

# SUSTAINABILITY REPORT

## ESG

# Leadership

### Why sustainability matters

Eurocell is committed to operating a sustainable business and earning a reputation for being a truly responsible company. We also aim to lead the fenestration sector in sustainability. We are focused on reducing our carbon footprint, valuing and supporting the wellbeing of our people, and improving the environment in which we operate.

Our Group's purpose is to create sustainable building solutions for the trade of today, the homes of tomorrow and the environment of the future. Circular economy principles lie at the heart of our strategy, as we recycle old PVC window profiles into new products. In addition, we aim to reduce our environmental impact via energy saving initiatives and waste management schemes. We also generate savings for our customers through products that limit heat loss and lower energy bills. We endeavour to provide an excellent, safe workplace for our colleagues and ensure they feel supported and valued. We are also committed to playing an active role in our communities and being a good neighbour.

In developing our sustainability strategy, we have recognised that our customers, staff, other stakeholders and the communities in which we work, are placing increasing importance on environmental, social and governance (ESG) issues.

In 2024, we will improve our data collection to help us set challenging targets for the business as we develop a pathway to Net Zero. We will focus specifically on developing our climate transition plan and on carbon emission reduction targets. We will also aim to make a positive impact and difference to our customers, employees and communities.

### The leader in sustainability in the fenestration sector



- Maximise recycled content in manufactured products
- Ethically source raw materials and products
- Progressively reduce carbon footprint on a path to Net Zero by 2045
- Be a responsible neighbour, wherever we operate
- Minimise waste and usage of plastic packaging.

### A great place to work



- Driven by our purpose, we will live and breathe our values without compromise
- Employee safety and welfare is always front of mind
- A diverse business, where people can be their true authentic selves
- Excel at developing people, by nurturing talent and always seeking to promote from within
- Fair in the way that we reward and manage our people.

### With the highest standards of governance



- Integrity is the cornerstone of our business
- Fully transparent in the way that we operate and report
- Receptive and responsive to challenge and scrutiny by key stakeholders
- Constantly evaluating and mitigating risks to protect the business
- Always with one eye on the future, so that we comply with new legislation and deploy best practice.

Achievements since our last Annual Report include:

- **Developing our ESG Strategy and KPIs.** We have consulted with our stakeholders to better understand our ESG risks and opportunities, through an externally conducted materiality assessment. The results of this assessment are enabling us to work towards setting new, ambitious KPIs and targets to monitor our progress and to focus our sustainability strategy
- **Measuring our Scope 1, 2 and 3 emissions.** In addition to our Scope 1 and 2 emissions, we have now developed our end-to-end carbon footprint methodology, which includes for the first time a full Scope 3 analysis for 2022 and 2023
- **Setting a Net Zero target.** We have set a target of achieving Net Zero by 2045. We will sign a commitment letter to join the Science Based Targets initiative (SBTi) indicating that we will work to set a science-based emission reduction target aligned with the SBTi's target-setting criteria in 2024
- **Increasing the percentage of recycled PVC in our products.** In 2023 we achieved 32% and have now set an ambitious new target to increase this to 40% by 2030. This is a significant opportunity as we work towards our Net Zero target
- **Continuing to invest in carbon reduction initiatives to minimise our environmental impact.** We have continued to reduce our Scope 1 and 2 emissions. Mobile plant at our main distribution centre has now transitioned from gas to 100% electric. In addition, the vast majority of our electricity usage is now on renewable contracts
- **Embedding our ESG strategy across Eurocell.** The work of our Social Values and ESG Committee has commenced. The Committee will meet a minimum of three times per annum, helping to drive the social value and responsible business agenda on behalf of the Company
- **Recruiting a new People Director, who is developing our People First Strategy.** The key priorities of this work are focused on health and safety, enhancing our employee value proposition, improved levels of engagement and effective talent development
- **Improving our reporting of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).** This work builds on our disclosures from 2022 and expands on our risks and opportunities identified.

Looking forward, our priorities are to:

- Embed our ESG strategy across the organisation, monitor our ESG KPIs and develop our ESG targets as we progress
- File our Net Zero targets with SBTi and develop our Net Zero transition plan aligned to the Transition Plan Taskforce (TPT) draft standards. We will also continue to deliver on the underpinning initiatives that drive carbon reduction across our business
- Focus on sustainability as part of our new product development programmes, looking to increase the development of low carbon products to meet consumer demands
- Deliver the programme of initiatives we are undertaking across our business to support staff and their communities
- Roll out a new wellbeing strategy for all employees.

### Materiality assessment Our process



In 2023 we engaged with key stakeholders, including investors, our lenders, customers, suppliers and employees and completed our first double materiality assessment. This identifies the most significant sustainability issues to our stakeholders which have strategic relevance to the Company.

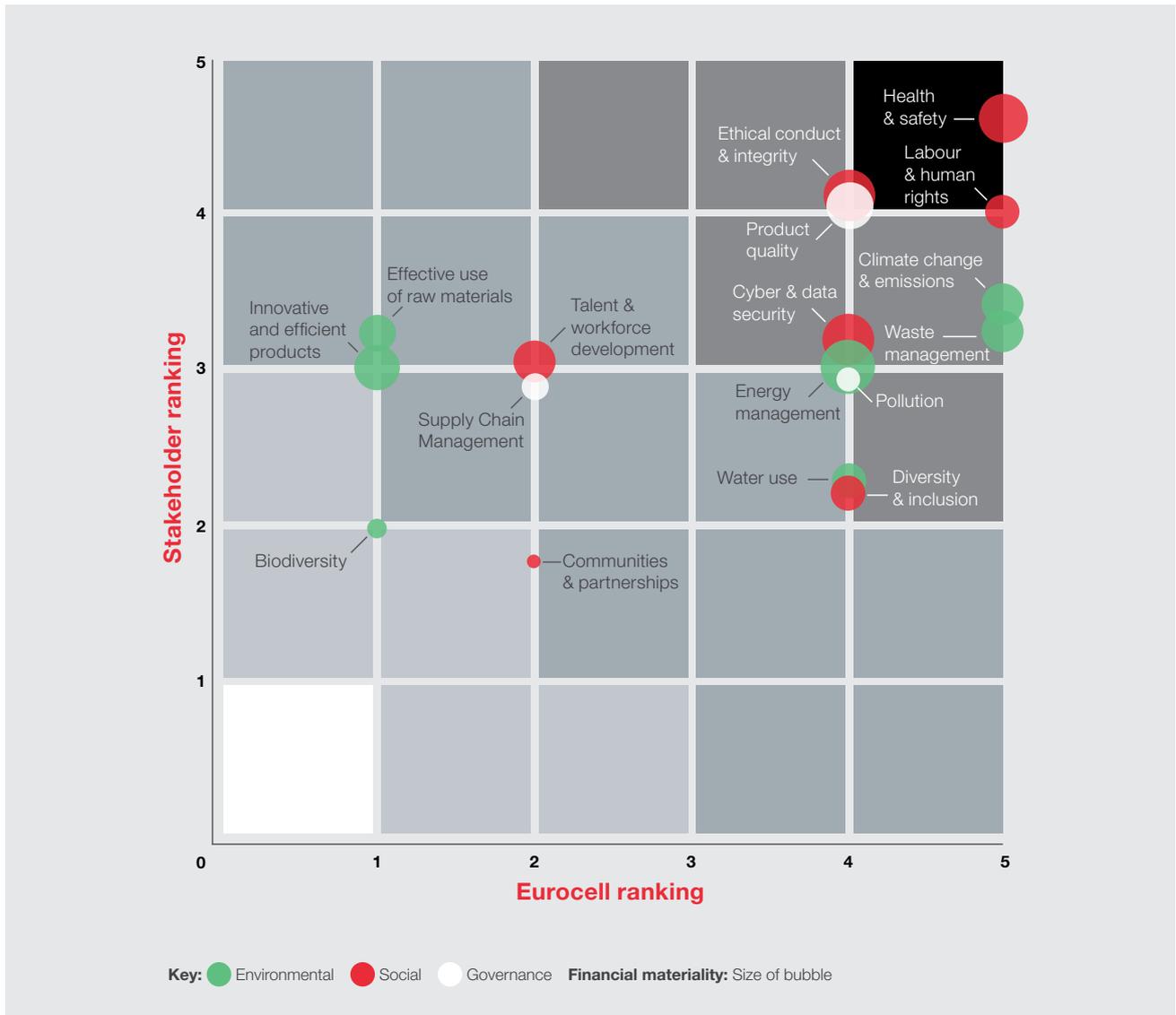
### Materiality results

Our analysis identified 17 of the most material topics to our stakeholders. Whilst all the topics are important, we have prioritised them by the impact they have on the business and the level of influence they have on our stakeholders. The most material issues for Eurocell are in the top right of the materiality matrix chart overleaf. We concluded the five most important issues were:

- Health and safety: ensuring workforce wellness and safety
- Labour and human rights: ensuring fair working practices for our employees including human rights
- Climate change and emissions: minimising our carbon emissions and our contribution to climate change
- Waste management: waste generated by our operations needs to be dealt with responsibly, including hazardous waste
- Product quality: selling products that are safe to use and of high quality.

All of these areas are under active management and monitoring. We will use the results of the materiality assessment to further refine our ESG strategy in 2024 and help develop KPIs and targets where appropriate.

Materiality matrix



**Sustainable business goals**

We have a suite of ESG KPIs and targets which we continue to measure and track our progress against. We have also assessed which of the 17 United Nations Sustainable Development Goals (SDGs) these KPIs link with.

Central to our environmental targets, which cover both the circular economy and emissions and energy management, is reducing the carbon footprint of the business and our products. Our unique recycling operation and focus on increasing our use of recycled PVC compound in the manufacture of co-extruded rigid profiles has been, and will continue to be, at the heart of carbon reduction for Eurocell.

Our social objectives are broad and cover areas such as health and safety, diversity and education.

Most of these targets were set in 2021. As noted across, we have committed to a Net Zero target for 2045 and during 2024 will be developing a pathway, aligned to the SBTi framework for our operational emissions, to support us in achieving that aim.

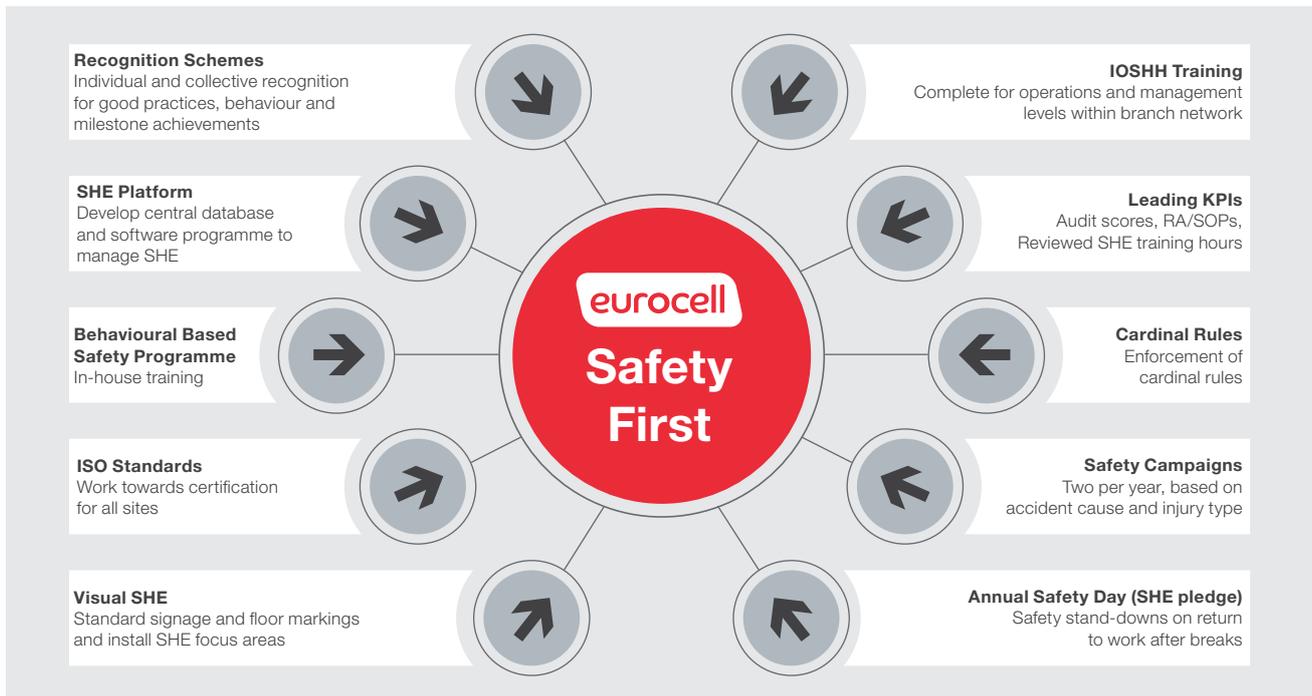
The pathway will provide ambitious near-term targets, including updated objectives for some of the environmental KPIs in the table opposite in line with our overall Net Zero goal. We will submit our targets to the SBTi for verification in 2024 and publish a Transition Plan once our targets have been approved. Our social targets will also be updated as part of our ESG leadership strategy work.

## KPIs and targets

KPI		2023	2022	Target	Link to UN SDGs
<b>Environmental – Circular economy and waste management</b>					
Waste to landfill	% landfill	<b>9%</b>	12%	No more than 5% waste to landfill by 2025 and 1% by 2030	
Waste recycled	% recycled	<b>76%</b>	82%	Increase of 2% per annum in waste recycled (to 88% by 2025), then increase of 1% per annum thereafter (to 93% by 2030) vs 2020 baseline	
Recycled material used in production	% used	<b>32%</b>	29%	40% by 2030	
CO <sub>2</sub> saved by recycling operation	Tonnes saved	<b>47kt</b>	47kt	Year-on-year increase	
Recycled material yield	% generated	<b>63%</b>	59%	72% by 2030	
<b>Environmental – Emissions, energy management and pollution</b>					
Scope 1, 2 and 3 emissions (Market based)	Absolute Scope 1, 2 and 3 emissions (Market based)	<b>188,199 tCO<sub>2</sub>e</b>	210,704 tCO <sub>2</sub> e	Net zero by 2045	
Renewable electricity	% renewable electricity used	<b>94% total electricity</b>	72% total electricity	More than 90% by 2025	 
<b>Social</b>					
Health & Safety	Lost-time injury rate	<b>5.7 per 1m hours</b>	10.0 per 1m hours	4.9 per 1m hours by 2025	
Employee engagement and recruitment	Labour turnover	<b>27%</b>	32%	Year-on-year reduction	  
Employee satisfaction	Annual survey response rate and overall satisfaction level	<b>73% and 75%</b>	69% and 77%	Year-on-year increase	
Diversity	Female employees	<b>16.3%</b>	15.3%	Year-on-year increase	
Remuneration	National Living Wage (NLW)	<b>All employees at or above NLW</b>	All employees at or above NLW	All employees above NLW by 2023	
Education	Apprenticeships/ Kickstarters	<b>61</b>	69	20% increase on 2020 base of 32 by 2025	

Note: KPI performance data for 2022 and 2023 included in the table above is based on management estimates.

# Health and safety



Health and safety was identified as Eurocell’s most material issue by our stakeholders and the health, safety and wellbeing of our employees is our number one priority. We have a groupwide Safety, Health and Environmental (SHE) Policy, which is available on our website and which is reviewed and updated regularly. We firmly believe that effective health and safety management is critical to the delivery of good business performance. We work constantly with our employees to identify improvement opportunities and eliminate unsafe acts.

**SHE strategy**

In 2023 our SHE strategy included the rollout of 13 initiatives, with the most significant highlighted in Safety First as follows. We will continue this work in 2024, with several additional initiatives centred around changing behaviours. We believe that our SHE strategy helped drive a significant improvement in safety performance in 2023.

An example of one of these initiatives from 2023 is the implementation of our Cardinal Rules. Each rule revolves around a different topic which, if not complied with, could place our people at risk of serious injury, such as fire safety. Our workforce are trained on our expectations through a series of Toolbox Talks, and their understanding is checked through a multiple choice test. Those who do not meet the minimum threshold are required to retake the session. Following successful deployment of the Cardinal Rules in 2023, our focus for 2024 is on their enforcement and refresher training.

**Safety first**

Our Chief Executive, Darren Waters, has overall responsibility for health and safety. Oversight is provided through our Chief Operating Officer, who is informed on performance and initiatives by our Head of SHE and supported by senior management from different areas of the business.

Following improvements made in 2023, we believe we now have a culture of continual improvement in safety standards.

We are committed to ensuring that all of our employees and contractors are aware of hazards in the workplace, the risks they present, and have the necessary tools to manage them. Throughout the year, we rolled out a number of initiatives, including the following:

- IOSH and NEBOSH training – over 300 employees attended the IOSH Working Safety and IOSH Managing Safety courses, which were delivered in partnership with our insurance brokers and insurer. This greatly improved safety awareness and knowledge and ensured that employees understood their roles and responsibilities

- Volunteer Safety Reps within Operations and SHE Champions for the offices were appointed and trained to function as a conduit between employees and the management team to drive continual improvement in safety standards
- Revised health surveillance programmes were introduced throughout Operations and the Branch Network to ensure employees' ongoing fitness to undertake their work safely and in good health
- Our Cardinal Rules (critical to life safety) were trained out, displayed throughout the sites and their compliance monitored
- Standard operating procedures and risk assessments were reviewed to ensure their adequacy and relevant Cardinal Rules incorporated within them
- Regular observation walks and visible-felt leadership tours took place to engage with employees and monitor safety compliance and standards.

We are confident that our 2024 Safety Strategy will continue to deliver improved safety performance and will again focus on changing behaviours and improving our safety culture.

We have a dedicated capital expenditure plan to support improvements in our safety performance. In 2024 this includes the introduction of an electronic near-miss reporting system to improve our understanding of where incidents are happening.

Certification to ISO 45001 was maintained for our four main manufacturing sites in Alfreton and Liverpool (representing 50% of our operational facilities), with only minor non-conformances and opportunities for improvement identified. ISO 45001 gap analysis was conducted at three of our other operational facilities, which all achieved compliance scores ranging from 83% to 85%.

We aim to achieve certification to the standard across all eight Eurocell operational facilities by the end of 2025.

There were several visits by the Health and Safety Executive during the year to our recycling facilities, resulting in two Improvement Notices regarding dust and machine guarding. The latter was addressed immediately, and significant investment has since been made to improve dust control and management to the satisfaction of the HSE.

#### Safety targets

As an overall ambition, we are targeting the elimination of RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013) injuries by the end of 2027. To assist with tracking our progress we have set interim targets, and for 2024 we are aiming to achieve a 15% improvement in our injury frequency rate (IFR), lost time injury frequency rate (LTIFR), severity rate and RIDDOR rate compared to 2023.

#### Safety performance

During 2023, supported by the rollout of our SHE strategy, we delivered a significant improvement in safety performance, reducing our LTIFR by 43% compared to 2022 and our RIDDOR rate by 52%.

The IFR increased during 2023 by 21%. However, this was as a direct result of increased employee awareness of the need to report even the most minor injuries, reflecting the investment we made in training our colleagues to IOSH and NEBOSH standards. We have further improved the reporting of near misses and unsafe acts and conditions and monitor their reporting and closure very closely. In 2024 we will also focus on leading performance indicators.

	2023	2022	2021	2020	2019
Lost time injuries	27	48	36	24	36
Lost time injury frequency rate (LTIFR) <sup>1</sup>	5.7	10.0	7.6	7.4	8.9
RIDDOR	11	23	28	19	17
Near misses	146	102	29	n/a	n/a
Number of employee fatalities	–	–	–	–	–
Number of contractor fatalities	–	–	–	–	–
Number of cases of silicosis	–	–	–	–	–
Number of staff trained on health and safety standards	322	–	–	–	–
Number of health and safety training hours	3,456	–	–	–	–

<sup>1</sup> Injuries per 1 million hours worked.

## Case study

### IOSH training



During the year, we were pleased to partner with our insurance broker, Gallaghers, to deliver IOSH Managing Safely training to 127 managers, and Working Safely training to 195 operatives.



Gallagher partnered with Eurocell to deliver IOSH Working Safely and Managing Safety courses to over 300 employees. This training significantly improved their safety knowledge, including awareness of the risks faced at work, how to identify hazards and how to take the correct action to avoid potential injuries and make the working environment safer.”



Subsequently, we have seen a reduction in workplace injury insurance claims. Eurocell's insurers were pleased to see the raised safety profile, increased awareness and reduced claims, and were happy to contribute towards the cost of this training.”

# People *first*

Our strategy and business model are underpinned by the commitment and efforts of all our employees. It is our ambition to have talented, engaged and motivated colleagues who work passionately to achieve clear business and personal goals. The objective of our People First strategic pillar is to ensure Eurocell is a great place to work, through a focus on health and safety (covered in the previous section), improved levels of engagement, an enhanced employee value proposition, and effective talent development.

## Engagement

We recognise the impact we have on our employees, communities and beyond, and are committed to ensuring that we engage appropriately with all our key stakeholders.

## Employee engagement

Engaging all our employees and galvanising their efforts in line with our purpose and values will set us on a successful path to achieving all our business objectives. We engage with employees through a variety of methods, to ensure all have the opportunity to be heard.

## Board engagement

We continue to run colleague focus groups, led by our designated Non-executive Director Alison Littlely, to ensure employees' views are heard and understood by the Board. These sessions have received a very positive response.

## Pulse survey

In 2023 we conducted our third annual Pulse survey to provide employees with the opportunity to tell us how they feel and take a temperature test on overall employee satisfaction. Key questions remained unchanged from the 2022 survey, to provide a good basis for comparison, although items specifically relating to health and safety were added, reflecting our increasing focus in this area.

KPI	2023	2022	Change
Response rate	<b>73%</b>	69%	4ppts
Employee satisfaction	<b>75%</b>	77%	-2ppts

We are encouraged by the increased response rate, but we recognise there is further room for improvement.

Although there has been a decline in the overall employee satisfaction rate, the feedback we received has been used to develop our People First strategy and build actions plans. Satisfaction relating to health and safety was strong, whereas topics relating to job security, mental health and wellbeing received weaker scores by comparison. Our response and plans are described further in the paragraphs which follow.

We intend to perform a more in-depth culture survey once our new purpose, values and strategy are embedded in the business.

<b>OUR AMBITION</b>	<p><b>“Our ambition is to have talented, engaged and motivated colleagues who work passionately to achieve clear business and personal goals”</b> Eurocell will be a great place to work, where our culture make colleagues feel...</p>				
	<p>“I feel part of the Eurocell team and I'm passionate about my role within this team”</p>	<p>“I know what's going on... I feel connected to the wider business – I'm a valued as a team member”</p>	<p>“I know how to contribute to the success of my business”</p>	<p>“I know how I can progress within Eurocell, I'm clear about my development”</p>	
<b>OUR STRATEGY</b>	<b>HEALTH AND SAFETY</b>	<b>ENGAGEMENT</b>	<b>EMPLOYEE VALUE PROPOSITION</b>	<b>GROWING TALENT</b>	
<b>KEY PRIORITIES</b>	<p>Develop health and safety leadership skills Develop health and safety education</p>	<p>Internal communications framework Colleague forum Community and charity engagement</p>	<p>Wellbeing framework Recognition scheme Induction and onboarding programme</p>	<p>Talent management and succession planning Talent development Maximising use of apprenticeships</p>	
<b>SUCCESS MEASURES</b>	IFR/LTIR/Severity Rate/ RIDDOR Rate	Attrition and Retention %	% of Internal Promotions	Apprenticeships Participation/Use of Levy	Culture Survey Feedback

### Internal communications framework

EPIC (Eurocell People in Communication) is our internal communications platform, which engages and informs colleagues on topics such as business performance, new initiatives and people successes. It takes the form of monthly e-newsletters, which include a CEO vlog, and a triannual printed magazine.

We recently completed the appointment of an Internal Communications Manager (a new position). As a result, in 2024 we expect to make further progress with our plans to develop an internal communications framework, improve our cascading of important company information and measure colleague engagement.

### Colleague engagement forum

In 2024, we intend to launch an employee engagement forum, to drive colleague engagement through two-way communication channels. The forum will provide a platform for representatives from across the Group to meet quarterly with senior leaders, receive company updates and share questions, feedback and ideas from the wider workforce. We expect that the forum will develop trust with management teams and facilitate the creation of action plans for issues and improvements.

### Community partnerships

We are increasingly aware of the benefits of connecting with local communities within the areas we work, for example, from a networking, social impact and good neighbour perspective.

In 2023, our charitable efforts focused on Maggie's, which provides emotional support and care for cancer patients and their families. They are a fantastic charity, with centres in 24 locations across the UK.

We raised £22,500 for Maggie's in 2023, through several events including car boot sales, bungee jumps, bike rides and family hikes. We also hosted a supplier and customer golf event, and a 'GO Orange' day across our business in October. We intend on keeping the positive momentum into 2024, and reflecting our own 50-year anniversary, have a target to raise £50,000.



### Employee value proposition

Our employee value proposition captures the various topics which together aim to ensure our employees feel valued and supported as members of the Eurocell team. Importantly, this includes reward and recognition and our wellbeing framework.

### Fair working practices

We are committed to providing a fair working environment for all our employees, including a fair salary, terms and conditions of employment and statutory benefits. Our policy is to comply, at the very least, with minimum wage legislation for all employees and we seek to be as competitive as possible with all our roles.

### Employee turnover

We are pleased to report that our labour turnover decreased from 32% in 2022 to 27% in 2023, although it remains above our 2020 baseline of 21%. We believe that the biggest drivers of turnover have been complex systems and processes, facilities that require improvement, the need for more training and competitive pay. We are addressing these concerns, including a significant investment now in progress to upgrade and simplify our systems, ongoing improvements in site welfare facilities and increased training budgets. We have also benchmarked our pay and reward in key areas of the business and made changes accordingly. As a result, we expect to make further progress in 2024.

### Reward and recognition

Each year we ensure that all employees are paid at or above the National Living Wage (NLW), and can confirm that we remained in line with this ambition again in 2023.

Following a detailed review of the levels of pay and reward in our branch-based, manufacturing and warehousing teams, new and improved pay structures were launched in 2022, which have supported a reduction in labour turnover and improved retention since implementation.

Our total reward strategy ensures that all employees are eligible for a range of benefits and incentives that include a defined-contribution pension scheme, life insurance, Save As You Earn ('Sharesave') schemes, and access to a range of savings and special offers through our Eurxtras platform.

Eurxtras is a savings portal, which also provides employees with information on health and wellbeing, and a platform for managers and employees to recognise the good work of their colleagues.

On recognition, we are introducing a quarterly reward scheme, based on nominations from colleagues, to highlight fantastic efforts from our people which contribute to the values and strategy of the business, with their stories shared in company-wide communications.

## SUSTAINABILITY REPORT CONTINUED

### Wellbeing framework

We provide tools to help our colleagues reduce stress and we are committed to supporting their wellbeing. All employees can access support and advice through our Employee Assistance Programme, promoted through EpiC and other employee communications.

In 2023, we improved our occupational health provision with targeted health surveillance and launched our Health Shield cash plan for all employees, which supports colleagues with everyday health concerns, providing easy and accessible help in areas such as GP appointments. It also provides access to mental health and wellbeing support.

However, we have more to do in this area and are currently working on a plan to offer in 2024 a wellbeing platform that can provide individual assessments and action plans.

### Diversity and inclusion

The overriding policy in any new appointments we make continues to be one of selecting candidates with an appropriate mix of skills, capabilities and market knowledge, to ensure the continued success of the business. However, we recognise fully the benefits of encouraging diversity and inclusivity across the business and believe that progress in these areas will contribute strongly to our continued success.

We have recently reviewed and updated our Equality, Diversity & Inclusion Policy and our Anti-Bullying, Harassment & Victimisation Policy, as we aim to continually improve our processes.

We are committed to providing a working environment that embraces opportunities for everyone. We treat all employees and job applicants equally, without bias or discrimination. Our recruitment policy ensures that full and fair consideration is given to all applicants based purely on their aptitude and that all appointments are made based on merit and measured against specific objective criteria, including the skills and experience needed for the position. We seek to ensure that discriminatory practices are removed from all of our employment decisions, and from working conditions.

We are committed to non-discriminatory practices against candidates and employees alike on the basis of any characteristic, including gender, race or ethnic origin, age, religion, sexual orientation, pregnancy or maternity, gender identity, disability, marriage or civil partnership, social background, nationality, and political opinion.

We continue to promote flexible solutions tailored to, and supportive of, individual needs. Our internal processes support all employees who may require help and support, including employees who are disabled or become disabled during their employment, to fulfil their day-to-day work activities through our occupational health provision. We provide tailored support for specific groups and individuals throughout our business, including the provision of free English and maths tuition for non-English speakers.

Whilst we operate in an industry in which, historically, women have been underrepresented, we are very committed to increasing the participation of women throughout the Group. Our historic target has been to deliver year-on-year increases in the proportion of female employees in the Group. This was achieved in 2023, with female employees increasing to 16% (2022: 15%). See below for development of future targets for diversity in 2024.

All Board and senior management appointments are made on merit, in line with the approach adopted throughout the Group's workforce. However, the Board also recognises and embraces the benefits of diversity and, in particular, the value that different perspectives and experience bring to the quality of debate and decision making. The Board is committed to consider diversity, including gender, as a key element in senior appointments and at Board level.

### Gender diversity statistics

2023 gender analysis	Male No.	%	Female No.	%	Total No.
Directors	6	75%	2	25%	8
Executive Committee	3	75%	1	25%	4
Other senior management	37	69%	17	31%	54
<b>Senior management</b>	<b>46</b>	<b>70%</b>	<b>20</b>	<b>30%</b>	<b>66</b>
Other employees	1,712	84%	323	16%	2,035
<b>Total</b>	<b>1,758</b>	<b>84%</b>	<b>343</b>	<b>16%</b>	<b>2,101</b>

2022 gender analysis	Male No.	%	Female No.	%	Total No.
Directors	6	75%	2	25%	8
Executive Committee	5	83%	1	17%	6
Other senior management	27	69%	12	31%	39
<b>Senior management</b>	<b>38</b>	<b>72%</b>	<b>15</b>	<b>28%</b>	<b>53</b>
Other employees	1,868	85%	329	15%	2,197
<b>Total</b>	<b>1,906</b>	<b>85%</b>	<b>344</b>	<b>15%</b>	<b>2,250</b>

Note: both years exclude Security Hardware which was sold on 2 December 2022.

The relatively small size of the Board and the pre-existing Directors' service contracts have inevitably limited the pace of change. Nevertheless, as set out in the Nomination Committee Report on page 89, over the last 18 months we have made significant progress towards compliance with the Financial Conduct Authority's board diversity targets and now expect to be substantially compliant following our 2024 AGM.

In addition, following changes in 2024, female membership of the Executive Committee has now increased to 33%.

More generally, following implementation of our new HR information system in 2023 (see below), we intend to report ethnicity data. However, we acknowledge that our people have no legal obligation to provide this information and therefore our reporting will be limited to those employees who do.

Looking forward, as part of our People First strategic pillar, we are reviewing our opportunities with a view to setting appropriately challenging diversity and inclusion targets for the future and will report our conclusions in 2024.

### **Growing talent** **New HR information system**

The core modules of our new HR information system (People XD) went live in 2023, with further modules to follow in 2024. The new system is fully integrated and covers payroll, people administration, learning management, onboarding, talent management, recruitment and time and attendance. It also provides a platform to set objectives and complete regular performance reviews.

Looking forward, once embedded, the system will allow us to better track and report our people-related metrics, including training data, and therefore support the key activities that will drive our People First strategic pillar.

### **Resourcing and recruitment**

We are now sourcing talent using the new HR information system, which provides a digital platform to help attract, select, and recruit the best people for our vacant roles, delivering reduced time-to-hire and recruitment cost savings.

### **Induction and retention**

Our People XD system also provides a platform to give new starters a more effective and engaging onboarding experience. We implemented several initiatives in 2023 to help new colleagues feel connected to Eurocell as they begin their career with us. These include enhanced welcome packs, eLearning compliance and mandatory training pathways, a Eurocell Handbook, all supported by follow-up calls from our onboarding and training teams. We have also continued to embed our Network Essentials guide and Branch Network SharePoint site to help new colleagues understand how we work within our branches and trade with our customers.

### **Employee development**

Our Managing Performance policy outlines our intent for all employees to have development objectives which are regularly discussed and formally assessed in mid-year and end-of-year reviews. We are developing a simple, holistic one-to-one Performance, Personal Development and Talent Review (PDTR) process, supported by our new HR information system.

We are committed to providing training to help with the development of our colleagues. Through the PDTR process, training, learning and development will be prioritised and succession planning will be routinely considered.

More recently, we have focused on developing our colleagues' managerial skills. Our Manager's Toolkit is available to all managers across the business and provides a one-stop shop of information to help them complete everyday people management activities. During 2023, 99 of our managers took part in training workshops covering the following themes:

- Managing investigations
- Coaching for one-to-ones
- Managing absence
- Managing underperformance
- Coaching through observation and feedback
- Time management
- Effective meetings
- Effective presentations.

### **Leadership development**

We have widened the participation in our third-party facilitated Leadership Development Programme, following its success in the Branch Network over the last two years.

### **Other development programmes** **Grow programme for first-line leaders/team leaders**

We introduced the Grow Programme for team leaders in 2022, with a total of 31 colleagues now enrolled, from manufacturing, secondary operations and warehousing. It is a 12-24 month programme built around the Chartered Management Institute (CMI) and Institute of Apprenticeships Level 3 Standard, leading to a recognised management qualification.

### **Aspire2b supply chain warehouse operative programme**

The Aspire2b programme also commenced towards the end of 2022 and provides structured training in a variety of warehouse activities, as well as a refresher on English and maths and results in a Level 2 qualification.

### **Apprenticeships**

We continue to make use of the apprenticeship levy through developing our in-house capabilities in disciplines such as accounting, engineering and supply chain operations.

# Environmental Leadership

## Managing environmental performance

We are committed to conducting our business in a safe and responsible manner, including protecting and minimising the impact of our operations on the environment.

We recognise that our operations result in emissions and waste and, as such, we have a designated Safety, Health & Environment (SHE) policy, which covers all sites, outlining key environmental measures as follows:

- Prevent pollution and protect the environment by minimising waste and emissions and finding ways to reuse, reclaim and recycle materials and use sustainably sourced materials where possible
- Investigate environmental incidents to extract key learnings and prevent recurrence
- Ensure senior management regularly reviews performance against agreed targets

- Promote environmental awareness amongst all of our employees and provide the necessary training and information to safeguard our employees and minimise the impact of our activities on the environment
- Commit to control, recover, and reuse PVC waste where possible
- Conduct our operations in compliance with all relevant environmental legislation linked to our business
- Maintain emergency procedures in areas where significant health, safety or environmental hazards may exist
- Assess our environmental objectives, policies and procedures regularly to ensure that we are meeting the required standards and continually improving.

The environmental management systems implemented at our two main extrusion plants, secondary operations (foiling) facility, door manufacturing facility and northern recycling plant are all accredited to ISO 14001:2015, which represents 63% of our operations sites. All accreditations were successfully maintained in 2023. No environmental fines or penalties have been recorded in 2023 or 2022.

## Energy and greenhouse gas emissions

Central to our sustainability strategy is reducing the carbon footprint of our business and the impact our operations have on climate change. This includes reducing energy consumption and greenhouse gas emissions across all of our operations and minimising waste.

We have made good progress in recent years. The natural replacement cycle of our extrusion fleet leads to the substitution of old machines with newer lines that are more efficient and use less energy. Other examples of more recent initiatives include projects which have reduced idle, standby and shutdown times and improved temperature optimisation on our extrusion lines and chillers.

In addition, incandescent and fluorescent lighting has been swapped to LEDs at most of our operational sites and new, more efficient, air conditioning units have been installed across most of our estate, driving significant energy savings.

## Energy consumption and emissions data

In addition to our Scope 1 and 2 emissions, we have now developed our end-to-end carbon footprint methodology, which includes for the first time a full Scope 3 analysis for 2022 and 2023 as set out in the table.

Scope	2023 ktCO <sub>2</sub> e	2022 ktCO <sub>2</sub> e	Movement	
			ktCO <sub>2</sub> e	%
Scope 1	9.6	10.3	(0.7)	(7)%
Scope 2 (Location based )	11.0	10.5	0.5	5%
Scope 2 (Market based)	1.3	5.6	(4.3)	(77)%
<b>Scope 1 and 2 (Location based)</b>	<b>20.6</b>	20.8	(0.2)	(1)%
<b>Scope 1 and 2 (Market based)</b>	<b>10.9</b>	15.9	(5.0)	(31)%
<b>Scope 3</b>	<b>177.3</b>	194.9	(17.6)	(9)%
Purchased Goods and Services	152.5	163.9	(11.4)	(7)%
Capital Goods	2.2	3.6	(1.4)	(37)%
Fuel and Energy related activities	3.2	4.9	(1.7)	(34)%
Upstream Transportation	8.2	10.5	(2.3)	(21)%
Waste	0.3	0.4	(0.1)	(6)%

Scope	2023 ktCO <sub>2</sub> e	2022 ktCO <sub>2</sub> e	Movement	
			ktCO <sub>2</sub> e	%
Business Travel	0.8	0.9	(0.1)	(8)%
Employee Commuting	1.8	1.9	(0.1)	(7)%
Upstream Leased Assets			<b>Not Applicable</b>	
Downstream Transportation	–	–	(–)	(67)%
Processing of Sold Products	5.4	5.8	(0.4)	(7)%
Use of Sold Products			<b>Not Applicable</b>	
End of Life Treatment	2.9	3.0	(0.1)	(5)%
Downstream Leased Assets			<b>Not Applicable</b>	
Franchises			<b>Not Applicable</b>	
Investments			<b>Not Applicable</b>	
<b>Total Scope 1, 2 and 3 (Location based)</b>	<b>197.9</b>	215.7	(17.8)	(8)%
<b>Total Scope 1, 2 and 3 (Market based)</b>	<b>188.2</b>	210.8	(22.6)	(11)%
Intensity ratio (tCO <sub>2</sub> e per £m of revenue) – Location based	543	566	(23)	(4)%
Intensity ratio (tCO <sub>2</sub> e per £m of revenue) – Market based	516	553	(37)	(7)%

Energy	FY23 MWh	FY22 MWh	Movement	
			MWh	%
Total non-renewable fuels consumption	38,418	40,877	(2,459)	(6)%
Total renewable fuels consumption	–	–	–	0%
Total renewable electricity consumption	49,756	39,230	10,526	27%
Total non-renewable electricity consumption	3,430	15,228	(11,798)	(77)%
<b>Total renewable energy consumption</b>	<b>49,756</b>	39,230	10,526	27%
<b>Total non-renewable energy consumption</b>	<b>41,848</b>	56,105	(14,257)	(25)%
<b>Total energy consumption</b>	<b>91,604</b>	95,335	(3,731)	(4)%

Notes to table:

- We operate only within the United Kingdom and so values are for UK operations only
- 2022 has been re-stated to reflect the change in the reporting period.

Notes to calculations:

- Emissions and energy data presented for 2022 and 2023 is based on management estimates
- To calculate our emissions and energy usage data, we have followed the 2019 UK Government environmental reporting guidance. We have used the GHG Protocol Corporate Accounting and Reporting Standard (revised edition). The Greenhouse Gas Protocol standard covers the accounting and reporting of seven greenhouse gases covered by the Kyoto Protocol. We are reporting our Scope 3 emissions for the first time this year, with guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required
- We have reported on all of the material emission sources from within the operational boundaries of the Group, as required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and under the UK's Streamlined Energy and Carbon Reporting ('SECR') requirements
- The Group has defined its organisational boundary using an operational control approach. Our reporting of Scope 1 and 2 emissions and energy data covers 100% of our global operations. Furthermore, our reporting of Scope 3 emissions covers 100% of our upstream and downstream value chain
- The emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2023 (the Department for Environment, Food and Rural Affairs ('DEFRA') factors) have been used for all Scope 1 and 2 categories and the majority of Scope 3 categories. For spend-based calculations, the UK Environmentally-Extended Input-Output (EEIO) model factors were used. For weight-based calculations, Ecolnvent and Idemat factors were used
- In line with the Greenhouse Gas Protocol, we continue to review our reporting in light of any changes in business structure, calculation methodology and the accuracy or availability of data. As a result, we have restated 2022 emissions data to reflect a change in the reporting period from 1 October to 30 September to 1 January to 31 December to align to Eurocell's financial reporting period.



### Energy consumption and emissions performance

Our Scope 1 emissions reduced by 7% in 2023 to 9.6 ktCO<sub>2</sub>e, primarily reflecting lower levels of sales and production, and therefore distribution and transport activity in the business in 2023 compared to 2022. However, despite lower electricity consumption, location-based Scope 2 emissions increased by 5% to 11.0 ktCO<sub>2</sub>e, driven by an increase in the year-on-year emissions factor for UK electricity. Together therefore, Scope 1 and 2 emissions of 20.6 ktCO<sub>2</sub>e were down 1% compared to 2022.

Market-based Scope 1 and 2 emissions of 10.9 ktCO<sub>2</sub>e were down 31% compared to 2022, which reflects an increase in our purchases of renewable electricity from 72% in 2022 to 94% in 2023.

We have calculated our Scope 3 emissions for 2023 to be 177.3 ktCO<sub>2</sub>e, compared to 194.9 ktCO<sub>2</sub>e in 2022, a decrease of 9%. This mainly reflects lower emissions from purchased goods and services, down 11.4 ktCO<sub>2</sub>e, or 7%.

More than 80% of our Scope 3 emissions are from purchased goods and services, including virgin PVC resin. This reduction is also driven by lower levels of production in our primary extrusion operations in 2023 compared to 2022.

Reflecting these factors, total location-based emissions (Scope 1, 2 and 3) of 197.9 ktCO<sub>2</sub>e were down 8% compared to 2022, with the corresponding emissions intensity ratio of 543 tCO<sub>2</sub>e per £1m sales down 4%. Market-based emissions of 188.2 ktCO<sub>2</sub>e were down 11% compared to 2022, with the corresponding emissions intensity ratio of 516 tCO<sub>2</sub>e per £1m sales down 7%.

Total energy consumption in 2023 of 91,604 MWh was down 4% compared to 2022, with renewable consumption up 27% and non-renewable down 25%. On a net basis, this primarily reflects lower production volumes in 2023 compared to 2022.

### Energy consumption and emissions targets

As set out in the TCFD Report on pages 50 to 61, we have committed to a Net Zero target for 2045 and during 2024 will be developing a pathway, aligned to the SBTi framework for our operational emissions, to support us in achieving that aim. The pathway will provide ambitious near-term targets, including updated objectives for energy use and emissions in line with our overall Net Zero goal. We will submit our targets to the SBTi for verification in 2024 and publish a Transition Plan once our targets have been approved.

Key components of our transition plan will be moving away from fossil fuel usage and sourcing/generating renewable energy. In the near term, our key initiatives designed to reduce emissions include:

- Increase our purchases of renewable electricity (94% in 2023)
- Complete the project to install solar panels at our main extrusion plant, which will produce an estimated 0.8 MWh of renewable energy per annum
- Continue to upgrade our material handling fleet to electric alternatives
- Explore the option of switching company vehicles to electric and continue to install charging points at our branches and operational facilities
- Investigate non-diesel options for our light commercial fleet and engage with our third-party logistics provider to examine ways to reduce the environmental impact of our distribution operation
- Training operational staff in methods to improve operational efficiency and reduce emissions
- Ongoing replacement of PVC extruder fleet with modern, more efficient plant and equipment.

In addition, we are working with suppliers to better understand and improve Scope 3 emissions. Critical to our Net Zero transition plan will be finding viable alternatives to allow a reduction in the use of virgin PVC resin. This will most likely come from increasing the use of recycled PVC in our primary manufacturing operations, plus finding another viable low carbon alternative e.g. bio-attributable PVC resin.

### Water consumption

Our main use of water is in the cooling process for extrusion, but it is also used to wash scrap PVC and remove impurities in our recycling operations and for employee welfare.

We have a closed loop water recycling system in extrusion, where the water is filtered, purified, and neutralised to maintain its quality. Water supply bills are scrutinised for abnormalities that would indicate a leak, following which the water provider would be contacted for repair.

The system significantly reduces the environmental impact of our processes, by conserving local water resources and reducing the amount of contaminated or unfiltered water entering back into the local environment. Minimising consumption and therefore reducing disposal costs also has a financial benefit to our business.

We use only potable water, supplied directly by the water provider, which is suitable for drinking. We do not abstract any ground or surface water. None of our sites are located in high flood-risk areas and all sites are provided with adequate welfare facilities, in accordance with governing legislation.

Our Chief Operating Officer has overall responsibility and oversight of the SHE policy, which encompasses water-related matters. The management team of each operational site has direct responsibility for ensuring our SHE policy is followed.

Water usage was identified as a key issue for our stakeholders in our ESG materiality assessment. Over the last few years, we have strengthened our material recovery, including improved water circularity. We will continue the work to improve our water usage data collection and thereafter to define targets to increase water efficiency in our operations. This is dependent on investment and process changes to improve our existing closed-water loop cooling systems.

### Waste management

Our business and operations result in waste and we are committed to controlling, recovering and reusing waste wherever possible. Our Executive Committee has overall responsibility and oversight for waste management. We promote the efficient use of resources and materials that are used in our facilities to help reduce waste. We have a sustainable procurement policy and we actively seek to source sustainable products from suppliers that are made from recycled material where possible.

Total waste (kt)	2023	2022
To landfill	2.3	2.9
Recycled	19.3	20.0
Diverted from landfill	3.7	1.4
<b>Total</b>	<b>25.3</b>	24.3

During 2023, we continued our work towards a zero to landfill aspiration. In 2023 76% of our waste was recycled (2022: 82%), the fall in waste recycled reflects a change in process from our main third-party supplier part way through the year, which we will review in 2024. We have a target to increase waste recycled by 2% per annum by 2025 vs our 2020 baseline (resulting in 88% by 2025), and 1% per annum thereafter (resulting in 93% by 2030). We have also committed to a maximum of 5% of waste to landfill by 2025 and 1% by 2030.

To support delivery of these targets, we have a new waste management plan for 2024, focused on improving the processing of by-products from our recycling process (metal, rubber, wood). At third-party sites, which act as collection and delivery hubs for old windows which have been replaced, we are implementing processes that allow for cleaner waste streams. We will also continue to develop partnerships with waste services providers, to optimise end-to-end material recovery.

Packaging accounts for c.5% of the waste we generate. We aim to reduce this by using thinner materials and packaging with more recycled content both for our own products and in the delivery of raw material to our sites.

### Hazardous materials

We do not use significant amounts of hazardous materials. In our extrusion business, we do not use phthalates, cadmium or lead-based stabilisers. In our recycling operation we monitor the cadmium and lead contamination levels within feedstock, to ensure compliance with governing legislation.

Very small quantities of other hazardous materials are currently used as additives within our product mix, but these are rendered non-bioavailable when encapsulated by the polymer structure. In addition, we have a specific requirement within our new product introduction process to reduce any use of hazardous materials. For example, we are investigating replacing the solvent-based glue used in our foiling process with a water-based alternative.



# Sustainable products

## Innovative low carbon products

We are committed to minimising the environmental impact of our products throughout their lifecycle. Our use of recycled PVC provides low embodied carbon products for customers and prevents PVC waste from going to landfill. We also focus on developing thermally efficient products that help our customers minimise heat loss.

## Recycling operation

We are proud to be the leading UK-based recycler of PVC windows. Our extensive recycling capacity sits at the heart of our operations, our sustainability strategy, and will be critical to our Net Zero ambitions.

Our recycling operations convert customer factory offcuts (post-industrial waste) and old windows that have been replaced (post-consumer waste) to brand new extruded products. Our advanced co-extrusion process delivers recycled material to the profile core, with external surfaces protected using virgin PVC compound, providing a high-quality, resilient finish. The key benefits of our recycling operation are set out below.

## Commercial

We can leverage the sustainability aspects of our recycling operation with our customer base, consumers, and other stakeholders. Many of our customers, including large developers and house builders, are increasingly looking for sustainable, low carbon products that can support their own net zero ambitions. For example, most of the large house builders aiming to achieve 'zero carbon homes' classify products within the houses they sell as 'sustainable' if they help customers save energy whilst running their homes and/or because they are made with lower carbon processes or raw materials. This labelling could be a key competitive advantage for Eurocell.

## Economic

Recycling also increases our profits, because the cost of recycled compound is typically lower through the cycle than the price of virgin material, and it reduces our exposure to volatile commodity prices.

## Carbon savings

An independent study by the University of Manchester found that displacing one tonne of virgin PVC with one tonne of recycled window PVC results in a reduction of approximately 1.7 tonnes of CO<sub>2</sub> emissions. This calculation compares the full life cycle carbon emissions associated with the production of virgin PVC with emissions from the window recycling process. As a result, our recycling operation saves substantial amounts of carbon compared to the use of virgin PVC, and we therefore consider our products produced with recycled content to be low carbon.

In 2023, our two sites recycled 38.7k tonnes (equivalent to more than three million window frames) of post-consumer waste, which would have otherwise been sent to landfill, and 8.1k tonnes of post-industrial waste. Together, the two sites used this waste to produce 27.7k tonnes of recycled material. As much of the remaining by-product is scrap metal, which is sold to metal recyclers, with very little sent to landfill.

Of the recycled material produced, 17.5k tonnes was used alongside virgin resin in the manufacture of many of our rigid PVC profiles. The remaining 10.2k tonnes of recycled material produced is used either in products which are manufactured from 100% recycled material, including thermal inserts and cavity closer systems (which are almost exclusively derived from post-industrial waste), or sold to a range of trade extruders. Recycled PVC represented 32% of total raw material consumption in 2023, up from 29% in 2022.

We therefore estimate that, in total, our recycling operation saved approximately 47k tonnes of carbon in 2023 compared to the use of virgin PVC.

We have now set ourselves a more ambitious target to reach 40% recycled content across our product range by 2030. Achieving this target will be a critical component of our Net Zero transition plan, but also dependent on several factors, some of which may remain beyond our control. These include:

- **Supply of recycled feedstock** – we estimate that we currently take approximately one-third of the total recycled PVC available in the UK market. In order to reach our recycled content target of 40%, we will need to increase significantly our feedstock supply at acceptable purchase prices. This will require that we maintain and develop strong relationships with existing and potential new suppliers. Improving the yield at our recycling plants will also help increase supply of material for use in our manufacturing operations
- **Legislative limitations** – other than the current requirement for any rigid PVC profile that is externally exposed to have a virgin PVC exterior, recycled content of our products is not restricted by regulations. We will need to monitor any future changes in legislation and understand the potential impact on our targets (although we are not currently aware of any such planned changes)
- **Operational capacity** – increased recycled content requires further investment in co-extrusion capacity and tooling, although this is included in our ongoing investment plans
- **Technological limitations** – it is not currently commercially viable to use large quantities of recycled PVC in foam profile products, which represented 31% (by weight) of our extrusion output in 2023.

### Thermally efficient products

Our window and door-related products are designed to deliver enhanced thermal efficiency via low thermal conductivity. This is measured through U-values, which determine how much heat is lost through the fabric of the building (surface heat loss through walls, ceilings, floors, windows and doors). The lower the U-value the more thermally efficient the product.

All of our mainstream PVC fenestration products currently have U-values which meet the expected Future Homes Standard level of 1.2 W/m<sup>2</sup>K. In many cases, our products perform even better than this, which can allow house builders more flexibility in their choice of material elsewhere in their builds. Our PVC profiles also deliver better U-values relative to alternatives such as wood and aluminium.

### End of life

It is our aim to continue to recycle as much PVC as possible, moving where possible towards closed-loop recycling, whereby windows and other PVC profiles are continually recycled into new products. Our PVC profiles can be recycled up to ten times and have a life span of around 100 years.

### Responsible sourcing

Our main raw materials are sourced from manufacturers across the UK, Europe and the US, and traded goods are directly sourced in the UK from suppliers manufacturing around the world. We have a loyal supplier base, of which a significant majority have been suppliers to Eurocell for many years. We are committed to the continuous development of supplier relationships that support our ethical and sustainability expectations, and deliver a responsible value chain.

To support this we have established supplier pre-appointment checks. All supply and tender agreements include the following statement:

“The supplier advocates the principles of Corporate Social Responsibility and requires a serious approach to sustainability (including economic, social and environmental considerations) issues from its value chain and partners.”

In addition, all our suppliers are required to confirm their commitment to:

- Protecting the environment as it relates to these activities at a global and local level, including aspects such as energy, water and resource use, and emissions of greenhouse gases and other pollutants

- Respect for fundamental human rights, including safe working conditions, fair compensation at least in line with minimum wage, and fair working hours
- Enforce ethical and legal trading rules with regards to anti-bribery and corruption
- A system of internal and external reporting which matches espoused values
- A proactive approach to the innovation of sustainable practices and products
- Recognition that all businesses have a responsibility to be a good neighbour and accept their active role within the communities in which they operate
- An ethical approach to managing and maintaining all purchasing activities.

We subsequently review our suppliers periodically to assess ongoing compliance with these commitments. We also ensure that all relevant raw material suppliers are compliant with current regulatory and industrial standards and that they meet our quality and environmental standards. Failure to comply will result in the termination of the business relationship.

We are also committed to paying our suppliers on time in accordance with agreed terms of business.

Our Head of Procurement is tasked with overseeing and managing supplier relationships and a value chain that delivers shared value, in an ethical and sustainable manner.

### Product quality and safety

Achieving the highest standards of product and service quality and safety is essential to our continuing success.

Our quality aim is simple: to totally satisfy our customers. Our vision for quality is to create an operation in which we get things right first time, every time.

In terms of product safety, we focus on providing products that comply with all relevant housing and building safety standards, with fire safety being the largest consideration. All our products are tested to ensure that they meet safety requirements, and information about safe use and disposal of our products is provided through warning labels, manuals and other documentation where appropriate.

We work continually to improve our performance and ensure compliance with ISO9001 and the other quality standards to which we are accredited.

## Case study

### Modus windows and Luma rooflights



**Our Modus windows include a triple-seal option to achieve strong thermal, air tightness and noise reduction performance. Its unique 75mm six-chamber profile system delivers optimum energy efficiency performance and is capable of achieving a U-value as low as 0.8 W/m<sup>2</sup>K from a standard system using standard triple-glazed units.**

**Our new LUMA flat rooflight is available in both double and triple glazed options, offering excellent thermal efficiency and sound reduction. Double glazed units achieve a centre pane U-value of 1.3 W/m<sup>2</sup>K and triple glazed units achieve 0.9 W/m<sup>2</sup>K.**

We operate clearly defined systems and procedures and work closely with our customers to address concerns and resolve complaints. We also provide the necessary training and support to our colleagues so they are able to play their part in delivering high standards of product and service quality.

# Ethics and compliance

## Modern slavery

We have zero-tolerance for any form of modern slavery or human trafficking, and are absolutely committed to preventing modern slavery and human trafficking in our business activities and supply chains. We support the aims of the UK's Modern Slavery Act and publish our Anti-Slavery and Human Trafficking Statement, which is approved by the Board annually, on our website at [investors.eurocell.co.uk](https://investors.eurocell.co.uk).

As described above, we also conduct an ongoing reviews of our suppliers to identify any potential risks. In addition, our employee induction process includes mandatory training on our Modern Slavery and Human Trafficking policy.

## Whistleblowing

We are committed to the highest standards of openness, honesty, integrity and accountability. The Group has a Whistleblowing policy, and we take active steps to raise employees' awareness of our whistleblowing platform.

This policy makes all employees aware that they should report any serious concerns or suspicions about any wrongdoing or malpractice on the part of any employee of the Group, without fear of criticism, discrimination or reprisal, as well as the procedure for raising such concerns. Examples include fraud, breakdown in internal controls, misleading customers, bribery, modern slavery, dishonesty, corruption and breaches of data protection or health and safety. All whistleblowers are protected under the Public Interest Disclosure Act.

Our independent whistleblowing hotline, which supports confidential and anonymous reporting, is available to all employees, 24/7, 365 days a year. Each case is investigated confidentially by the business with appropriate response measures taken. Whistleblowing cases are reported to the Audit and Risk Committee and ultimately to the Board.

In 2023 there were no reports received through the whistleblowing process (2022:0, 2021:5), and therefore no significant trends were identified.

## Anti-bribery and corruption (ABC)

We are committed to acting fairly and with integrity, and take a zero tolerance approach to bribery, corruption or any other unethical or illegal business practices. Applying to all employees and suppliers, we explicitly prohibit any form of bribery or corruption, including:

- Money laundering
- Facilitation payments, which are typically unofficial payments made to secure or expedite a routine government action by a government official
- Kickbacks
- Political contributions
- Sponsorships.

In addition, we are committed to minimising any conflicts of interest, whereby an individual's personal interests may compromise their judgement in the workplace, that may arise.

We will take disciplinary and/or legal action as appropriate in all cases of actual or attempted fraud across all operations. We will not obstruct any formal investigations or legal proceedings relating to any incident of corruption at Eurocell.

All staff complete training on our Anti-Bribery Policy as part of their induction, and are subsequently required to complete refresher training each year. In 2023, there were no incidents of employees being disciplined or dismissed due to non-compliance with our Anti-Bribery Policy (2022:0, 2021:0).

The Audit and Risk Committee, ultimately reporting to the Board, is responsible for reviewing the policies and procedures in place to prevent bribery, and for ensuring compliance across the Group. The Committee is satisfied that the Group's procedures with respect to these matters are adequate.

## Human rights

We do not consider human rights issues to be a material risk for the Group due to the existing regulatory frameworks in the UK, within which our operations are confined. We do, however, acknowledge there is greater risk in our supply chain, and are therefore committed to conducting due diligence across our supply chain, in line with the Modern Slavery Act as described above. In addition, employees and other relevant internal and external stakeholders can report any concerns relating to human rights across Eurocell's direct operations or supply chain through our confidential Whistleblowing channel. No violations on human rights have been reported in 2023 or in the previous two years.

## Information systems and technology (IS&T)

At Eurocell we respect the privacy of employees, customers, suppliers and all other parties with which we interact. We seek to minimise the amount of personal data we collect, and to ensure the robust and sufficiently segregated storage of any data that is held.

Information security and cyber threats are increasing risks. In 2022 we experienced a cyber incident which caused disruption to our operations and compromised the security of some employee personal data. Cyber security continues to receive considerable management attention, as well as focus from the Audit and Risk Committee and the Board. This is also reflected in the results of our ESG materiality assessment, which placed cyber and data security amongst the most material issues facing the business.



Since the incident in 2022, we have:

- Rolled out an extensive programme of mandatory cyber security training to all colleagues in a series of monthly short videos and quizzes covering a range of security threats and ways to mitigate the risks
- Strengthened our cyber risk detection tools, including vulnerability analysis penetration testing
- Strengthened our incident response measures through implementing managed detection and response (MDR), security instant event monitoring (SIEM), privileged access management (PAM) and firewall hardening
- Reviewed the performance of our business continuity plans and made appropriate adjustments in response to the incident to identify gaps and areas for improvement.

### Tax transparency

We recognise the responsibility we have to our stakeholders and communities to set the highest standards of corporate conduct, and paying the right amount of tax in the right place is fundamental to this. Across our entire operations, we are committed to compliance with tax law and practice, and are committed to compliance with the spirit as well as the letter of the law.

We commit to not use jurisdictions considered to be tax havens for the purpose of avoiding tax, nor will we seek to take advantage of the secrecy afforded to transactions recorded in these jurisdictions. We prohibit the avoidance of tax through transfer pricing, and do not exploit any such mechanisms.

Our Tax Strategy is reviewed, discussed and approved by the Board annually. The Audit Committee periodically reviews the Group's tax affairs and risks.

We have held the Fair Tax Mark accreditation since 2019. Fair Tax Mark is an independent certification, which recognises organisations that demonstrate they are paying the right amount of corporation tax in the right place, at the right time.

As we are entirely based in the UK, we do not reside in any countries considered partially compliant or non-compliant according to the OECD tax transparency report and/or blacklisted or grey listed by EU in February 2023.