## UK Sustainability Report 2023

Sharing our recent progress



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## Making good progress



#### Lorna Stork UK ESG Director

As a business, SIG cares deeply about our ongoing role in protecting the environment, reducing carbon emissions, and driving a positive impact across our people.

In the last two years, we've continued to make good progress against our five longterm sustainability commitments, including reaching net-zero carbon by 2035.

We've also made positive headway with our people strategy ambition of being an employer of choice in ensuring that our colleagues feel safe, valued, and proud to work for us. Sustainability and social responsibility have guided our actions more than ever before.

It's been fantastic to see my colleagues striving to make a meaningful difference within and outside of our operations. Speaking of colleagues, I'm excited to introduce our three newly appointed Managing Directors to share their thoughts on our sustainability journey.

In case you missed our announcement in November 2023, SIG now operates as three segments in the UK with the Specialist Markets businesses separated from the Interiors and Exteriors businesses.



Richard Burnley Managing Director UK Interiors

UK Interiors has worked diligently over the last two years to put sustainability at the forefront of everyone's minds. I'm proud of my colleagues' dedication to purpose-led initiatives in the communities where our branches are located and where our people are from. A personal highlight was the 2023 Christmas Foodbank initiative with Morrisons instigated by one of our senior team at Interiors.

When it comes to carbon reduction, I am proud to see Interiors is making good progress in mitigating emissions from our fleet through the deployment of HVO as an interim bridging solution across five of our sites so far. At our Cardiff branch, we've been looking at how we can best deploy larger-scale decarbonisation investments. Further details about our uptake of HVO are provided on page 15.

As we look to refocus our priority initiatives to drive an even bigger future impact, I see this materialising for Interiors with suppliers and manufacturers as we push to consider sustainability first in the product development and product improvement stages.



Chris Lodge Managing Director UK Exteriors



Across UK Exteriors in 2022 and 2023, we've been putting in place detailed plans to accelerate our environmental actions, while further enhancing social responsibility practices. Building on our positive internal actions, we will soon be well-placed to bring more innovative offerings to the external market for our clients, such as green roofing solutions and sustainable solar-based practices.

We're currently experiencing an industry-wide solar push in which Exteriors is well-positioned to provide photovoltaic solutions to c.16,000 of our roofing contractors. At the same time, our team are currently exploring options for water harvesting from rooftops in response to growing pressure and demand for sustainable water-based practices.

Looking at our future sustainability deliverables within SIG UK in the coming years, I would say that fleet replacement is going to be crucial as it accounts for a high proportion of our emissions. Additional information about our country-wide plans can be found on page 9.



David Hope Managing Director UK Specialist Markets

As a manufacturer and purchaser, I feel that our role in Specialist Markets comes with a high level of product influence and responsibility to supply the right sustainable products to building sites. Recently, it has been great to see our businesses ensuring that sustainability is high on the agenda when manufacturing our own SIG products and purchasing products from other manufacturers.

It's exciting to see our sustainable product strategy coming to life and to experience the commercial advantages of bringing new green products to market. We've enjoyed particularly strong performance with our hemp-based ceiling pads, innovative steel structure offerings, and high-performance insulation services. Learn more about our sustainable product strategy on page 23.

In the next few years, I'm expecting our biggest future impact to arise from health and safety actions, particularly concerning workplace mental health, and in the education and development of our people to lead the sustainability agenda across the Specialist Markets division.

# Landscape and industry focus

As a responsible business, our ambition is to create long-term value and make a positive impact on our people while balancing the fast-paced regulatory environment.

Over the last two years, SIG has successfully navigated market swings to deliver consistent performance improvement and meet the increasing demand for building efficiency, sustainability, and safety.

Strong relationships and communication with suppliers and customers have been vital in the face of a challenging economic landscape in 2022 and 2023.

This will likely continue into 2024 as per expectations that the UK economy will struggle to gain momentum in the face of the upcoming General Election. Developments shaping our market in 2022-2023:



### Long-term construction industry growth

Driven by macroeconomic factors including population growth, economic activity, and GDP. Industry-specific demand has arisen from the UK government's long-term need to tackle housing shortages, upgrade energy-efficient building stock, and general infrastructure investment.



#### **Code for Construction Product** Information ("CCPI")

The CCPI has started pushing higher standards in the presentation of construction product information. In 2022, the Office for Product Safety and Standards (OPSS) was granted powers and in 2023 began identifying priority products like insulation, electrical cables, plywood, smoke dampers and fire doors.

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### Rising inflation and energy costs

On the back of supply chain recovery from the COVID-19 pandemic, the military conflict in Ukraine and the Red Sea has added to inflationary pressures in recent years. The impact of high inflation and energy costs on industry input prices is expected to ease as we look at 2024 and beyond.



### Climate-related reporting requirements

The percentage of companies disclosing TCFD-aligned information has grown steadily. The 11 disclosures require SIG to provide detailed information and transparency about how climate-related risks and opportunities are mitigated and governed. Please see page 38 for further details.



#### Renovation Maintenance Improvement ("RMI") demand

With the post-pandemic DIY boom having petered out in the first quarter of 2022, the industry experienced a downturn in new build housing and RMI market activity fuelled by increasing interest rates, declining real wages, and a generally sombre view on the UK macroeconomic environment.



#### Regulation changes for Energy Performance Certificates ("EPCs")

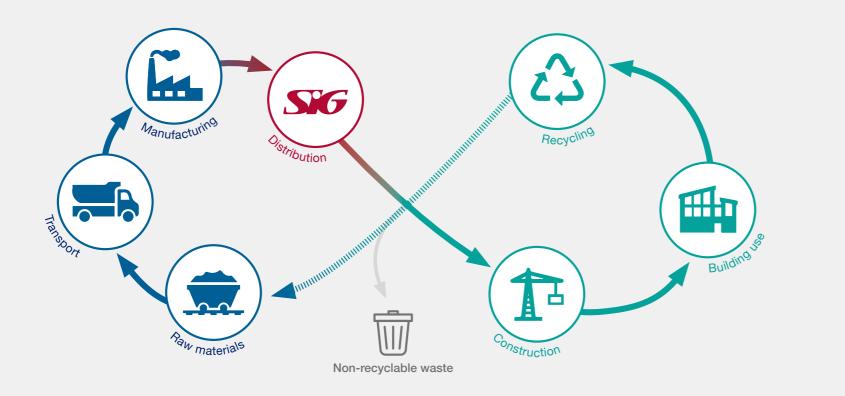
Government mandates continue for greater sustainability in construction and the built environment. This has been particularly evident with energy efficiency, as new regulations on minimum EPC requirements for private and commercial tenancies came into effect in 2023, with plans to further tighten in 2028.

#### **Embracing regulatory changes**

While it often presents challenging market conditions, at SIG we welcome regulatory changes that look to improve sustainability in the built environment.

Whether that's supporting greater thermal efficiency and insulation, more energy-efficient heating, zerocarbon buildings, or the use of solar and other lower-carbon building products and technologies. As a leading supplier of insulation and energy efficiency solutions, we remain well-placed to respond to changing customer needs and market growth drivers, supporting the overall long-term structural decarbonisation of the industry into the coming years.

Supported by our five sustainability commitments, we're already making strong progress towards sustainable market leadership and supporting the industry's net-zero transition.



#### Leading industry decarbonisation

At the heart of the supply chain, we recognise our role in helping suppliers and customers realise their sustainable construction goals. In 2022, our actions got underway to start understanding the carbon and waste generated upstream and downstream of SIG operations.

Whilst we're aware that change takes notable time and financial commitment, we started working with suppliers to understand their decarbonisation journey and promote the implementation of Environmental Product Declarations ("EPDs").

In 2023, we also spent time assessing our scope 3 emissions, and by the end of 2024, we hope to have built on this baseline data with a supply chain transition plan and targets.

This will enable our colleagues to engage with our peers in a meaningful way and promote robust decarbonisation across the industry.

# Our sustainability approach & progress

#### **Our three-pillar strategy**

Our purpose is to enable modern, sustainable, and safe living and working environments in the communities in which we operate. In support of our commitment to sustainable market leadership, the Group have consolidated our seven Strategic Pillars into three.

This outlook will help to ensure that our businesses continue to grow and evolve in line with the groupwide vision of being the best provider of specialist construction and insulation products in Europe.





#### Our five sustainability commitments

In the UK, we are committed to growing sustainably as a responsible business, guided by our five long-term sustainability commitments that were introduced in 2021.

These purpose-led ambitions underpin our determination to make a positive difference within our operations and play an influential role in mitigating climate change across the construction supply chain.

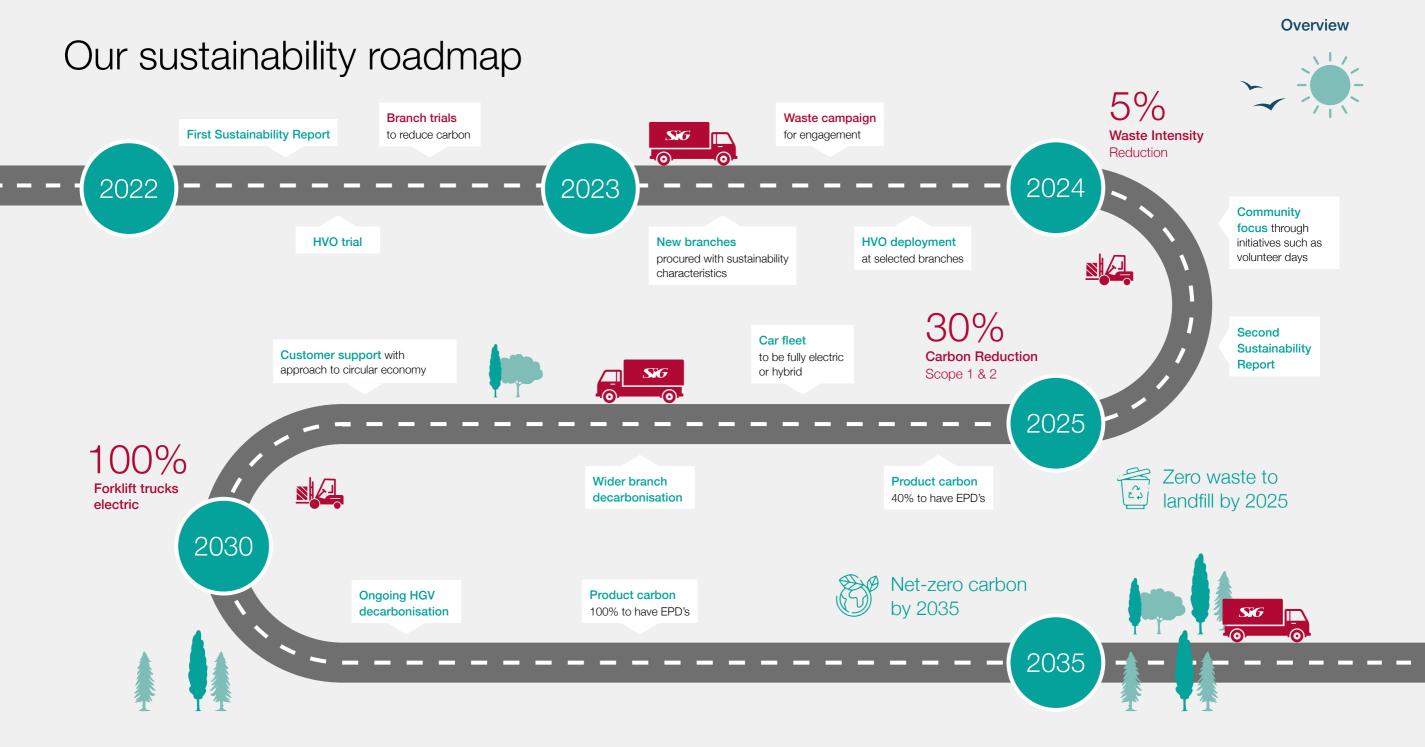
#### **UN Sustainable Development Goals**

Our approach considers the alignment of our sustainability commitments with the UN Sustainable Development Goals, six of which align with the commencement of our journey.



	Commitment	Measure	2023	2022	2021
<b>A</b>	Net-zero carbon by 2035	Net-zero carbon emissions – covering scope 1, 2 and business travel (metric tonnes)	18,297	18,763	22,368
	See pages 11-16				
22)	Zero SIG waste to landfill by 2025	% total waste not going to landfill	94%	91%	82%
	See pages 17-20				
( The second sec	Partnering across the supply chain to reduce carbon and waste See pages 21-25	Scope 3 emissions (metric tonnes)	703,619	n/a	n/a
	Health and safety leader in building materials distribution See pages 26-30	Lost Time Injury Frequency Rate (LTIFR)	6.6	9.6	13
	Employer of choice in building materials distribution See pages 31-36	Employee engagement score (eNPS)	+9	+8	+5

We expand on our progress towards our five sustainability ambitions in the following sections of this report.



### Our journey to a sustainable future

Across our businesses, we are committed to building a sustainable, long-term way of operating that supports the societal need to decarbonise and meets the climate targets set by the UK Government.

As set out in our previous report, our sustainability strategy is being addressed and implemented against the following three phases of our sustainability journey.

Today, we remain in the "commencing phase", with the intention of "advancing" our actions in the near future.



#### Stage 1 2021-2025

#### Commencing our journey

In this crucial first step, we've been practical in our implementation of key initiatives across branches, fleet, product, and waste. We've faced challenges including slow progress in some key areas, budget constraints, and slower-than-predicted rollout of technology. However, overall, we've also made great strides as reflected by the: 19% reduction in our operational carbon footprint. 12% increase in waste diverted from landfill. 82% positive engagement score for our health & safety index.

#### Stage 2 2026-2032

#### Advancing our journey

As our phase-one initiatives evolve and mature, the advancement stage of our journey will consist of taking our existing actions to the next level through increased investment. During this stage, we will be looking to deploy new solutions that become available as technological innovations develop. We anticipate advancement stages 1.0 through 3.0 to classify this development as we grow and improve.



#### Stage 3 2033-2035

#### **Completing** our journey

Completing our journey in the final years involves taking the last corrective and mitigating actions to achieve our sustainability commitments, such as the targeted net-zero carbon by 2035 position. This may include, for example, the ongoing verification of validated carbon sequestration projects. We plan to soften or accelerate our actions in this phase depending on where we are at this time and the progress made to date.

#### 2024

#### Our current position

### 2022-2023 progress

The following sections of this report are structured to provide an update on the progress made against each of our sustainability commitments.

Additional information about the governance of our sustainability obligations is on pages 37 to 39.

## Commitment 1 Achieving net-zero carbon by 2035





## Carbon footprint progress

We have committed to net-zero carbon in SIG's operations by 2035 at the latest with the following secondary goals:

- 80% reduction in total scope 1, 2 and business travel emissions by 2035. (using 2021 as a base year) and offsetting any residual emissions.
- Cars and forklift trucks ("FLTs") to be 100% electric by 2030.
- Commercial vehicles to be 100% electric, hydrogen, or a lower-carbon alternative by 2035 (dependent on external technology).

Across all three divisions, we've made great progress in mitigating the emissions associated with our operations and products.

Due to the variation in our businesses, strategies differ with **Interiors** having been instrumental in driving the interim transition to HVO across our heavy-goods vehicles ("HGVs"). Meanwhile, **Exteriors** have brought innovative solar panel solutions and accessories to our roofing clients and **Specialist Markets** have started reviewing how our businesses can decrease single-use plastic and overall waste by supplying the right sustainable products to building sites.

# Our scope 1 and 2 emissions progress

Over the last two years, SIG has worked diligently to decarbonise and achieved a **further 19% reduction** in our operational carbon footprint.

Compared to the 2021 baseline, this is shared between a 16% decrease in 2022, followed by an additional 3% in 2023. We are pleased with the latest data that shows we are on track with targeting a reduction of 3.6% during 2024. While road vehicle fuel remained our largest emitting activity in 2022 and 2023, our emissions from electricity consumption were mitigated entirely over this period by switching to renewable energy!

#### $CO_2$ emissions – scope 1

	Metric tonnes 2023	Metric tonnes 2022	Metric tonnes 2021
Road vehicle fuel emissions	15,538	15,503	15,959
HVO vehicle fuel emissions	1	-	-
Plant vehicle fuel emissions	1,490	1,800	2,145
Natural gas	807	686	1,572
Coal/coke for heating	-	-	-
Heating fuels (kerosene and LPG)	163	81	73
Total*	17,999	18,070	19,749

#### CO<sub>2</sub> emissions – scope 2

	Metric tonnes 2023	Metric tonnes 2022	Metric tonnes 2021
Electricity consumption	0	552	2,612
Off-site charging for EV	55	-	-
Total*	55	552	2,612

#### CO<sub>2</sub> emissions – select scope 3

	Metric tonnes 2023	Metric tonnes 2022	Metric tonnes 2021
Business travel	120	141	7
Own vehicles used for company business	123	-	-
Total*	244	141	7
Overall total	18,297	18,763	22,368

\* Small differences can be artefacts of rounding



#### 'New' scope 3 emissions

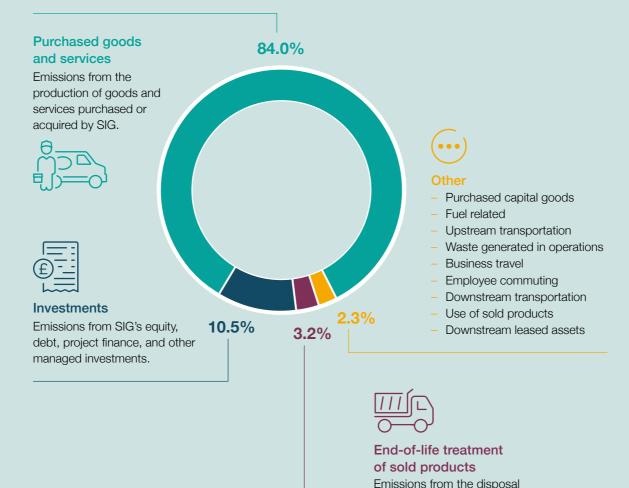
In 2023, we commissioned a detailed data collection and analysis effort to quantify our scope 3 emissions for the first time to better understand the carbon impact of activities up and downstream of our operations.

The spend-based assessment was carried out in line with the Greenhouse Gas Protocol methodology.

Our results were in line with our industry, with scope 3 now accounting for 97% of the total carbon footprint for SIG UK.

As expected, emissions generated from the production of the goods and services that we purchase represented the largest proportion (84.0%) of our scope 3 footprint.

Other key emitting areas are highlighted in the chart on the right.



and treatment of goods sold by SIG, at the end of their life.

Our carbon footprint calculations have historically focused on the emissions for which SIG are directly responsible, including vehicle and heating fuel (scope 1), emissions from the generation of electricity (scope 2), and business travel (select scope 3).

Our scope 3 reporting aligns with the calendar year (January to December). This is different from our reporting of scope 1, 2 and business travel data. However, it aligns with the wider Group's environmental reporting to support transparency and consistency.



## Decarbonising fleet and branches

#### **Fleet progress**

We've made consistent incremental improvements in 2022 and 2023 towards decarbonising our fleet through ongoing progress with efficiency and fuel mix:

- Transitioning fleet composition from fossil to alternative fuels and electric.
- Ordering newer and more efficient replacement vehicles.
- Enhancing data streams to drive efficiency improvements.
- Reviewing the utilisation of our HGV fleet.
- Electrifying our forklift trucks.

#### Non-HGV Fleet Composition 2023



#### **Forklift trucks**

We are in the process of replacing all existing FLTs that are powered by diesel or liquid petroleum gas with electric ones. Our Cardiff branch has already successfully electrified all its FLTs.





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Interiors are leading the way to decarbonise our fleet by switching to hydrotreated vegetable oil ("HVO") as a transition fuel to support our strategy in the interim while we explore a lasting solution. We are also one of thirteen active participants in an Industry Working Group, led by the Supply Chain Sustainability School, assessing the provenance and claims of various HVO sources to ensure transparency and integrity in the supply chain.

The uptake of HVO in practice at SIG has been slower than anticipated due to a low supply of suitable vehicles, lagging infrastructure, and high costs. Despite these challenges, the fuel has been rolled out successfully over 6 depots and fuelled close to 10% of our HGVs (43 out of 456) with 93,000 litres used in 2023. Interiors have ambitious plans to scale this up in 2024.



#### **Telematics & route planning**

We have seen particular success with **Interiors** branches in the North reducing fuel wastage and improving driver efficiency through the widespread deployment of telematics and route planning software.

Additional support will be provided to the South and Exteriors businesses over the next year to ensure drivers across SIG UK locations and businesses feel confident and are up to an equally high standard.

What's more, with detailed information aggregated into a comprehensive fleet compliance dashboard, we feel this will be an excellent tool to share information with customers about the carbon emissions associated with the delivery of their purchased products in 2024.

#### **Branch refurbishment**

As a business, we have made consistent investment during the last two years to reinvigorate our branches through refurbishment and sustainability actions that include:

- Installing LED lighting in warehouses.
- Incorporating EV chargers at several facilities.
- Exploring alternatives to natural gas.

We have plans in place for 2024 and 2025 to start installing solar panels at our branches and facilities. Our new site in Norwich will be the first, where solar will account for 60-80% of SIG energy needs. Alongside this, we expect to assess the wider opportunities for photovoltaic ("PV") installations across all our existing sites.

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### Cardiff branch

Our colleagues at Cardiff are showing the rest of SIG how it's done! At the branch, all forklifts are already electric, it has its own HVO tanker and is the only site where all HGVs are also compatible with HVO.





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### Steadmans - Specialist Markets



Steadmans is our largest energy consumer and manufacturing site, which implemented many sustainability measures during 2022 and 2023 to boost efficiency and mitigate environmental impact. This includes the installation of an electric vehicle charging point which is being routinely used by visitors and company vehicles, alongside three new compressors with heat recovery to replace the older standalone systems on a ring main.

All lighting was upgraded to LED, with the next phase to involve the replacement or retrofitting of older LED with daylight saving and motion sensor technology. Additionally, the team have conducted engaging Tool Box Talks on environmental awareness, energy reduction, and how employees can have a positive impact. We look forward to summer 2024 when the already installed solar panels are scheduled to be operational. The 930 panels will offer 465kWp of total solar potential for the premises!



### Other interim milestones



c.20% carbon reduction forecasted from baseline.



 $\begin{array}{ccc} \text{c.40\%} & \text{carbon reduction estimated} \\ \text{from baseline.} \end{array}$ 







of whole fleet with lower-carbon engines (where infrastructure and technology allows).

### What's next?

In 2024, we will look to upgrade to more efficient HGVs for use with HVO fuel and roll out solar panels at selected locations. In addition, we plan to phase out all cars using fossil fuels and evaluate the next stage of electrification for light goods vehicles and forklifts. Looking closely at Specialist Markets, we aim to review the businesses individually and identify relevant sustainability levers outside of the group umbrella to inform a behavioural campaign around efficient energy management.

## Commitment 2 Zero SIG waste to landfill by 2025



## Managing our waste

#### 2023 progress

### Recycling has increased

1023: 94% 2022: 91%

#### Our 2022-2023 progress

Reducing our waste and diverting it from landfill represents a key sustainability commitment for everyone at SIG, with primary responsibility for our own SIGproduced waste that we have direct control over.

In our 2021 Report, we committed to reducing this waste intensity by 10% and achieving zero waste to landfill by 2025.

We are pleased to be on track to meet, and hopefully exceed, both goals in line with our sustainability commitment. In 2023, waste diverted from landfill improved to 94%, up from 91% in 2022 and 82% in 2021.

This is projected to reach 100% by 2025 through ongoing actions to increase awareness and educate our colleagues about good waste management regimes, recycling, and housekeeping across all our branches.

During 2022 and 2023 we partnered with waste management supplier **Biffa** for streamlined solutions in this area.

#### Waste Diverted from Landfill Comparison





#### Waste Engagement Campaign

In 2023, we greatly enhanced our waste-related training and communication. with a countrywide **Waste Engagement Campaign**.

We developed the campaign to better understand our trends, offending sites, and how we can address them individually with the help of our colleagues to increase recycling and reduce landfill figures.

The purpose was to raise awareness of waste across SIG and give our people visibility over waste data so they can actively see what is going to landfill, why it is being categorised this way, and how we can improve.

We put together a range of guidance documentation about how to dispose of waste from A-Z and how to optimise recycling through managing stock, swaps, policies, staff, and suppliers. This included a case study film sharing best practice waste management tips from Rayleigh, an **Exteriors** branch.

Additionally, each branch nominated a dedicated waste champion who underwent a further training session to identify priority areas in their branch to drive action in line with achieving zero waste to landfill by 2025.

Commitment 2

### SPOTLIGHT ON

### Exteriors at Rayleigh

The efficacy of waste management at our Rayleigh site illustrates how all our branches are on their way to successfully implementing small, incremental changes to increase recycling and decrease waste.

The branch has minimised pallet waste by returning to the suppliers (where possible), using broken pallets for packing, and retaining pallets for customer deliveries. When dealing with plastic and cardboard, our colleagues first ensure that the materials are segregated and recyclables are compacted and baled, then consider local options to sell or recycle the materials.

These comprise just six of the thirteen tips compiled from Rayleigh that we shared with all our branches to learn from as part of the rewarding Waste Engagement Campaign.

#### Waste management top tips





#### Other waste initiatives

In 2022 and 2023, we continued our gold-member partnership with the **Supply Chain Sustainability School** and, as part of our engagement activities, incorporated a waste CPD training session as a core module for the continuing professional development of our teams. This was rolled out to everyone and supported by a bespoke workshop delivered by the school on waste within the construction sector.

Alongside the training programme, we launched the **'Dark Corner Clear Out'** initiative to address the rubbish left in long-forgotten areas that subsequently remain on site for much longer than is needed. Shining a light on these 'dark corners' helped to encourage the disposal and repurposing of forgotten items that were no longer needed in our branches and offices. In addition to unwanted items being effectively disposed of or recycled, the initiative also benefited the efficiency and safety of our workplaces!



KNAUE STAUBEX\*

## Working with suppliers

At SIG, we have an influential role to play in partnerships with our manufacturers and customers to influence the waste associated with the products that we distribute.

The new **Extended Producer Responsibility** ("EPR") reforms, which began phasing in from 2023, encompass a range of legislation being introduced in the UK that places responsibility for a product's end-of-life environmental impacts on producers.

## Pallet supply



We aim to reduce, reuse, and recycle at all levels, and, in the cases where materials (such as plastic) cannot be reduced for functionality purposes, we endeavour to work with suppliers and get behind the products with higher recycled content and greater recyclability after its use.

In the case of wooden pallets, we bought 40,000 from new in the first half of 2022. However, in the first half of 2023, we bought no new pallets and instead opted to reuse the previous ones or buy recycled ones from suppliers.



In the first half of 2023, we bought **no new pallets** and opted to reuse the previous ones or buy recycled ones from suppliers. UAN)

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### What's next?

Zero waste to landfill has been our focus in recent years as we continue to improve SIG waste management and get closer to our 2025 commitment. We look forward to refocusing our waste priorities to do more with suppliers and intend to start this journey in 2024 with a packaging review that evaluates recycled content and repurchasing options. Commitment 3 Partnering across the supply chain to reduce carbon and waste

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SEG INSULATION

SOUTHALL 0208 839432I





## Our scope 3 emissions

#### Our 2022-2023 progress

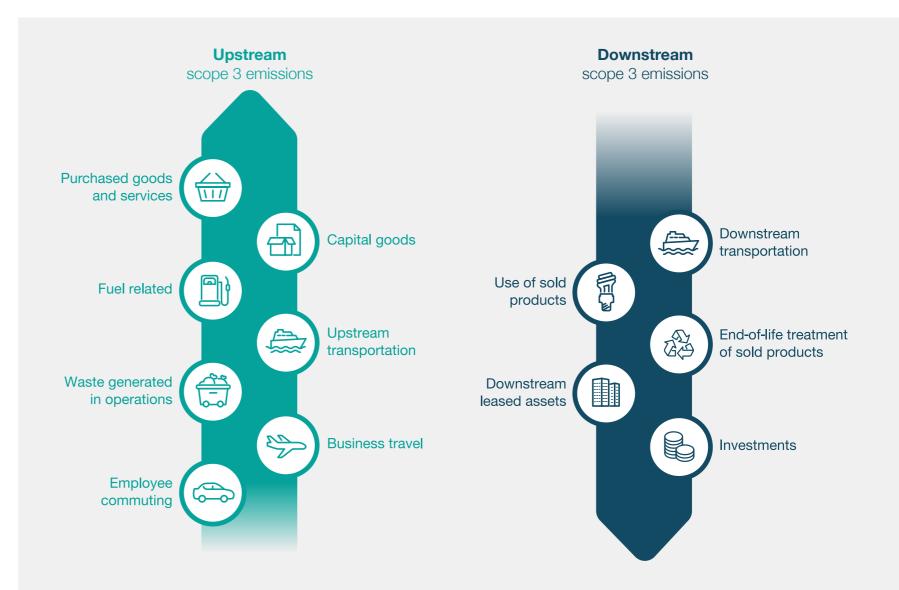
At SIG, we care about cultivating partnerships with our manufacturers and customers to influence the broader carbon emissions associated with the products that we distribute.

In this capacity, we plan to support customers and manufacturers to take tangible steps to reach their own net-zero carbon goals too.

We took the first step in 2023 with our first Scope 3 Baseline Assessment. This used data for 2022 and key highlights have already been set out on page 13 as part of our progress towards net-zero carbon by 2035.

Worth noting is that this baseline was quantified using robust methodology against 12 of 15 relevant categories set out under the Greenhouse Gas Protocol's Corporate Value Chain (Scope 3) Standard, as shown to the right.

#### **Scope 3 categories**





## Partnerships to reduce carbon

In 2022 and 2023, we have continued to engage with our supply chain partners, particularly in relation to our product strategy, where we've taken steps towards better understanding the wider carbon position of our supply chain.

#### **Decarbonising product**

Our product strategy comprises the following three components:

- 1 Minimise embodied and upfront carbon generation.
- 2 Conserve energy through the lifetime performance of a building.
- 3 Generate or store renewable energy to reduce demand on virgin fossil fuels.

In 2023, we made tangible progress with the **minimise** component of our product strategy through discussions with main suppliers to understand their decarbonisation journeys and net-zero targets.

We have begun advising and working with them to obtain EPDs that we can then host and make available on our SIG Assured system in 2024 to give customers choice across the wide range of products that we sell.

### SPOTLIGHT ON Trade and training days

Exteriors held over 30 trade days in 2022 and 2023 helping to train and educate our customers on the latest SIG products and technology, including Solar.



#### **SIG Assured**

SIG Assured has been central to the initial sustainability actions regarding products in the last two years. With SIG Assured, our dedicated team check and verify the necessary product information from suppliers, informed by the CCPI, to ensure that the products we sell are fit for the market from a legislative and sustainability perspective. In recent years, we have focused on high-risk areas and products to encompass c.40% of products that represent 80% of suppliers.

#### **Product Information Management**

SIG Assured will be integrated into our new Product Information ("PIM") System in 2024, with more products and suppliers to be assessed and added to our SIG Assured database. It will follow the principles of the CCPI and within its functionality be able to flag green claims so that they can be verified, and potential greenwashing identified. In 2023, to help ease the transition, over 3000 employees completed a training module on the importance of accurate product information and PIM processes.

#### **Environmental Product Declarations**

In 2023, 33% of our top 45 suppliers' products had EPDs. These account for 80% of total sales. We are driving a continuous push internally to increase the number of products with EPDs, where they are available, and it is cost-effective to do so. In some cases, we have learnt that suppliers struggle to provide the correct documentation and so we aim to engage with suppliers to help change this.

Our teams have been assessing the product range to ensure it satisfies current building regulations and goes above and beyond in terms of performance to **conserve** energy while exploring options to **generate** or store.

**Exteriors** have taken great strides to expand our solar solutions and product offering across all roofing types, which includes introducing solar canopies more widely to our customers.



### **Product Innovation**

We're committed to bringing lower-carbon, environmentally friendly products to market with our suppliers that are practical, workable, and tested for our customers. Our businesses have developed some excellent sustainable product alternatives during 2022 and 2023 which are showcased below.



#### Specialist Markets

**Gemello Revive** is an innovative system whereby insulated cladding can be placed over the top of existing steel-framed agricultural buildings to modernise older structures that would normally be demolished. The product enhances the building insulation without the need for full reconstruction, while also providing the right roof compatibility for solar panel installation.



#### Interiors

**Sustainable insulation** remains a speciality area for SIG, and we are proud to sell a range of sheep wool, wood fibre, and hemp insulations. In 2023, we developed a new hemp-based ceiling pad using natural, organic materials. Hemp plants grow and absorb  $CO_2$  at a rate so rapid it helps to reduce atmospheric  $CO_2$  levels and makes the hemp fibres we use completely renewable!



#### **Specialist Markets**

**Solar Car Canopy** is another new product in 2023 that has seen a good level of uptake. Designed and manufactured in the UK, the support structure comprises a frame onto which solar PV panels can be installed. It uses less steel than competitors and functions in dual capacity as a fully watertight car canopy, while also leading the way in innovation and ease of installation.



#### Interiors

Our **Speedline** business offers a full range of metal stud partition systems, metal frame wall lining systems, and metal frame ceiling and floor systems for use in commercial, education, health, and domestic situations. In 2024, we are looking forward to bringing to the market a lower-carbon range of SIG Speedline steel.

### **Product Innovation**



#### Exteriors



AccuRoof from SIG Roofing has specified an innovative SolarNature biosolar system in partnership with Eco Green Roofs. The green roof element supports the photovoltaic panels' operating temperature envelope, and the PV's wind and sunshade help improve the diversity of vegetation. As a result, the biosolar roofs contributed positively to the Urban Greening Factor ("UGF") of developments in 2022 and 2023.

#### Exteriors



The SIG Roofing business **Flex-R** recently launched a reuse scheme for the cardboard tube packaging used to deliver EPDM (ethylene propylene diene monomer) roofing membranes. Flex-R has started to collect the cardboard tubes from bulk users, which will then be reused for future EPDM deliveries, saving costs on packaging, and reducing clients' waste whilst supporting a more sustainable model.

### What's next?

In 2024, we will be developing a detailed **Scope 3 Engagement Plan** that prioritises our largest purchased product supplier areas to engage with on sustainably reducing their and our emissions over time.

Looking ahead, we anticipate exploring and introducing other innovative solutions to the market in 2024 and 2025, particularly related to sustainable **water and solar-based practices**. Currently, there is growing pressure and demand in these areas, and we look forward to developing options to harvest water from rooftops and provide photovoltaic solutions. Commitment 4 Health and safety leader in building materials distribution





## Enhancing our safety culture

#### Our 2022-2023 progress

Across SIG, we strive every day to ensure that everyone associated with our businesses and workplaces goes home safe and well, with a major focus on mental, as well as physical, wellbeing. Our culture is supported at every level by our people, with Health and Safety ("H&S") ranking as a top priority for our colleagues.

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Latest engagement survey highlights

92% of our employees feel safe at work

91%

of our employees feel comfortable reporting near misses

#### New Group H&S strategy

In support of the Group strategy released in the summer of 2023, we're enhancing our leadership, engagement, workplaces, systems, and processes to achieve excellence in our H&S culture:

#### Leadership

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

#### Employee engagement

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

#### Workplaces, systems & processes

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

#### **Key H&S initiatives**

We care about ensuring the physical safety of our employees and anyone who visits our premises, and providing a work environment that ensures our colleagues feel safe, proud, and valued.

#### Some of our key H&S initiatives in 2022 and 2023 included:

- Investment in branch safety improvements with approximately £2 million spent in 2022 and 2023 respectively.
- 'Positive Interventions', which represents a continuation of the 2021 programme to prioritise leadership in H&S, has driven a 70% increase in the number of positive interventions in 2023 compared to 2022.
- The Ten Point Plan introduced in 2021 is still being used by our colleagues in much the same way to inform effective strategy and provide a strong focus for initiatives in 2022 and 2023, such as female and maternity fit PPE.
- 'Everyone Safe, Every Day' Group safety strategy, objectives, and key performance indicators ("KPIs") were adopted across our operations.
- Director visits are targeted at a minimum of four per year for every branch to focus on leadership behaviours and to identify risks and opportunities to enhance performance.





## More engagement survey highlights

86%

of our employees feel their line manager demonstrates commitment to health and safety by leading by example



positive engagement score (eNPS) for our H&S index





We enrolled **80 of our business leaders** in a unique learning experience designed to help them understand the factors that influence behaviour and guide SIG to find practical solutions to our biggest issues in safety performance.

The programme was conducted by **Behavioural Safety Services Training**, providers of the world's only IOSH Accredited Behavioural Science for Leadership in Safety course.

Key learnings included the role of behavioural science in safety to understand why people act in certain ways, how harmful behaviours can be changed, and how good behaviours can be encouraged. Subsequently, those who received the training expressed greater confidence in their leadership, culture, and performance in H&S.





## Measuring our performance

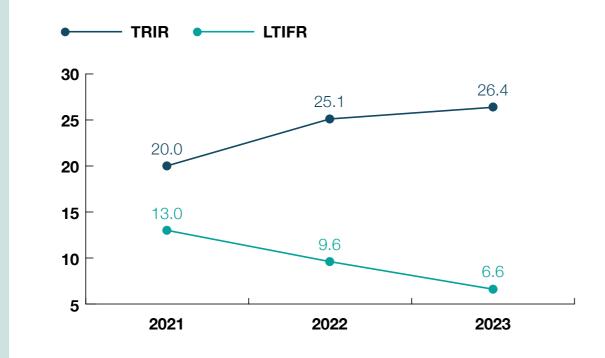
#### 2022-2023 progress

#### Days lost 48 2023: 582 2022: 630 2021: 921

Our safety performance has improved consistently in 2023 and 2022, with a good reduction in our Lost Time Injury Frequency Rate to 6.6 in 2023, down from 9.6 in 2022 and 13.0 in 2021.

Overall, our health and safety culture has been more open in recent years with better opportunities to prevent hazards from becoming incidents due to our strong reporting culture.

The severity of incidents is also decreasing as shown by a drop in the LTIFR and days lost.







#### Safety performance scorecard

In 2023, we developed a **new safety dashboard** to bring together all the safety KPIs for each branch and generate a branch safety score between 0 and 4. These scores correspond to red, bronze, silver, and gold rankings.

At the end of 2023, the average branch score was silver, and our goal is for all SIG branches to achieve the gold safety standard by 2025.

#### Safety performance scorecard - measures

	R <sub>eactive</sub> <0.8	Dens		2025 goal
njury Rate		Dependent <0.8	Independent >1.8	Interdependent >2.8
Injury	<u>_!</u>	23 X	8	292 292
Lost time injury	1 or more in a month	1 in quarter	1 in 6 months	None in 12 months
High potential incidents	1 or more in a month	1 in quarter	1 in 6 months	None in 12 months
Regional director safety review	0 in 12 months	1 in 12 months	2 in 12 months	4 in 12 months
Branch mgmt. safety review	1 in month	2 in month	3 in month	4 in month
Positive interventions	0 in month	4+ in month	8+ in month	12+ in month
Incident/accident closure	3+ not closed out fully	2 not closed out fully	1 not closed out fully	All accidents closed out in 28 days
Audit actions closure	3+ outstanding actions	2 outstanding actions	1 outstanding actions	No outstanding action
Load security	75%+ loads checked by supervisor	75%+ loads checked by supervisor	85%+ loads checked by supervisor	100% loads checked by supervisor
Legal compliance score	Less than 75% implemented	75%+ or more implemented	85% or more implemented	Fully compliant and implemented

### What's next?

In 2024, we will continue to challenge and improve our systems and processes and drive active, visible leadership and employee engagement to encourage the trickle-down of safety culture that has been strengthened by 2022-2023 initiatives.

We plan to introduce **new training modules** and toolkits looking at the H&S issues associated with specific behaviours, such as manual handling. Additionally, we are interested in assessing fleet safety and the use of **telematics** to better understand driver behaviour with H&S statistics, while also further pushing the upward trajectory of positive interventions as a key component in our positive safety culture.

## Commitment 5 Employer of choice in building materials distribution





## Engagement and wellbeing

Our ambition is to be an employer of choice in building materials distribution, and we are dedicated to making SIG a great place to work for our 2950 employees across 180 UK locations. In recent years, we've continued with a strong focus on our people to invest in further learning and career development, champion diversity in our culture, and uplift charitable engagement in the community.

#### **Our engagement progress**

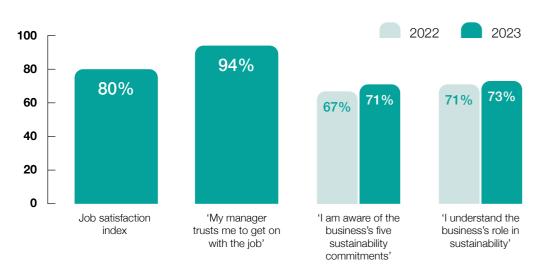
2023 progress

In 2022 and 2023, our annual employee engagement surveys have shown that we are improving our level of engagement year on year, with an overall employee commitment score (eNPS) of +9, compared with +8 in 2022 and +5 in 2021.

Our job satisfaction index also remains high at 80% in 2023, reflecting SIG as a positive, supportive, and engaging place to work. We also started asking people about sustainability and are pleased with the growing awareness that is evident in our survey results.

At the same time, we recognise that there is a small group of people at SIG who don't have access to a computer and are working to make sure everyone has their say, feels engaged in our activities and that their wellbeing needs are being met.

#### Other positive responses include:



#### \_\_\_\_\_

Employee engagement (eNPS)

+9 2022: +8 2021: +5



О spotlight on Your Voice 24/7





Your Voice 24/7 is our new forum-style system that is available all year round for employees to post work-related questions or suggestions for peers to engage with.

Our moderators ensure all posts are answered, contacting relevant stakeholders where the questions are not responded to organically. We've seen good uptake in 2023 with four posts per week on average and are excited to build on this momentum in 2024 with plans to invite management to consider valuable suggestions and deal with common sticking points.

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#### **Our wellbeing focus**

We have progressed our wellbeing strategy significantly in 2022 and 2023 through employee-centric initiatives such as Mental Health First Aiders and Menopause Champions.

In 2023, we trained 52 of our people across functions and locations to become Mental Health First Aiders ("MHFA") in their workplace. The certification from MHFA England means our people can recognise the signs that their colleagues may be experiencing poor mental health and provide first-level support and early intervention to get the help they need.

Through active listening and empathy, our First Aiders are improving the mental health literacy of our colleagues and overcoming any stigma associated with the topic.



Menopause Champions was another successful wellbeing initiative driven by our employees in 2023. 18 of our team were trained by Henpicked to help better support our colleagues who experience menopause.

The focus was on 'making menopause an inclusive subject that no one is afraid or embarrassed to talk about', to help make our organisation a great place to work, and to give employees the confidence to ask for support if they need it.

Our Champions can spot signs of someone struggling with menopause symptoms and whilst they can't prescribe treatment, they can guide them to get the necessary support.

### SPOTLIGHT ON Kudos awards

We have been using a new nomination-based awards system called Kudos since 2022, which lets employees tell us who has gone above and beyond in their work. Every month, our people are nominated by colleagues from around the business and given "kudos" for a job well done. Our people reported feeling more valued for their achievements at work and have noticed a positive impact on their wellbeing in the workplace.



## Step challenge

0



In September 2023, as part of SIG UK Charity Week, we hosted a Branch 2 Branch Step Challenge to promote physical and mental health, while also making great strides toward supporting Cancer Research UK and Rainy Day Trust.



Collectively, our steps equalled a mind-boggling 8,208,388, translating to approximately 3,648 miles in a mere seven days! This means we walked five and a half times the distance from our two furthest apart branches - Newquay and Inverness.

Most importantly, we raised a total of £835 for our Charity Partners.



#### **Charity and community initiatives**

An exciting and impactful new initiative across the business in 2023 was our Christmas Foodbank, which redirected our customer entertainment budget spent on Christmas hampers for customers and key partners to instead fund food donations to the most vulnerable in our communities. Our branches up and down the country partnered with Morrisons to donate £22,000 worth of grocery trolleys! The project was a huge success and reinforces our commitment to projects that positively impact the local communities we operate in.



We are proud of our continued support for various charities through fundraising efforts in 2022 and 2023. We raised over £100,000 in both years for our charity partners - Rainy Day Trust and Cancer Research UK.

A definite highlight in 2023 was our **3rd Annual Charity Dinner**, whereby guests from SIG UK, our suppliers and customers were hosted by comedian Justin Moorhouse under the iconic Concorde, raising a staggering amount of money for our charity partners throughout the event.

## Pennies from Heaven



Launched in 2021, our SIG employees have had the option to round the pennies on their salary down to the nearest pound and donate them to our Charity Partners.

In 2023, we raised 93,816 pennies for our Charity Partners thanks to our 234 employees signed up for the scheme.

### Match funding

We've matched over £3,000 for some fantastic causes since the launch of our new Match Funding Scheme in August 2023.

Available to everyone across the company, our scheme enables our employees to apply for matched funding for up to £500 towards a charity of their choice when organising or participating in an event.

#### Learning and development

During 2023, we have further enhanced our learning and development programmes to support our people through continuous growth, skills, and knowledge acquisition.

Learn & Connect is designed for our people to build a catalogue of learning for specific areas. Employees can choose modules in areas they are interested in or want to improve in, with training days and live learning classes.

To date, 67% of all SIG UK staff have logged on and completed at least one learning. As the system has integrated reporting capabilities, it also gives our managers insights into how people are developing in a learning capacity.

SIG Sales Academy has focused on developing our salespeople within Interiors and Exteriors by supporting them to achieve their full potential. We are working towards introducing a new module about how to sell sustainability during 2024.

One of our learning and development priorities is embedding sustainability into all aspects, for example, into new employee onboarding and the Sales Academy.

Working with the Supply Chain Sustainability School, we plan to launch our own sustainability module in 2024 to help increase our knowledge base across the organisation.







## Diversity, equality, and inclusion



At SIG, we're committed to ensuring our people from all backgrounds thrive in an environment that reflects the cultures of the communities in which we operate.

In February 2022, we formally commenced our diversity, equality, and inclusion ("DEI") journey with an in-depth review of the DEI aspects of the imagery and language used in SIG's external communications.

Based on the external FGH Report findings, we refreshed our DEI imagery and language. Additionally, we increased internal communication and employee engagement activities to support a workplace where our employees feel empowered to work for us. Our 2023 employee survey highlighted good progress so far:



## 73% agree

for being my authentic self at work'



72% agree 'I feel employees are treated equally regardless of their unique characteristics'

### 

### The Diversity Forum



In 2023, we launched a new employee-led group with people from diverse backgrounds to discuss how we can make SIG a place where people feel comfortable to be their authentic selves. The DEI Forum meet quarterly to develop timetables of action and communications that encourage diversity, equality, and inclusion in the workplace.

#### **Our DEI actions in 2023:**

- We established new employee resource groups across the business, such as the Rise Group for women to discuss career advancement opportunities.
- We designed a Learn & Connect DEI module as a compulsory introduction to the meaning of diversity, why it matters, and SIG's stance in terms of diversity policy and commitment. Throughout the year we covered a series of different topics, such as a Discrimination Day task covering micro-aggressions and banter.
- Our Family Friendly Policy was refreshed to make SIG a more inclusive employer by widening the maternity, adoption and paternity policies and making them more generous in terms of leave duration and back-to-work incentives.
- We started to track DEI data such as gender, age, and race, and incorporate key DEI metrics in quarterly reporting to inform action and improvement areas for the future.
- As an organisation, we also became part of the Construction Inclusion Coalition to discuss how we can build inclusion within the industry and what needs to change.

### SPOTLIGHT ON Apprenticeships



We are passionate about supporting young members of our community. In 2022 and 2023 we brought together a group of talented individuals as part of **SIG's Apprenticeship Programme**. We were committed to making 2023 the most diverse cohort to date and are pleased to have created a talent pipeline of people from more diverse backgrounds. In total, we saw 15 talented young men and women join two-to-three-year roles across several specialisms such as marketing, HR, finance, and sales. In 2024, we will assess the programme's impacts and relaunch in 2025 with a stronger apprenticeship offering!

### What's next?

We aim to **partner more with our customers** and align more with the projects employees may already be championing. We also remain focused on growing manager, leadership, and specialist talent within the business, and making the most of new career pathways such as **apprenticeships and graduate schemes.** 

In terms of our DEI agenda, we aim to gather a **greater quantity and quality of data** to address a significant number of non-responses to diversity questions. This will enable us to develop more relevant strategies, campaigns and action days going forward.



# Performance on environmental action

#### Carbon Disclosures Project ("CDP")

Our performance on environmental action is getting stronger year-on-year, as reflected by our latest CDP Score. The CDP methodology is fully aligned with the Taskforce for Climate-Related Financial Disclosures (TCFD) and with major environmental standards.

SIG's CDP Score improved from a C to a B in 2023, signalling our progress in developing from awareness-level engagement to good environmental management, with the support of our colleagues over the last two years.

We are proud to be managing the environmental impacts of our business and hope to undertake actions in the coming years that obtain A-rated recognition for leadership in environmental transparency and performance on climate change.

#### Science-based Targets Initiative ("SBTi")

In 2024 and 2025, we aim to amplify our commitments in line with our ambition of leading the transition towards sustainable construction. We plan to submit our emissions reduction target for independent validation by the SBTi in line with the latest climate science to meet the goals of the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels.

#### **Our Sustainability Principles**

At SIG, we believe that it is vital to support our industry in a way that protects nature, people, and the planet. Across our business, we are committed to operating responsibly to promote a healthy community and workforce, while conserving natural resources and supporting long-term profitability through our policies:

- SIG Code of Conduct
- Diversity, Equality, and Inclusion Policy
- Ethical Trading and Human Rights Policy
- Anti-Bribery and Corruption Policy
- Modern Slavery Act 2015
- Group Sustainability Policy



The policies are available to view on our website (www.sigplc.com)

#### **General compliance**

We continue to comply with mandatory assessments required by the UK's Streamlined Energy & Carbon Reporting ("SECR") and Energy Savings Opportunity Scheme ("ESOS").

## Climate-related financial disclosures

#### Task Force on Climate-Related Financial Disclosures

Since its introduction in 2021, we have aligned with the recommendations of the TCFD.

The 11 disclosures require SIG to provide detailed information and transparency about how climate-related risks and opportunities are mitigated and governed.

Please see the Group 2023 Annual Report for details on our overarching approach to Governance, Strategy and Risk, with specific Metrics and targets available in the defined pages of this report.

At SIG, we are committed to socially responsible business practices for our employees, customers, shareholders, and suppliers. Looking ahead, we will continue to integrate sustainability responsibly across our UK divisions in the coming years.

#### **TCFD Compliance**

Thematic recommendations	Recommended disclosures	Where reference can be found
<b>Governance</b> – Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities.	Pages 36 to 39 of Group Report.
	Describe management's role in assessing and managing climate-related risks and opportunities.	Pages 36 to 39 of Group Report.
Strategy - Disclose the actual and potential impacts	Describe the climate-related risks and opportunities	Risks - pages 40 to 41 of Group Report.
of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	the organisation has identified over the short-, medium-, and long-term.	Opportunities - pages 38 to 39 of Group Report.
	Describe the impact of climate-related risks and	Risks - pages 40 to 41 of Group Report.
	opportunities on the organisation's businesses, strategy, and financial planning.	Opportunities - pages 38 to 39 of Group Report.
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Pages 42 to 43 of Group Report.
Risk – Disclose how the organisation identifies, assesses, and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks.	Pages 38 to 39 of Group Report.
	Describe the organisation's processes for managing climate-related risks.	Pages 38 to 39 of Group Report.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Pages 38 to 39 of Group Report.
Metrics and targets – Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sustainability commitments and metrics on page 8 of this report, GHG emissions on pages 12 to 13.
	Disclose scope 1, scope 2, and if appropriate, scope 3 GHG emissions, and the related risks.	Disclosed on pages 12 to 13 of this report, with additional information regarding our scope 3 emissions on page 22.
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	The interim targets towards our net-zero carbon commitment is disclosed on page 16 of this report.



Assurance

## Our Conclusions

#### **Selected Information**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information is not fairly stated and has not been prepared, in all material respects, per the Data Criteria.

#### **Scope 3 Inventory**

This analysis was conducted by Ricardo using Greenhouse Gas Protocol-aligned methodology and tools.

#### **TCFD** Reporting

SIG's Audit & Risk Committee ensures that the Group's TCFD reporting is appropriate, transparent, and representative of the position of the Group in this area.

## Basis of Our Conclusions

#### **Selected Information**

We are required to plan and perform our work to consider the risk of material misstatement of the Selected Information. Our work included, but was not restricted to:

- Assessing the appropriateness of the collected data for the Selected Information.
- Conducting interviews with SIG's management to obtain an understanding of the key processes, systems, and controls in place to generate, aggregate, and report the selected information.

All assurance engagements are subject to inherent limitations as selective testing (sampling) may not detect errors, fraud, or other irregularities. Nonfinancial data may be subject to greater inherent uncertainty than financial data, given the nature and methods used for calculating, estimating, and determining such data. The selection of different, but acceptable, measurement techniques may result in different quantifications between different entities.

Our assurance relies on the premise that the data and information provided to us by SIG have been provided in good faith. Wanderlands expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.



SIG plc (the 'Company'), and its subsidiaries (collectively, 'SIG') are providing the following cautionary statement:

These forward-looking statements may generally, but not always, be identified by the use of words such as "will", "anticipates", "should", "could", "would", "targets", "aims", "may", "continues", "expects", "is expected to", "estimates", "believes", "intends" or similar expressions. These forwardlooking statements include all matters that are not historical facts or matters of fact at the time of this document. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and reflect the Company's current expectations and assumptions as to such future events and circumstances that may not prove accurate. Several material factors could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, certain of which are beyond our control and which include, among other things: economic and financial conditions generally in various countries and regions where we operate; the pace of recovery in the overall construction and building materials sector; demand for infrastructure, residential and non-residential construction in our geographic markets; increased competition and its impact on prices; increases in energy and/or raw materials costs; adverse changes to laws and regulations; approval or allocation of funding for infrastructure programmes; adverse political developments in various countries and regions; failure to complete or successfully integrate acquisitions.



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