts across our short, medium and long-term time frames, and in the NZE and STEPS scenarios. We assume emissions decline in line with our Net Zero Transition Plan (scope 1 and 2 emissions reduce by 33.6% by 2028 (from a 2023 base) and by 90% by 2040). Our analysis concludes that the impact of carbon pricing increases over time and is significantly higher under the NZE scenario.

Mitigation: Key near-term scope 1 actions consist of improvements in the tile manufacturing processes, like heat recovery systems and energy efficient burners. Initiatives to reduce scope 2 include on-site and purchased renewable electricity. In 2024, the UK tile operation consolidated to use one kiln to fire tiles, resulting in significantly less energy used in the production process. The post-year end announcement of the sale of Johnson Tiles UK will further reduce the Group’s scope 1 and 2 emissions by circa 15% in 2025.

Business area Own operations	Time horizon  Medium term	Impact measure  Intermediate (5)	Location UK and South Africa manufacturing brands
Primary potential financial impact Higher costs associated with energy	Likelihood  Certain (5)	Risk rating 	Measurement Scope 1 and 2 emissions

Keys







TCFD category: Transition (emerging regulation)

Carbon pricing in the value chain

Large parts of our supply chain include the processing of primary metals and building materials. New, low-emission production processes are still being developed for commercial use, which could lead to increased costs in our supply chain. Emissions-intensive basic materials industries are also exposed to global regulatory and policy decisions in the drive to reduce emissions, and these changing policies may also impact our supply chain. We expect some of the resulting price increases to be passed on to our customers but, at this stage, there is little visibility on the extent of our ability to do so. Using the emissions reduction pathway in our Net Zero Transition Plan, and carbon price estimates as above, we conclude the impact is higher in the NZE scenario.

Mitigation: The diversity of supply sources reduce this risk to the Group. Our new Supply Chain Policy sets out our expectations to our value chain partners on environmental issues, and our Sustainable Product Framework aims to reduce the embodied carbon of our products. We expect our key suppliers to be ISO 14001 certified, or working towards an equivalent certification standard, as well as implementing energy reduction initiatives. In addition, suppliers must attain minimum standards for water, waste and biodiversity conservation. We engage with our suppliers regularly to consider lower embodied carbon inputs (where the raw materials used have acceptable technical qualities with lower carbon emissions). These are amongst the initiatives in our Net Zero Transition Plan that reduces the net impact of carbon pricing in our value chain.

Business area Upstream	Time horizon  Medium term	Impact measure  Intermediate (5)	Location Global, all brands
Primary potential financial impact Increased cost of purchased goods and inbound transportation	Likelihood  Certain (5)	Risk rating 	Measurement Scope 3 emissions (Category 1)

TCFD

CONTINUED

RISKS





Transitional risks

TCFD category: Transition (market and reputation)

Reliance on third parties or technologies to decarbonise

Achievement of our net zero target in 2040 relies on certain factors beyond our control, for instance, the decarbonisation of electricity grids, suppliers and retail partners meeting decarbonisation timelines and the development of zero emissions transportation. In particular, we are reliant on new technology to develop alternative fuels to run kilns (e.g. biogas or hydrogen) and require the purchase of electricity generated from renewable sources in South Africa, which is less readily available than in the UK. If competitors are quicker to innovate, this may have a negative impact on the Group. We expect this risk to be lower in the NZE scenario, where we expect higher capital expenditure and research and development spending on new technologies to reduce global emissions.

Mitigation: We work collaboratively with retailers and engage with governmental and industry bodies to shape supply chain decarbonisation policy. We continue to invest in research and development and monitor the development of low carbon raw materials and technologies, in particular, heat and hot air recovery for energy-intensive kilns.

Business area Own operations and upstream	Time horizon  Medium term	Impact measure  Low (3)	Location Global, all brands
Primary potential financial impact Higher costs, lower revenue	Likelihood  Certain (5)	Risk rating  15	Measurement Scope 3 emissions

TCFD category: Transition









Cost of capital linked to sustainability criteria

Providers of capital (investors and banks) are increasingly incorporating sustainability into their assessments, which represents a risk to the availability and cost of capital. The Group's existing £130m multicurrency revolving credit facility (which runs to October 2027) means the risk is minimal in the short term. However, over the medium term, investors and banks are expected to be more stringent and withdraw funding or apply punitive charges if ongoing targets on emission reduction are not aligned to their own net zero targets.

Mitigation: We continue to engage in dialogue with lenders, rating agencies and investors to ensure our climate change disclosures are in line with the latest regulatory requirements. Our progress towards our own emission reduction target of net zero by 2040, as well as disclosure of ESG-related metrics and targets, should ensure the net impact is minimal.

Business area Own operations	Time horizon  Medium term	Impact measure  Low (3)	Location Global, all brands
Primary potential financial impact Higher cost of capital	Likelihood  Likely (4)	Risk rating  12	Measurement Scope 1, 2 and 3 emissions, UK interest rates

Keys





 Time horizon (Short term)
  Time horizon (Medium term)
  Time horizon (Long term)
  Likelihood
 Impact measure (Low)
  Impact measure (Intermediate)
  Impact measure (High)
  Risk rating

TCFD category: Transition

Customer and consumer pressure

Driven by industry standards and government regulation, large retailers and homebuilders require suppliers to be at the forefront of embodied carbon reduction and in the reduction of energy and water in use by their products. Several of our customers now require their suppliers to have set SBTi-aligned net zero targets. There is a medium-term risk that some product lines are no longer of interest to customers aligning their product portfolios to zero carbon homes and net zero targets. We expect this risk to be higher, as customers and consumers apply stringent sustainability criteria to their purchasing decisions.

Mitigation: We engage with customers and brands to ensure new products are designed to meet changing customer requirements, ensuring our targets are aligned with theirs and meet internal and external environmental requirements. Our new Sustainable Product Framework classifies our products against their sustainability criteria and enables us to track total revenue derived from low carbon products. Specific initiatives include, for example, Triton providing consumers a water and energy savings calculator and incorporating recycling and minimisation of waste into packaging design, and Abode ensuring all new products are flow limited and compliant with the Mandatory Water Efficiency Labelling Scheme, anticipating customer requirements. These actions limit the net impact of this risk.

Business area Downstream	Time horizon  Medium term	Impact measure  Low (4)	Location Global, all brands
Primary potential financial impact Lost revenue	Likelihood  Likely (4)	Risk rating  16	Measurement Scope 3 emissions



TCFD

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RISKS





Physical risks

TCFD category: Physical (chronic)

Flood risk

The Munich Re Location Risk Intelligence Tool was used to assess physical climate risk, and identified six sites, especially in the RCP 8.5 scenario, of having a high or very high likelihood of flooding. These were located in South Africa, the UK and China. Of the six sites identified, one (the Grant Westfield headquarters in Edinburgh) is a manufacturing facility, and hence could have the highest impact due to its significant revenue contribution to the Group. The rest are sales or administrative in nature and could be more easily relocated in case of potential flooding or other significantly disruptive climate event.

Mitigation: All our brands have business continuity and recovery plans that monitor risks to staff and premises from meteorological events. Additionally, most sites have flood damage insurance cover with limits that reflect the magnitude of risk, and the diversified locations means it is unlikely that more than one of the identified sites would flood at any given time.





Business area Own operations	Time horizon  Long term	Impact measure  Low (4)	Location South Africa, UK, China
Primary potential financial impact Higher costs/disruption of production	Likelihood  Unlikely (2)	Risk rating  8	Measurement Meteorological forecasting

TCFD category: Physical (chronic)

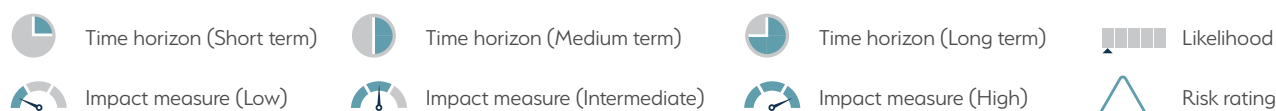
Water scarcity

Despite issues regarding water scarcity persisting in Cape Town, South Africa, none of our sites are at very high risk of water scarcity. Only in the RCP 8.5 scenario is one of our 22 sites assessed considered to be at 'very high' risk of future water stress. This site was located within Cape Town, South Africa, and produces adhesives for the manufacture of tiles, and is not particularly water intensive.

Mitigation: Management closely monitor the supply of water as Cape Town has had serious water scarcity issues in recent years. To date, this has not impacted production at the facility and, therefore, the operation has presented resilience to the risk. If insufficient water was available, management would source from other locations in South Africa that are also used to manufacture adhesives. Additionally, a large water tank was installed at the Olifantsfontein site, which is fed from the municipal mains, providing storage to smooth out supply challenges.

Business area Own operations	Time horizon  Long term	Impact measure  Low (3)	Location South Africa
Primary potential financial impact Higher costs/disruption of production	Likelihood  Unlikely (2)	Risk rating  6	Measurement Annual freshwater resource levels

Keys



OPPORTUNITIES





TCFD category: Product and services

Product design – resource efficient manufacturing

We are developing a Sustainable Products Framework to enable us to classify our products according to their sustainability attributes. Products manufactured through an energy efficient processes with recycled raw materials are classified as “sustainable” and are part of our Net Zero Transition Plan. Our customers increasingly require us to provide data on embodied carbon in our products and this framework helps us focus our portfolio towards products with lower embodied carbon. We also work with suppliers to “design out” carbon, continually searching for alternative, lower carbon raw materials. We believe these actions will, over time, enable us to become preferred suppliers to our key customers and grow market share, and we expect this opportunity to be larger in the NZE scenario, where demand for “sustainable” manufacturing processes is higher.

Impact: Our brands have various initiatives underway to improve resource efficiency, which will enable us to remain market leaders with our environmental sustainability attributes a significant competitive advantage.

For example, Grant Westfield, who already have 100% recyclable panels, have recently obtained an Environmental Product Declaration for their new Naturepanel collection. All Naturepanels are FSC certified with a 30-year lifespan. The process required Grant Westfield to complete a full life cycle analysis, including raw materials, energy, transportation, use and disposal. Johnson Tiles UK’s tile manufacturing process is carefully calibrated to ensure that every tile manufactured contains a minimum of 20% recycled ceramic material as part of its pioneering ceramic waste recycling system.

Business area Own operations and downstream	Time horizon  Medium term	Impact measure  Intermediate (6)	Location Global, all brands
Primary potential financial impact Increased sales/ decreased costs	Likelihood  Likely (4)	Risk rating 	Measurement Scope 3 emissions, revenue from energy efficient products (green revenue)

TCFD

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OPPORTUNITIES




TCFD category: Products

Product design – resource efficient products

Products that are energy or water efficient will reduce customer and consumer energy use and help reduce scope 3 emissions. As part of our Sustainable Products Framework, we focus resources on the development of products that reduce energy and water in use for our consumers. Innovative product design is key to continued revenue growth and also helps to maintain competitive positioning. We expect the size of the opportunity to be higher in the NZE scenario as demand for sustainable products increases and consumers are focused on their own carbon footprints.

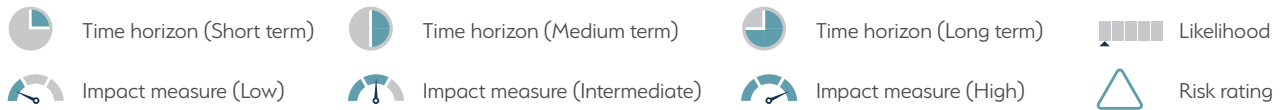
Impact: To maximise this opportunity, we target research, development and marketing spend and collaborate with key clients to develop and sell best-in-class, resource-efficient products. Triton’s eco models save water and energy compared to more conventional showers. Triton’s new ENVi® shower is designed to help customers make water and energy savings. ENVi® is externally certified with an eco button, which reduces shower time by one minute, saving water, money and reducing the customer’s carbon footprint.

Abode’s Naturale Aquifier tap was shortlisted for ‘Water Saving Domestic Product of the Year’ at the Energy Saving Awards 2023. It includes a water flow limitation and an energy saving cold start valve, helping to save water and energy use, as well as replacing single use plastic water with in house filtered water.

Business area Own operations and downstream	Time horizon  Medium term	Impact measure  High (8)	Location Triton, Abode
Primary potential financial impact Increased sales	Likelihood  Likely (4)	Risk rating 	Measurement Scope 3 emissions, revenue from energy efficient products (green revenue)



Keys



TCFD category: Resource Efficiency

Water, energy, waste savings

Energy

Our near-term decarbonisation profile includes opportunities for energy efficiency and electricity savings. The most significant saving this year has been the “right sizing” of manufacturing at Johnsons Tiles UK, moving production to just one kiln. The announcement post-year end of the sale of Johnson Tiles UK will further reduce the Group’s energy use next year.

Impact: This will significantly reduce Johnson Tiles’ energy usage along with measures like re-using the heat from the kiln in prior production stages like spray drying and technologies like retrofitting more efficient burners. In the UK, 96% of electricity is currently sourced from renewable contracts.

Water

Various opportunities and initiatives exist to reduce water usage across the Group.

Impact: Johnson Tiles UK consumes large quantities of water in the tile manufacturing process. Various initiatives are underway aimed at re-using up to 30% of the total factory usage and removing water from parts of the production process. The sale of Johnson Tiles UK in 2025 will reduce the Group’s overall water usage going forward.

Water storage tanks for harvesting rainwater have been installed in South Africa, as well as water filtration systems to provide safe drinking water to stores, all reducing water usage.





Waste savings

Norcros aims to reduce and recycle waste products and packaging wherever possible.

Impact: Triton is part of the Distributor Takeback Scheme, which facilitates return of product from direct purchasers rather than ending up in the household waste stream.

There has been a significant drive to reduce waste to landfill at Johnson Tiles, where fluorescent tubes are now recycled rather than going to landfill, in line with the latest environmental legislation. Additionally, local businesses now utilise their waste tiles as land rehabilitation. The waste tiles were exposed to extensive testing to ensure they are legally permitted to be used for this purpose.

Packaging accounts for circa 5% of waste generated by the Group. We aim to reduce the environmental impact of our packaging through reducing packaging in absolute terms, using more recycled content and eliminating single use plastics. Merlyn has converted two ranges of its shower enclosures to use recyclable packaging, eliminating single use plastics and converting to paper/card based solutions.

Business area Own operations	Time horizon  Medium term	Impact measure  High (8)	Location Global, all brands
Primary potential financial impact Decreased costs	Likelihood  Likely (4)	Risk rating  32	Measurement Water and waste costs per annum, scope 1 and 2 emissions

TCFD

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OPPORTUNITIES

TCFD category: Energy source

Green generation

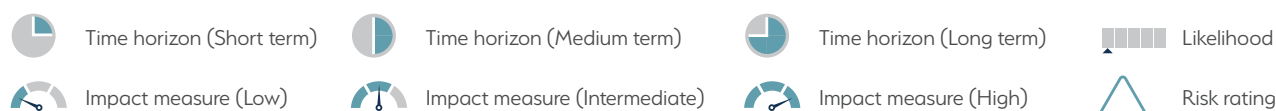
We aim to reduce our reliance on third-party electricity. This offers an opportunity to become less dependent on the national grid which, particularly in South Africa, has a low proportion of renewable energy. We expect this opportunity to be more significant under the NZE scenario, with increased investment in alternative energy technologies forecast, which should reduce unit costs.

Impact: We are targeting generation of our own renewable energy through an on-site solar PPV at Olifantsfontein, South Africa. We estimate that, cumulatively over a 20-year period, this could save circa 12,400 tonnes of CO₂. Tile Africa will be installing solar panels into four stores this year and all new lease agreements will require landlords to commit to solar installations. We are also investigating purchased renewable electricity in our remaining brands in both the UK and South Africa, which could reduce our market-based emissions to zero. In South Africa, contracting guaranteed renewable electricity supply via long-term power purchase agreements is one of the largest opportunities for us.

<p>Business area Own operations</p>	<p>Time horizon  Medium term</p>	<p>Impact measure  Intermediate (5)</p>	<p>Location Global, all brands</p>
<p>Primary potential financial impact Decreased operating costs</p>	<p>Likelihood  Likely (4)</p>	<p>Risk rating </p>	<p>Measurement Energy used from renewable sources</p>



Keys







TCFD category: Resource efficiency

Transportation

Decarbonisation of our distribution and depot fleets would help to reduce scope 1 emissions and is a key component of our Net Zero Transition Plan. This may require transitional investment and further technological development is required, especially for zero emissions heavy goods vehicles. We expect this opportunity to be more significant under the NZE scenario, with increased investment in alternative energy technologies forecast which should reduce unit costs.

Impact: Various brands have already made plans to make their fleets more sustainable. Several brands have already increased the number of electric vehicles in their fleet as well as installing electric vehicle chargers. Croydex has upgraded all but one of company cars to electric vehicles and implemented a cycle to work scheme to incentivise employees to cycle to work, as well as reducing commuting emissions. Last year 53% of VADO's fleet was diesel and 18% was electric and, by the end of 2024, this has improved to only 13% of the fleet being diesel, with 50% electric and the rest petrol hybrid.

We also expect our third-party logistic suppliers to move away from internal combustion engines to electric vehicles, thus reducing our scope 3 upstream and downstream transportation and distribution emissions, although we expect the bulk of this reduction in the medium term. We are reliant on global trends in this area and our Net Zero Transition Plan to 2040 includes a reduction in the carbon intensity of inbound and outbound freight.

Business area Own operations, upstream and downstream	Time horizon  Near/medium term	Impact measure  Low (4)	Location Global, all brands
Primary potential financial impact Decreased costs	Likelihood  Likely (4)	Risk rating 	Measurement Scope 1 and 3 (upstream and downstream transportation and distribution)

METRICS AND TARGETS

Our full carbon footprint is reported in alignment with the Greenhouse Gas Protocol on page 77. In addition, we report on our emissions intensity, total consumption of electricity, renewable electricity, gas and water, and treatment of waste on pages 77 and 86. We continue to monitor our climate exposures and action plans through our risk management framework and governance structure. Our main climate-related objectives are monitored through our ESG MI Framework through the year and reported to and reviewed by the Board.

This year, we have set science-based targets across scopes 1, 2 and 3, which were validated by the SBTi in January 2024 and affirm our long-term commitment to net zero across the value chain by 2040. In addition, we have introduced ambitious interim targets for 2028, with specific targets for each brand that provide a clear path to emission reduction through to 2028 and beyond. For further details on our climate targets and Net Zero Transition Plan, see pages 80 to 83.