Transition Plan

27/01/2025

eurocell

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Eurocell Transition Plan

Foreword

We are proud to be a leading UK manufacturer, distributor and recycler of innovative PVC products and we are committed to operating a sustainable business and earning a reputation for being a truly responsible company. We recognise the threat posed by climate change, and contribution to climate change as a manufacturer of fossil-fuel derivatives. In our FY23 Annual Report, we committed to achieving Net-Zero emissions across our operations by 2045 at the latest, as a core ambition of our updated Sustainability Strategy. This will bring our business in line with the aims of the Paris Agreement to hold global temperature increase to well below 2ºC, and with the aims of the UK Government to achieve net-zero by 2050. Since then, we have further developed our emissions reduction targets and have submitted both a near-term and net-zero target to the SBTi. This transition plan outlines the steps we will take to reach these climate ambitions and discusses the areas where need the support of our suppliers, customers, and the wider industry to close the gaps.

This transition plan is aligned to the Disclosure Framework[1] of the Transition Plan Taskforce (TPT), established by the UK Government to develop the “Gold Standard” of reporting. Our transition plan focuses on the reduction of emissions within our own operations, particularly focussing on our PVC recycling operations following circular economy principles, operational and grey fleet decarbonisation, and transitioning to renewable electricity. We also outline how we will deal with our most material emissions within our value chain which will require innovation and strong engagement with our suppliers. The road to net-zero will include assumptions about our reliance on new technologies and third parties, however this report is designed to be transparent about the associated risks and key steps we must take to achieve this goal. In line with TPT recommendations, our transition plan will be periodically updated and formally reviewed and republished every three years. However, we will continue to update on progress annually as part of our Annual Report disclosures.

[1] Transition Plan Taskforce Disclosure Framework, available here https://transitiontaskforce.net/wp-content/uploads/2023/10/TPT_Disclosure-framework-2023.pdf

Foundations

1.1 Strategic Ambition

Climate change is one of the biggest challenges of our time and the transition to a low carbon economy has the potential to impact our business as well as our clients and suppliers. This challenge is embedded into our company purpose of *creating sustainable building solutions for the trade of today, the homes of tomorrow and the environment of the future*. Our circular economy principles lie at the heart of our purpose. We are the leading UK-based recycler of PVC windows, processing post-consumer and post-industrial PVC waste into reusable raw material that we extrude into new product. Not only does this reduce the volume of PVC waste sent to landfill in the UK, but it also supports our emissions reduction ambition by reducing the proportion of virgin material in our manufacturing and represents a key lever for our net-zero transition.

During FY23 we engaged with external sustainability consultants to develop and enhance our sustainability ambitions. We undertook a double materiality assessment, through which climate change and emissions were identified amongst our most material issues. On that basis, we have committed to achieving net-zero emissions by 2045 and submitted the following emissions reduction targets for validation from the Science Based Targets Initiative (SBTi):

Scope 1 & 2 targets

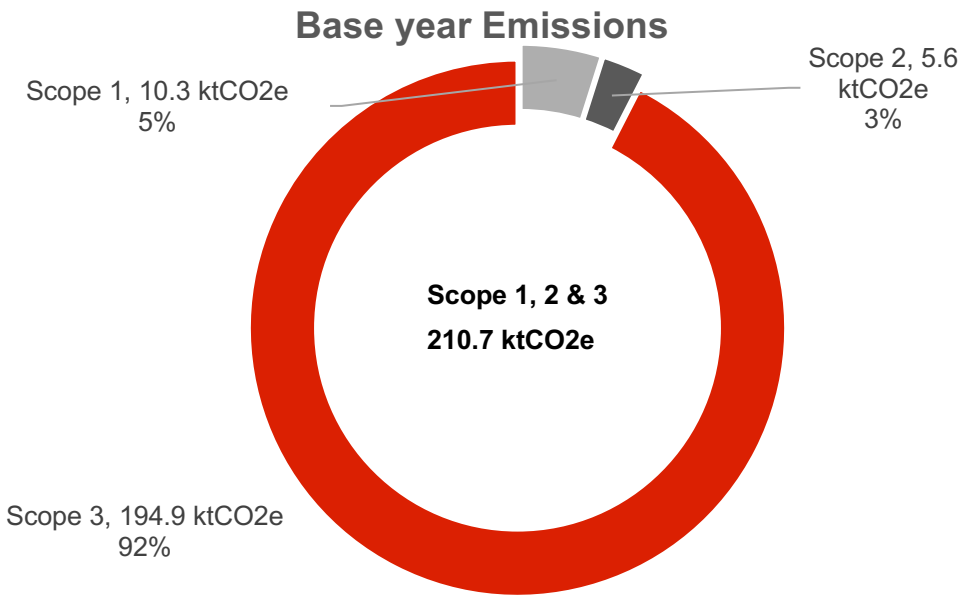
Near-term target	Reduce absolute scope 1 and 2 GHG emissions **70.03%** by **2034** from a 2022 base year.
Long-term target	Reduce absolute scope 1 and 2 GHG emissions **90%** by **2045** from a 2022 base year.

Scope 3 target

Near-term target	Reduce absolute scope 3 GHG emissions **37.5%** by **2034** from a 2022 base year.
Long-term target	Reduce absolute scope 3 GHG emissions **90%** by **2045** from a 2022 base year.

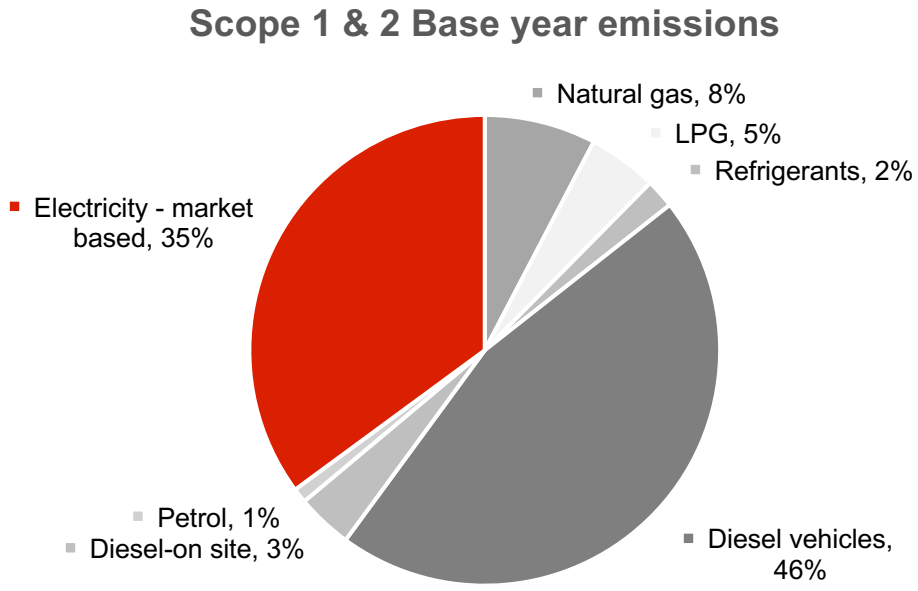
Base year Emissions

With the support of sustainability consultants, we undertook a full carbon inventory of our FY22 base year; to gain understanding of our carbon hotspots and the drivers we can use to reduce them. Our footprint totalled 210.7 ktCO2e and, in common with manufacturing businesses, was dominated by our value chain emissions which accounted for 92% of our footprint.



Scope 1 and 2 breakdowns

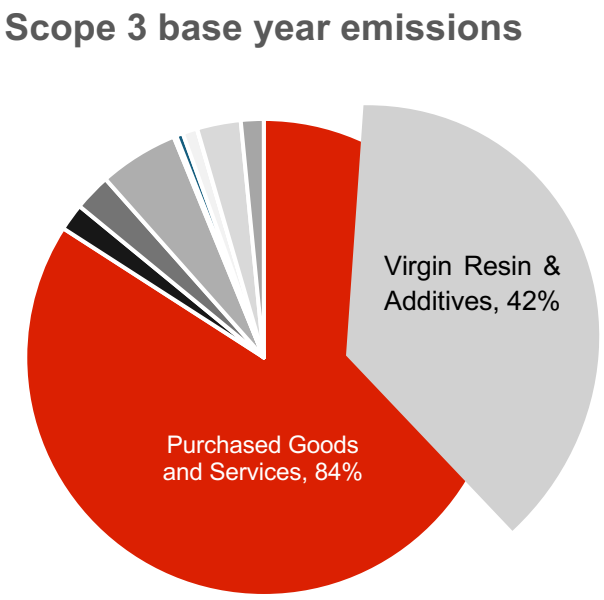
Source	Base year ktCO2e (FY22)	% of scope 1 &2
Fuel combustion: Stationary	**1.2**	**8%**
Natural Gas	1.2	8%
Fuel combustion: Mobile	**8.8**	**55%**
Diesel vehicles	7.3	46%
LPG	0.8	5%
Diesel on-site	0.5	3%
Petrol	0.2	1%
Refrigerants	**0.3**	**2%**
Electricity (market-based)	**5.6**	**35%**
Total scope 1 & 2	**15.9**	



Over 50% of our scope 1 and 2 emissions are from petrol and diesel consumption used in our operational fleet and company cars, followed by our scope 2 emissions associated with electricity use. 72% of the electricity we purchased in our base year was renewable, however in FY23 increased the proportion of renewable electricity we procure to 94%. Our last remaining site, Eurocell Recycling North (ERN) will be the next renewable electricity to procure. The remaining emissions are associated with natural gas use and refrigerant leakage for heating and cooling purposes across our operational and branch network.

Scope 3 breakdown

	Category	Base year ktCO2e (FY22)	% of scope 3
1	Purchased Goods and Services	163.9	84%
2	Capital Goods	3.6	2%
3	Fuel and Energy related activities	4.9	3%
4	Upstream Transportation	10.5	5%
5	Waste	0.4	0%
6	Business Travel	0.9	0%
7	Employee Commuting	1.9	1%
8	Upstream Leased Assets	Not applicable	
9	Downstream Transportation	0	0%
10	Processing of Sold Products	5.8	3%
11	Use of Sold Products	Not applicable	
12	End of Life Treatment	3.0	2%
13	Downstream Leased Assets	Not applicable	
14	Franchises	Not applicable	
15	Investments	Not applicable	
Total scope 3		**194.9**	



Our scope 3 emissions are significantly greater than our operational carbon footprint. Our largest exposure is Purchased Goods and Services (84% of scope 3), of which 42% is associated with the

purchase of virgin PVC resin and associated additive materials such as modifiers and stabilisers that are required when virgin resin is used. Using more recycled PVC in our products will be the first step to reducing virgin resin consumption and will be achieved through increasing in-feed and improved tooling and yield. To fill the remaining gap, we will look to purchase lower embodied carbon resin and bio-based resin which will require innovation to produce this at high enough quantities, at a commercially viable price.

Additional initiatives to be implemented to reduce remaining value chain emissions include increased supplier engagement and collaboration, cultural and policy changes within the business such as encouraging staff to switch personal cars to EVs and fabricators to acquire renewable electricity for their operations.

Addressing Climate-Related Risks and Opportunities

As part of our annual climate-related reporting requirements, during FY23 we engaged with external sustainability consultants to identify and assess our climate-related risks and opportunities in order to further our understanding of our climate-related exposures, and ensure we have appropriate mitigations in place. Our significant climate-related risks and opportunities are summarised below and can be found in greater depth in our TCFD report.

Our transition plan takes into account these risks and opportunities, and the relevant mitigations of these risks largely aligns with our net-zero strategy and objectives.

Key Risks

Risk	Type	Area	Primary potential financial impact	Time horizon	Gross Risk Rating	Related KPIs and metrics
Operational exposure to carbon pricing mechanisms	Transition (Policy and Legal)	Own operations	Higher costs associated with energy	Short-term	Medium	Scope 1 and 2 emissions
Increased cost through the supply chain due to carbon pricing pressure	Transition (Policy and Legal)	Upstream	Increased cost of purchased goods and services and inbound transportation	Short-term	High	Scope 3 emissions (Category 1)
Failure to reduce carbon emissions through the inability to increase the % of recycled PVC used in production	Transition (Market and Reputation)	Own operations and upstream	Higher costs, lower revenue	Medium and long-term	Critical	Scope 3 emissions, % of recycled PVC used in production
Cost of capital and investor interest linked to sustainability criteria	Transition (Market and Reputation)	Own operations	Higher cost of capital	Medium-term	Low	Scope 1, 2 and 3 emissions; UK interest rates
Customer and consumer pressure	Transition (Market and Reputation)	Downstream	Lost revenue	Medium-term	High	Scope 3 emissions; thermal efficiency of products (U-value)
Existing and emerging government standards and regulation	Transition (Policy and Legal)	Own operations	Higher costs/disruption of production	Medium-term	Medium	R&D expenditure to meet regulatory standards
Flood risk (physical risk assessment)	Physical (Chronic)	Own operations	Higher costs/disruption of production	Short-, medium- and long-term	Negligible	Number of flooding incidents, cost of flood incidents

Key Opportunities

Opportunity	Type	Area	Primary potential financial impact	Time horizon	Gross Rating	Related KPIs and metrics
Increased recycling, process innovation and material efficiency	Resource efficiency	Own operations, downstream	Decreased costs	Long-term	Medium	Scope 3 emissions; revenues from energy efficiency products
Product design – resource and thermal efficient products	Products and Services, and Market	Own operations, downstream	Increased sales	Medium- and long-term	Critical	Scope 3 emissions; revenues from energy efficient products
Water and waste savings	Resource efficiency	Own operations	Decreased costs	Medium-term	Low	Water and waste costs per annum; scope 1 and 2 emissions
Decreasing the amount of energy used and increasing the amount of renewable energy used	Energy Source	Own operations	Reducing emissions	Medium-term	Low	Energy consumption; scope 1 & 2 emissions
Transportation	Resource efficiency	Own operations, upstream and downstream	Decreased costs	Long-term	Medium	Scope 1 and 3 emissions (Upstream and Downstream Transportation and Distribution)

1.2 Business Model and Value Chain

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. Our business model is operated through two divisions that reflect the principal routes to market for our products:

- Our Profiles Division manufactures our extruded rigid PVC profiles and foam PVC products, which are sold to third-party fabricators who produce windows, trims, cavity closer systems, patio doors, and conservatories for their customers. This includes our recycling operations, through which emissions reduction activities, circular economy principles and sustainable products are already well-embedded into our business model.
- Our Building Plastics Division (Branch Network) distributes a range of Eurocell manufactured and branded foam PVC roofline products, Vista doors, and third-party manufactured ancillary products to the trade, across our national network of 214 branches.

We do not anticipate any material changes to our business model or impacts on our value chain in our near or long-term decarbonisation plan. Scope 1 and 2 actions can all be achieved under a business-as-usual environment. Scope 3 decarbonisation will largely exploit our recycling operations to increase the proportion of recycled content in our products, however in addition where we will need to purchase low emissions resins and as yet there is little visibility as to the most appropriate supplier (cost & quality), this could alter our upstream supply chain.

Similarly, we do not anticipate any material changes to our business model to meet our long-term net-zero targets. Many of our scope 1 and 2 actions are embedded into end-of-life machinery churn. However, there may be impacts to our supply chain where we require suppliers to reduce their own emissions and set their own net-zero targets and consider disengaging with them where they are unable to do so.

<u>Summary of actions</u>

The actions to reduce scope 1, 2 and 3 emissions are summarised in the table below, and discussed in further detail in Section 2 (Implementation Strategy) and Section 3 (Engagement Strategy).

Based on our 2022 carbon inventory, we have outlined the steps to achieve our net-zero ambition. There will be uncertainties, particularly in the later years, so we discuss our expected activities across three broad timeframes:

- **Short-term:** 0 to 3 years, in line with our current strategic planning and overall risk management.
- **Medium-term:** 3 years to 2034, in line with our near-term science-based targets.
- **Long-term:** 2034-2045, in line with our science-based net-zero 2045 target.

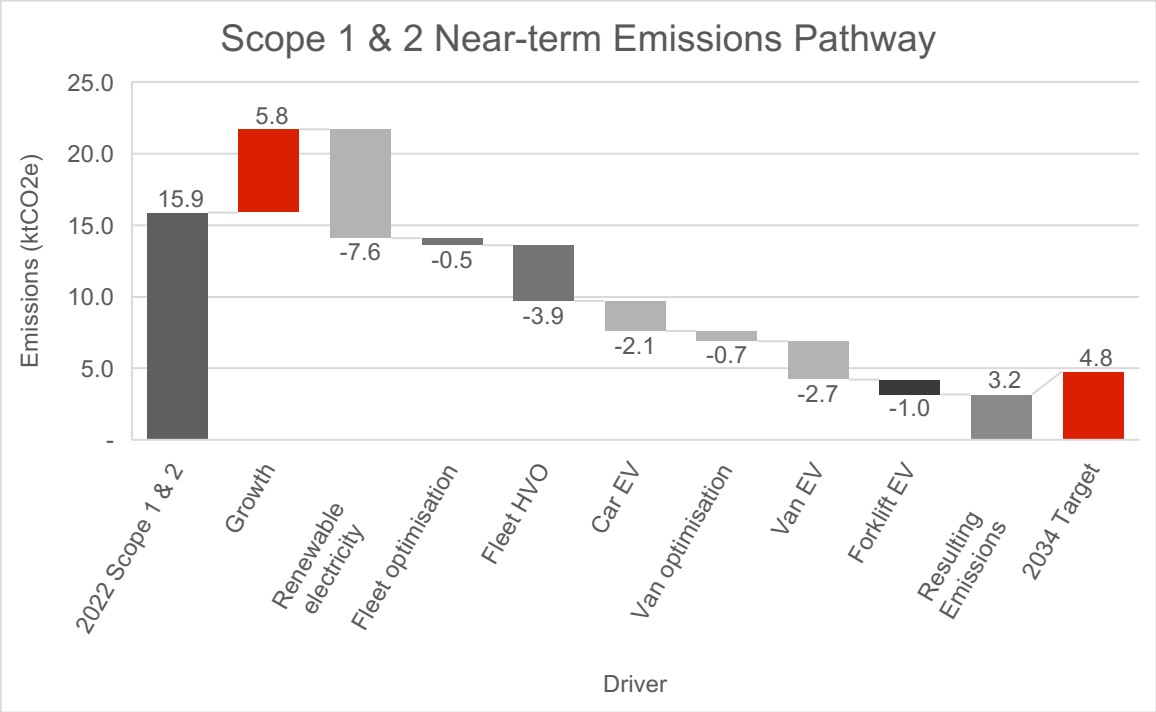
Scope 1 and 2

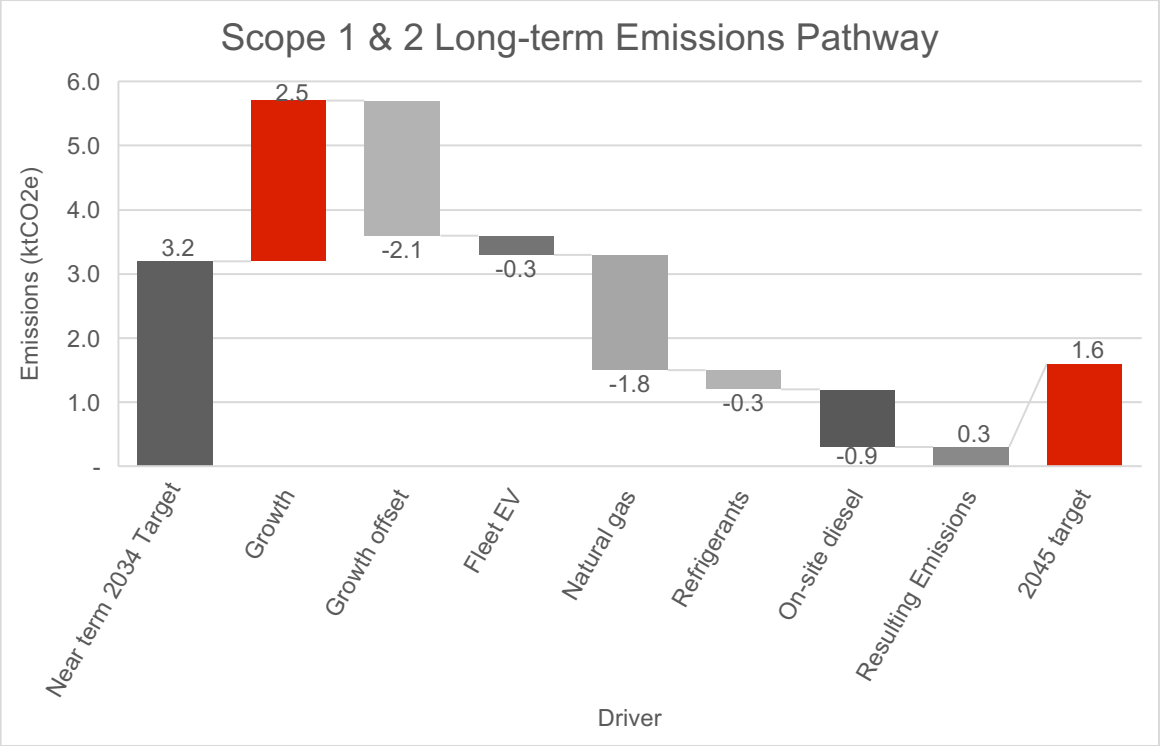
Near-term drivers

Category	Driver	Description	Timeframe	Expected reduction by 2034 (ktCO2e)	Section
Electricity	Renewable electricity	Procure 100% renewable electricity.	Short-term	7.6	2.1 Business operations
Commercial distribution fleet (HGVs)	Fleet Optimisation	Improve telematics software and initiatives to increase fuel efficiency.	Short-term	0.5	
	Fleet HVO	Transition from diesel to HVO.	Short-term	3.9	
Company cars	Car EV	Systematically replacing existing vehicles with BEVs or PHEVs as they come up for renewal.	Medium-term	2.1	2.1 Business operations and 2.3 Policies
Vans	Van optimisation	Full adoption telematics, leading to better driving behaviours and better planned routing.	Short-term	0.7	2.1 Business operations
	Van EV	Systematically replacing existing vehicles with BEVs or PHEVs as they come up for renewal.	Medium-term	2.7	
Warehouse handling	Forklift EV	Phase out the use of LPG by transitioning forklifts to electric.	Short-term	1.0	

Long-term drivers

Category	Driver	Description	Timeframe	Expected reduction by 2045 (ktCO2e)	Section
Commercial distribution fleet (HGVs)	Fleet EV	Transition to a fully electric or hydrogen commercial fleet (100%) by replacing existing vehicles with electric options.	Long-term	0.3	2.1 Business operations
Heating & cooling	Natural Gas	Replace natural gas with heat pumps or electric boilers.	Long-term	1.8	
	Refrigerants	Transition to zero global-warming-potential (GWP) refrigerants in cooling systems.	Long-term	0.3	
Warehouse handling	Diesel (on-site)	Eliminate on-site diesel use by transitioning to electric forklifts and shovel loaders.	Long-term	0.9	



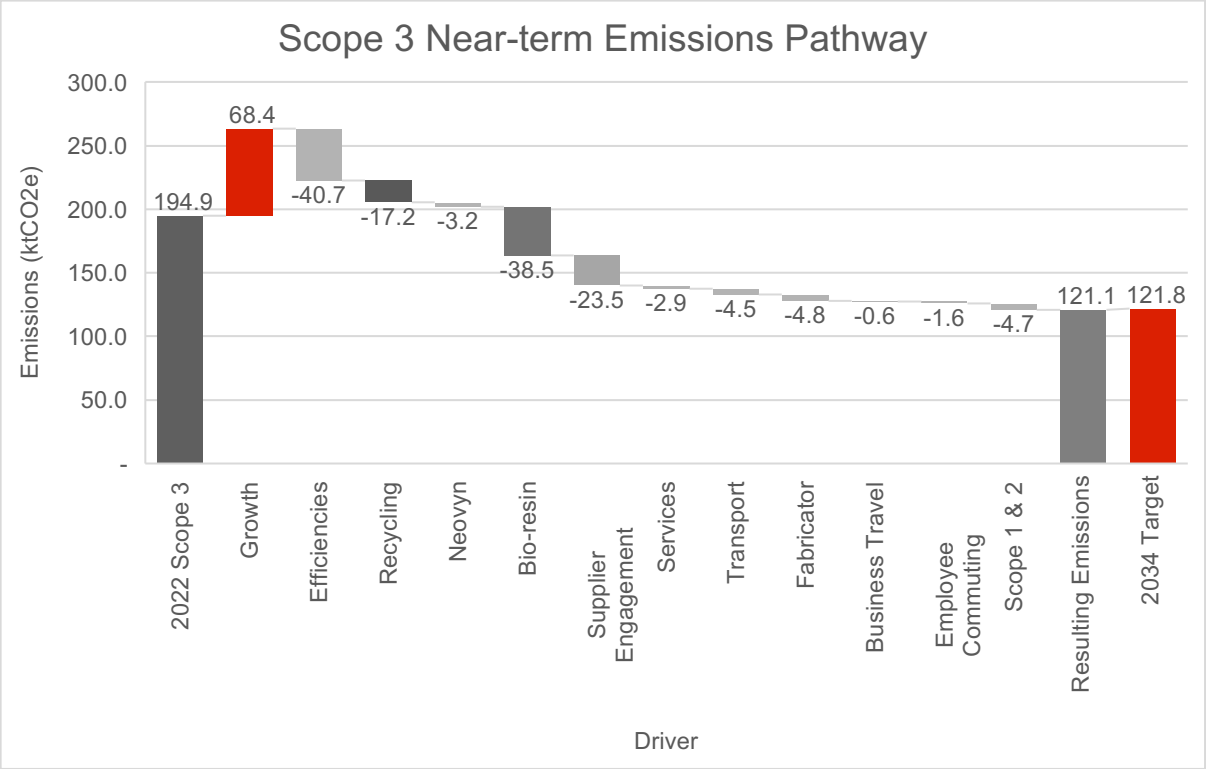


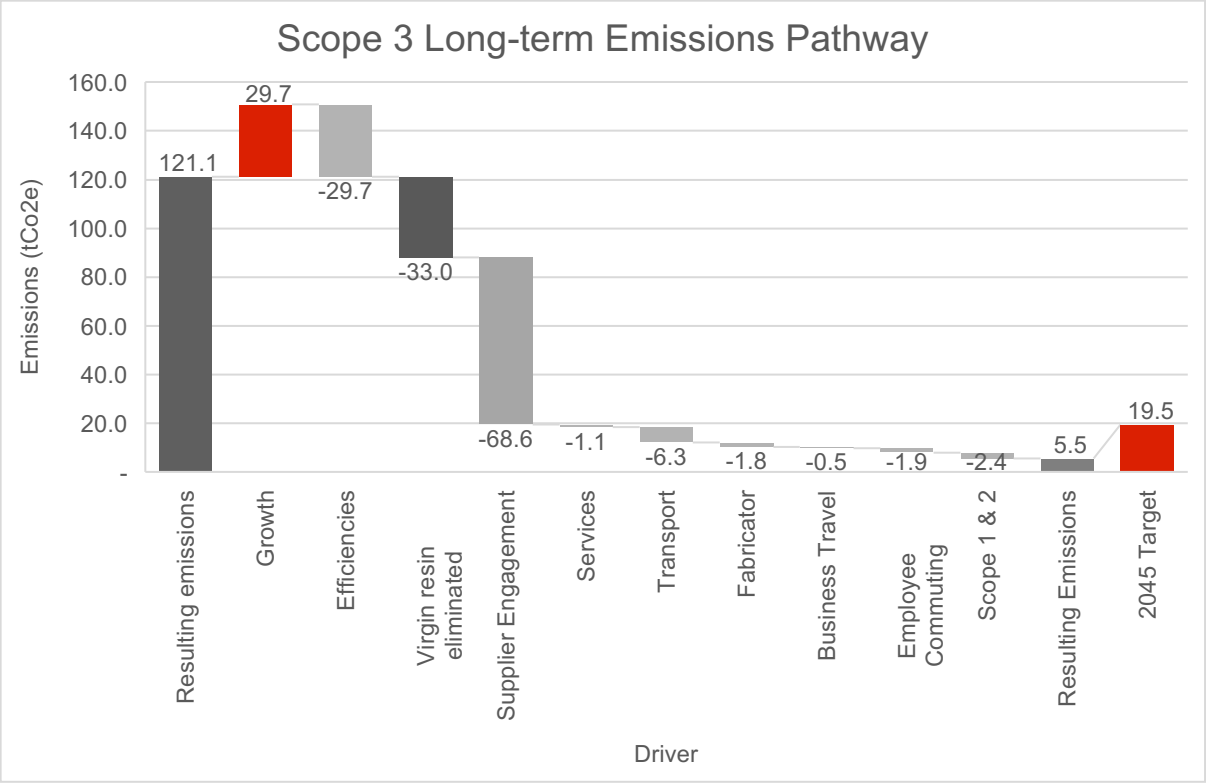
Growth offsets = actions implemented in the near-term that will offset growth automatically.

Scope 3

Near-term drivers

Category	Driver	Description	Timeframe	ktCO2e reduction by 2034	Section
Purchased goods and services	Recycling	Increase recycling through increased in-feed and improved tooling and yield.	Short-term	17.2	2.1 Business operations and 3.1 Engagement with value chain
	Neovyn	Use of lower embodied carbon resin.	Medium-term	3.2	2.2 Products and Services and 3.2 Engagement with industry
	Bio-resin	Use of bio-based resin.	Medium-term	38.5	
	Supplier engagement	Actively engage with key suppliers to measure emissions and set and achieve science-based targets.	Largest suppliers - Medium-term	23.5	2.3 Policies and 3.1 Engagement with Value Chain
	Services decarbonisation	Grid decarbonisation lowering emissions of purchased services.	All timeframes	2.9	2.1 Business operations
Upstream transportation and distribution	Transport decarbonisation	Supplier engagement as described above.	Largest suppliers - Medium-term	4.5	2.3 Policies and 3.1 Engagement with Value Chain
Processing emissions	Fabricator decarbonisation	Encourage fabricators to set own targets to reduce emissions. Grid decarbonisation will also drive reductions.	All timeframes	4.8	3.1 Engagement with Value Chain
Business travel	Business travel	Encourage staff to switch personal cars to EVs.	Medium-term	0.6	2.1 Business operations and 2.3 Policies
Employee commuting	Employee Commuting			1.6	
Fuel and Energy-related activities	Scope 1 & 2	Category reduces in line with scope 1 & 2.	Scope 1 & 2 timeframes	4.7	





Long-term drivers: All long-term drivers are balancing figures so emissions in each category reduce sufficiently to meet the target, rather than an estimate or expectation.

1.3 Key Assumptions and External Factors

The following key assumptions are embedded into our transition plan:

- **Growth:** Our emissions reduction pathway incorporates revenue growth forecasts from our financial modelling and budgeting. We have forecast relevant emissions categories to increase in line with our revenue growth forecasts up to 2028 and assume a CAGR of 1.1% thereafter until 2045 in line with long-term GDP. We have also assumed that 2% of annual emissions growth will be offset by operational efficiency improvements.
- **Reliance on industry innovation:** There are several areas where technological development will be required for us to reach net-zero in the long-term, in an operationally and commercially feasible manner, both in our direct operations (e.g. to support the transition from diesel and natural gas) and in our value chain (e.g. to reduce emissions embedded in our purchased goods and services).
- **Reliance on supply chain:** We rely on suppliers' capability and willingness to decarbonise their operations and products.
- **Grid decarbonisation**: Our ability to reduce our purchased goods and services emissions is partly reliant on global grid decarbonisation. Accordingly, we factor in grid decarbonisation aligned to national forecasts (e.g., Future Energy Scenarios from the National Grid[2]) where available, or scenarios developed by IEA Global Energy and Climate Model.
- **Supply of post-consumer waste:** Our targets are dependent on increasing the proportion of recycled materials in production to 36% recycled content to decrease use of virgin resins. We assume there is sufficient, consistent quantities of post-consumer waste available on the UK market at commercially acceptable prices.
- **Achieve yield target.** We have a target to increase the yield from waste to 72% by 2030. This transition plan assumes this target will be reached by the near-term target date.
- **Supply of lower and zero emission virgin resin:** Particularly to meet our long-term and net-zero targets, we assume a greater variety of virgin resins with both lower and zero embodied emissions will become available on the market, in sufficient quantities at commercially acceptable prices.
- **Emissions data:** Our emissions collection methodology is constantly improving, however there are some areas within scope 3 where we have had to rely on estimated data, or product footprints based on representative products for a product class.
- **Climate change scenarios used:** The climate scenarios used in our scenario analysis only provide high-level global and regional forecasts and contain several assumptions about how the world is predicted to decarbonise.

Implementation Strategy

2.1 Business Operations

Scope 1 and 2

Scope 1 and 2 emissions are within our direct control and therefore we have a responsibility to prioritise reducing these emissions. We are committed to exploring and actioning every available opportunity to achieve our targets, and in 2023 have already seen significant reductions in our market-based scope 2 emissions as we increased our procurement of renewable electricity from 72% to 94%.

Our approach to net-zero for operational emissions includes a focus on integrating alternative technologies, fuel optimisation and behaviour change, and use of renewable electricity backed by Renewable Energy Guarantees of Origin (REGO) certificates. The majority of these initiatives will be

[2] https://www.nationalgrideso.com/future-energy/future-energy-scenarios-fes

undertaken at the Group level, however where there are site-specific actions required, we will work with each site to implement their own targets.

Scope 1

Commercial distribution fleet

Diesel is currently being used as the fuel for our heavy goods vehicle (HGV) fleet used to distribute product to our customers, which is a relatively high emitting fuel. In the short-term, we will focus on efficiencies. Our third-party logistics provider has begun using telematics software to improve route efficiency and conducting driver training to use fuel efficiently and aerodynamic kits are being trialled to reduce fuel consumption. We estimate these initiatives will decrease fuel consumption of the fleet by 10% by our near-term target date. We also plan to switch from diesel to hydrotreated vegetable oil (HVO), a lower carbon alternative over this same timeframe as it is comparable to diesel and therefore, we do not expect any disruptions to operations. An assessment of supply and cost is still underway; however, we expect the benefit to outweigh the cost and installation of a fuel pump on-site compatible with HVO will allow us to make the switch within the next 1-2 years.

In the long-term, we are reliant on technological advances making zero emissions HGVs viable, e.g. either via electric or hydrogen vehicles as alternatives. We anticipate that over the next 10 to 15 years wider developments in technology will make these options available. We will continue to update our strategy over time to reflect these opportunities.

Vans

We have a fleet of vans which are used by the branch network and the recycling sites to deliver products and collect scrap. Equivalent to the commercial fleet strategy, in the short-term, we will install telematic systems to improve route planning and load maximisation efficiencies, which we estimate will decrease fuel consumption in this category by 20% by our near-term target date.

Currently, the technology is not available to replace the vans with battery electric vehicles (BEVs) or plug-in hybrid electric vehicles (PHEVs) that meet our requirements in terms of travel distances. This will require extensive charging infrastructure, and load bay length, particularly for the vans used to collect scrap that need specific structures to carry the windows. The costs are also prohibitive at this stage. However, we expect technology will allow for a commercially viable transition in the next 5 to 10 years.

Company cars

Company cars are used by staff to both commute and for business travel purposes. We offered a full range of car options in our most recent lease renewal and approximately 98% of cars selected were BEVs or PHEVs with a goal to achieve 100% at the next renewal.

Warehouse handling

We will continue to upgrade our warehouse material handling plant with electric alternatives, as existing lease agreements expire. This includes forklifts, side loaders and other warehouse vehicles. As use of electric machinery is well established in our warehousing operations and the electric options sufficiently meet our requirements, there will be no significant operational impacts.

Heating & cooling

Natural gas is used at our manufacturing sites and a number of our branches, largely for heating purposes. In the long-term, we will transition our manufacturing sites to heat pumps or boiler systems that can be powered by electricity. For our leased sites, we will engage with landlords to make these changes or consider alternative sites that meet these requirements when the lease comes up for

renewal. Within this timeframe, we will also replace our cooling systems to be compatible with zero or very low global warming potential (GWP) refrigerants. Alternatives are being developed and increasingly adopted to replace high-GWP hydrofluorocarbons (HFCs) as regulations push demand, therefore, we expect viable options to be available in the long-term.

Scope 2

Switching to renewable electricity supply will make a significant contribution to meeting our near-term scope 1 & 2 target. We will continue to procure electricity from sources that are certified with REGO contracts and will do so for Eurocell Recycling North (ERN), our only outstanding site. In addition, we will continue to improve operational energy efficiencies to reduce the energy consumption at sites, largely through machinery and process efficiency upgrades. Further detail on these initiatives is outlined in our FY23 Annual Report.

We have completed the project to install solar panels at our main extrusion plant, and are underway with the installation at our Head Office location, although it is unlikely that renewable energy installations will substantially decarbonise our larger sites, which represent over 90% of our base year footprint. We will continue to review all renewable electricity generation for long-term decarbonisation of our Building Plastics operations.

Scope 3

As scope 3 emissions relate to emissions outside of our control, these are more difficult to influence and reduce and therefore will require a multi-layered approach including actions within our own operations and engagement with third parties. The actions within our own operations have been discussed below.

Purchased goods and services.

Recycling

Eurocell's unique position as the leading UK-based recycler of PVC windows means we have the operational structures to use greater amounts of recycled content in our products making them lower embodied carbon than those made with virgin resin.

There are a number of factors that influence the ability to increase recycling. These include supply of in-feed, equipment and tooling requirements, manufacturing capacity, environmental license limits, product design, and regulatory requirements. Based on an assessment of these factors we estimate we can increase recycling to the extent where we can replace 7.2kt of virgin resin per annum (based on collecting 10kt additional post-consumer waste per annum at a 72% yield rate) in the medium- and long-term.

We identified the post-consumer and post-industrial waste in-feed market as the main barrier. An analysis of the in-feed market indicated only 10kt of additional waste could be obtained by our recycling plants in the near-term. A significant portion of the market is purchased by our competitors who have contracts in place or are able to offer a higher price. We must therefore focus on engaging with suppliers and establishing long-term contracts to ensure consistent supply of waste PVC (see Section 3.1) and increase our market share. There is also waste that still goes directly to landfill and cannot be accessed by our scrap collection scheme. Our engagement with the relevant industry bodies will be important so they can effectively lobby regulators to enable recycling in the UK and prevent recyclable PVC going to landfill. This is discussed further in Section 3.2.

Our current manufacturing capacity is sufficient to recycle the 10kt of additional waste, however we expect to have to invest in upgrades to our tooling as part of end-of-life replacement. This will include upgrades to co-extrusion machines and greater deployment of layer technology across our window and

door profiles. These will assist in meeting our yield target to 72% by 2030 which will convert the 10kt of waste to 7.2kt of recycled material that can be used in our profiles.

If supply were not constrained, the following barriers to using 100% recycled content would also need to be considered:

- We are limited in how much can be stored and processed at our sites due to our environmental licenses. Applying for an increased limit on our licenses or expanding onto additional recycling sites would have to be considered.
- The current waste in-feed does not include windows made with foam profiles and therefore the disposed windows can only be used in our rigid profiles. This will increase over time however as the windows made with foam profiles come to the end of their lives.
- British Plastics Standard 12608 requires virgin resin to be used for the external layer of the profile. Industry engagement with the standard setters to reduce these requirements, is discussed in section 3.2.

In the long-term, we expect to be able to source higher levels of post-consumer waste for both rigid and foam profiles, reducing our reliance on lower carbon and zero carbon alternatives discussed in Section 2.2 to attain our net-zero ambition.

Services decarbonisation

The upstream emissions associated with the services we purchase, such as administrative, legal and advisory support, largely derive from electricity consumption in offices and therefore, we expect these to reduce in line with grid decarbonisation. We have used the predicted decarbonisation of the UK electricity grid under the NZE scenario; 72% decarbonised by 2034, 99.7% decarbonised by 2045.

Business travel and employee commuting

Business travel and employee commuting emissions largely derived from employees using their personal cars for business purposes and commuting to and from work. In addition to encouraging employees to reduce the distances they travel by offering working from home options for office-based staff and promoting car sharing, the greatest reductions will be by transitioning to PHEVs and EVs. By providing the necessary charging infrastructure, which will be addressed as part of our scope 1 actions above, and offering attractive salary sacrifice options, we can support the adoption of lower emissions vehicles and accelerate the transition. We do not expect any impact on our operations beyond minor disruptions at sites while charging infrastructure is installed.

2.2 Products and Services

Due to the barriers to using 100% recycled content, finding viable low carbon and zero carbon PVC resin alternatives to use in our products will be necessary to achieve our near and long-term targets. Virgin resin has high embodied carbon, due to several energy intensive processes including the extraction of fossil fuels, such as crude oil or natural gas, cracking, polymerisation, and refining. Therefore, the whole industry will be required to collaborate and innovate to achieve reductions across the supply chain. We will be reliant on suppliers being able to supply these alternatives in sufficient quantities and at commercially viable prices. Both regulators and customers will also need to be assured of the quality of these and therefore need to withstand quality checks.

Developing lower carbon alternatives is already underway across the industry. One of our key suppliers, INEOS, is now offering a PVC resin, Neovyn, which has a footprint of 1.3 kg CO_2 eq/kg PVC, 37% lower than the EU industry average. This has been achieved through changing the energy sources used in Ineos' processes, switching to renewable electricity during the chlorine production stage and using biomethane, instead of methane, in the heating process. In 2024, we successfully integrated Neovyn

into our Modus profile range, demonstrating a promising future in integrating this material into all of our profiles while preserving the same quality, durability, and performance.

Purchasing Neovyn alone is not sufficient to meet our near-term scope 3 target as there is a limit to what our direct, tier 1 suppliers can achieve. Each actor in the supply chain will need to contribute by switching to renewable energy for extraction, manufacturing and transport. Ultimately however, the extraction of fossil fuels for PVC remains the largest hurdle and will require substituting the fossil-based materials with recycled and/or bio-based feedstocks. The industry is at the start of this journey and at this stage, it cannot be supplied in the quantities we would require or at a commercially viable price. We have an ongoing R&D programme to investigate lower carbon supply chain options, working closely with our key suppliers to identify opportunities. This is discussed in more detail in Section 3.1.

To meet our near-term target, we will need to purchase 6.5kt of Neovyn and 19.4kt of bio-based resin to fill the gap left by the restrictions on recycling. In the long-term, we expect the market to mature, and these options be readily available.

2.3 Policies and Conditions

Our Environmental Policy sets out our commitment to conduct business in a safe and responsible manner including protecting and minimising the impact of our operations on the environment. Applying to all entities, sites, and employees, the policy embeds our commitment to reduce greenhouse gas emissions to reach our science-based targets. The most recent lease renewal saw the majority of our staff switch to PHEVs and EVs for their company car voluntarily indicating there is uptake when this option is offered. Therefore, to incentivise staff to switch their personal vehicles, we will consider implementing an attractive salary sacrifice option and/or changing our policy on mileage claims, restricting these to only be available for PHEVs and EVs.

Our Supply Chain Policy, applies to all our suppliers and associated third parties, sets out expectations to take steps to reduce greenhouse gas emissions, proactively minimise their impact on climate change, and openly engage with Eurocell on their net-zero transition. As discussed in Section 3.1, engagement with the supply chain will be crucial to the success of our net-zero transition.

We will continue to review our policies and establish any additional, specific policies as necessary in order to support our decarbonisation actions.

2.4 Financial Planning

The emissions reductions initiatives outlined throughout this transition plan will be incorporated into our financial planning as best as possible. Many of our initiatives will require initial capital expenditure, however this will be incorporated into end-of-life upgrades and lease renewals. Furthermore, we expected long-term this cost will be offset by cost savings. The greatest financial risk will be the purchase of lower and zero embodied carbon resin alternatives which are currently more expensive than tradition resin, with bio-based resin incurring a substantially higher cost in the current market. The cost to recycle PVC may increase in the medium to long term, however it is likely that it will be more cost effective than bio-based resin. Therefore, whether the actions in this plan will substantially impact Group costs, will be dependent on our ability to increase recycling.

Scope 1 & 2 expected costs

Category	Driver	Description	Expected cost
Electricity	Renewable electricity	Procure 100% renewable electricity.	Purchasing a REGO for our ERN site will have minimal cost. We expect PPA prices to decrease over time as renewable energy technologies advance and become more widespread, although the price we pay will depend on the type of PPA (physical or financial/virtual) and the terms therein. PPAs guarantee stable energy prices for extended periods of time (typically over ten years), helping to avoid impacts of fluctuating market prices. Implementation of on-site renewable energy generation will incur initial capital costs that will be recuperated through on-going cost savings.
Commercial distribution fleet (HGVs)	Fleet Optimisation	Improve telematics software and initiatives to increase fuel efficiency.	Minimal upfront cost to implement and will subsequently yield fuel cost savings through improved efficiencies.
	Fleet HVO	Transition from diesel to HVO.	HVO fuel will incur an additional 25p per litre, a total of £275k per annum based on current fuel consumption levels. Installation of HVO pump on site ranges from £25k to £40k.
Company cars	Car EV	Systematically replacing existing vehicles with BEVs or PHEVs as they come up for renewal.	Having conducted a thorough review of our company car and branch network vehicle fleet, we have identified that it is financially beneficial, to both Eurocell and to employees. Through fuel, tax, and national insurance savings, we estimate total annual savings to Eurocell of ~£500k. EV charging infrastructure is approximately £3k per branch (total £600k).
Vans	Van optimisation	Full adoption telematics, leading to better driving behaviours and better planned routing.	Minimal upfront cost to implement and will subsequently yield fuel cost savings through improved efficiencies.
	Van EV	Systematically replacing existing vehicles with BEVs or PHEVs as they come up for renewal.	Reduced fuel costs. The charging infrastructure costs are covered by the company car section above. It is expected the required vehicles will be more expensive to lease, however as technology advances, we expect prices to decrease over time.
Warehouse handling	Forklift EV	Phase out the use of LPG by transitioning forklifts to electric.	Initial investment with fuel savings over time.
Commercial distribution fleet (HGVs)	Fleet EV	Transition to a fully electric or hydrogen commercial fleet.	In the longer term, we expect that fully electric or hydrogen powered HGVs will become increasingly viable as the technology and national infrastructure improves, although it is difficult to accurately estimate their price. We will transition individual vehicles as leases expire, which will help to spread any financial impacts across several years, for which can be budgeted.
Heating & cooling	Natural Gas	Replace natural gas with heat pumps or electric boilers.	Initial investment made in line with end-of-life upgrades.
	Refrigerants	Transition to zero global-warming-potential (GWP) refrigerants in cooling systems.	Initial investment made in line with end-of-life upgrades.

Warehouse handling	On-site diesel	Eliminate on-site diesel use by transitioning to electric forklifts and shovel loaders.	Initial investment with fuel savings over time.

Scope 3 expected costs

Category	Driver	Description	Expected cost
Purchased goods and services	Recycling	Increase recycling through improved tooling and yield.	Purchasing and processing post-consumer waste is typically cheaper than use of virgin resins. Therefore, the increased use of recycled materials will be financially beneficial to the business. The upfront costs associated with any tooling and machinery upgrades, have been incorporated into our financial planning as part of the end-of-life cycle of machinery and tooling.
	Neovyn	Use of lower embodied carbon resin.	5% uplift on the price of traditional resin.
	Bio-resin	Use of bio-based resin.	Current price is a 400% uplift on the price of traditional resin.
	Supplier engagement	Actively engage with key suppliers to measure emissions and set and achieve science-based targets.	Initiative may require additional headcount in the relevant departments, incurring additional staffing/resourcing costs. However, stronger relationships with suppliers may lead to competitive benefits, such as early access to trial new products, favourable pricing, and project collaboration. As a last resort we may need to switch suppliers who may be more costly, which will have to be considered at the time.
	Services decarbonisation	Grid decarbonisation lowering emissions of purchased services.	No cost.
Upstream transportation and distribution	Transport decarbonisation	Supplier engagement as described above.	Included in supplier engagement costs described above.
Processing emissions	Fabricator decarbonisation	Encourage fabricators to set own targets to reduce emissions.	There should be minimal additional engagement required with fabricators over and above what is already carried out, therefore no additional significant costs for this action.
Business travel	Business travel	Encourage staff to switch personal cars to EVs.	We expect to see financial benefits both to Eurocell and to employees through transition to electric vehicles, as discussed above under scope 1.

Engagement Strategy

3.1 Engagement with Value Chain

Engagement with suppliers

The need to engage and influence our suppliers is incredibly important if we are to meet our emissions reduction targets, particularly the emissions embedded in our purchased goods and services, beyond what we can reduce through use of recycled PVC, and the purchase of lower and zero embodied carbon resins and in relation to our other raw materials and finished goods purchases.

Our short-term focus will be on improving the systems through which we collate ESG data from suppliers, having recently updated our supply chain policy to require the sharing of emissions data (see Section 2.3). We performed an initial screening of our suppliers which showed 24% of our spend equated to 35% of Scope 3 emissions (excluding virgin resin). These top 15 suppliers will be the focus of our engagement in the short- and medium-term.

The first goal will be to collect supplier specific data to reduce reliance on weight-based and spend-based industry averages. Next, we will determine their targets and net-zero ambitions, including initiatives to achieve these targets and associated timelines. Where suppliers do not calculate their footprint and/or have not set targets, we will encourage them to do so and support them through this process. We understand many of the products we procure are also made using PVC resin, and as such we expect these to drive their emissions footprint, equivalent to ours and therefore are also dependent on the production and availability of recycled PVC or lower and zero embodied carbon resin. This adds weight to the industry engagement we describe in Section 3.3. We will consider supplying recycled PVC to any of our suppliers to manufacture into products for us, where it does not compete with our own operations, although we expect the supply of post-consumer waste to be a limiting factor as discussed in section 2.1. In the short-term however, we will work with our suppliers to achieve emissions reductions in areas that are currently feasible, such as renewable electricity.

In time, we will formalise expectations of emissions reduction targets in our procurement decisions and contractual terms. We may also set expectations of suppliers to make submissions to platforms including CDP, or in the case of SMEs and smaller suppliers we may seek to encourage their engagement with the SME Climate Hub.

In the long-term, collaboration efforts will continue down the list of suppliers to ensure sufficient coverage of our upstream emissions. If engagement with suppliers to identify their emissions and target reductions is unsuccessful, we may seek to identify alternative suppliers that more closely align with our decarbonisation goals.

Suppliers of waste

As discussed in Section 2.2, we expect to be able to obtain an additional 10kt of PVC waste per annum, however we will strive to collect more than this to reduce the need to purchase alternative, more expensive resins. We will continue to maintain and develop relationships and establish contracts with potential suppliers of PVC waste, such as house builders, housing associations, waste service providers, fabricators and retailers to ensure sufficient, consistent supply of post-consumer and post-industrial PVC waste.

Engagement with landlords

We will engage with the owners of our branch network sites on the installation of electric vehicle charging infrastructure, to support scope 1, category 6 and category 7 emissions reduction and installation of renewable energy generation (such as wind turbines or solar panels) to support scope 2 emissions reduction. We will consider relocating as appropriate, where landlords are unwilling to engage on these or unable to make the required changes.

Engagement with fabricators

We will encourage our fabricators to reduce their operational emissions to reduce our category 10 (processing of sold products) emissions. This will involve transitioning away from fossil fuels, implementing efficiency improvements to reduce energy consumption and procuring renewable electricity. Many of our fabricators supply to large and national homebuilders and retailers that also have their own net-zero ambitions and will also rely on fabricators to reduce their upstream emissions; therefore, we anticipate this engagement will be successful.

3.2 Engagement with Industry

Our near-term and net-zero ambitions are dependent on the use of lower emission virgin resin alternatives, both for our own operations and for the manufacture of products we purchase. Although some lower emission virgin resins are already available on the market, such as NEOVYN, the emissions savings is relatively limited compared to what is required to meet net-zero. Other bio-based resins are becoming available, but currently only in very limited quantities and only feasible for bespoke manufacturers. We will therefore engage with the industry bodies we are members of including the British Plastics Federation and the Glass and Glazing Federation to convey the urgency with which we, our suppliers, and likely many of our competitors, require resins with greater emissions savings to be developed and launched onto market, that can be sufficiently scaled and sold at commercially acceptable prices.

Two barriers to increasing the proportion of recycled material in our products is the inability to stop a proportion of PVC waste going to landfill, restricting our supply and the British Plastics Standards 12608, which requires all profile exteriors to be made from virgin PVC resin. We will communicate these restrictions to meet our targets without regulation changing. Considering the UK's own ambitions to be net-zero by 2050, these discussions should be had to determine how to enable companies like Eurocell to both produce high quality products and reduce emissions through recycling.

3.3 Engagement with Government, Public Sector and Civil Society

We will continue to engage with the government and public sector to ensure that we are at the forefront of new regulations and developments relating to decarbonisation. Most applicable to us are the Future Homes and Zero Carbon Homes Standards which capture the UK Government's initiatives to eliminate reliance on fossil fuels in new homes through focussing on energy efficiency and low carbon energy sources. We engage and consult regularly with regulators and participate in the Future Homes Hub to support the Future Homes Delivery Plan – a sector-wide plan to embed the environmental initiatives of the Standard. Although all our mainstream fenestration products currently have U-values (an energy efficiency measure) which meet the expected Future Homes Standard, we have established an R&D programme to work with housebuilders to develop fit-for-purpose solutions.

Beyond this, our targets are in accordance with the Paris agreement and the 1.5 degrees trajectory, and we have joined the UK's commitment to net-zero by 2050 by publishing our transition plan. We have demonstrated further commitment to these goals by submitting our targets to the Science-based targets initiative (SBTi) for validation this year.

Metrics and Targets

4.1 Governance, Business and Operational Metrics and Targets

We outline our strategic objectives throughout this report and as we do not expect this transition to require a change to internal organisational and governance structures, we have not disclosed any specific targets related to governance. The existing strength of our governance structure, discussed below, is sufficient to carry out this plan.

We monitor several environmental metrics against targets embedded into our sustainability strategy to track our progress.

KPI		2022	Target
Waste to landfill	% landfill	12%	No more than 5% waste to landfill by 2025 and 1% by 2030
Waste recycled	% recycled	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	29%	36% by 2030
CO_2 saved by recycling operations	Tonnes saved	47kt	Year-on-year increase
Recycled material yield	% generated	59%	72% by 2030
Scope 1 and 2 emissions	tCO2e	15,848	Reduce scope 1 and 2 by 70.03% by 2034
Scope 3 emissions	tCO2e	194,856	Reduce scope 3 by 37.5% by 2034
Scope 1, 2 and 3 emissions (market based)	tCO2e	210,704	Net-zero by 2045
Renewable electricity	% renewable electricity used	72%	More than 90% by 2025

In addition, we outline our climate-related risks and opportunities in Section 1.1, against which we track a series of metrics to monitor our exposure and the progress of our mitigations.

4.2 Financial Metrics and Targets

As discussed, the delivery of our planned emissions reduction activities is incorporated in our existing overall business strategy. There may be additional spend to achieve our goals where bio-based resins need to be purchased however we have no set any financial metrics or targets on these, at this stage. At present we do not apply carbon pricing in any financial decision making.

4.3 Greenhouse Gas Metrics and Targets

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 2022 (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 2020 factors were used. For weight-based calculations, EcoInvent v3 and Idemat 2022 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.

Five categories of scope 3 are not applicable to our business, these are:

- Upstream leased assets - Eurocell does not currently have any upstream leased assets.
- Downstream leased assets – Eurocell does not currently have any downstream leased assets.
- Use of sold products – No energy is consumed when using Eurocell's products.
- Franchises – Eurocell does not operate any franchises.
- Investments – Eurocell does not have any investments.

In 2024, the group established the following near-term and long-term targets which have been submitted to the Science Based Targets Initiative (SBTi) for validation. These targets are yet to be validated by the SBTi however, they reaffirm our long-term commitment to being net-zero across our entire value chain by 2045.

Our targets are:

- Reduce absolute scope 1 and 2 GHG emissions by 70.03% by FY2034 from a FY2022 base year.
- Reduce absolute scope 3 GHG emissions by 37.5% by FY2034 from a FY2022 base year.
- Reduce absolute Scope 1, 2 & 3 emissions 90% by FY2045 from a FY2022 base year.

4.4 Carbon Credits

We do not currently use any carbon credits to offset our emissions, nor do we have any current plans to use them. However, if the need were to arise, we may use carbon credits to offset the remaining 5-10% of our residual emissions in order to achieve our 2045 net-zero target per SBTi guidance.

Governance

5.1 Board Oversight and Reporting

The board reviews and is ultimately accountable for all ESG matters, including the successful delivery of our Net-Zero Transition plan. Board expertise on ESG, including climate change and related matters is provide by Alison Littley (Non-executive director), Chair of the Social Values and ESG Committee. The Board, through this committee, were responsible for the setting of our emissions reduction targets, and will oversee, monitor, and be accountable for, progress against our emissions reduction targets. The Committee will in turn receive regular updates from Executive Committee members on the performance and progress against the objectives set out in our Transition Plan.

The Audit and Risk Committee and the Executive Committee support the Board to ensure that climate-related risks and opportunities are integrated into the Group risk management processes and risk register. These climate-related risks are included in the Group risk register, which is reviewed and subsequently presented to the Audit and Risk Committee by Executive Management biannually.

5.2 Roles, Responsibility and Accountability

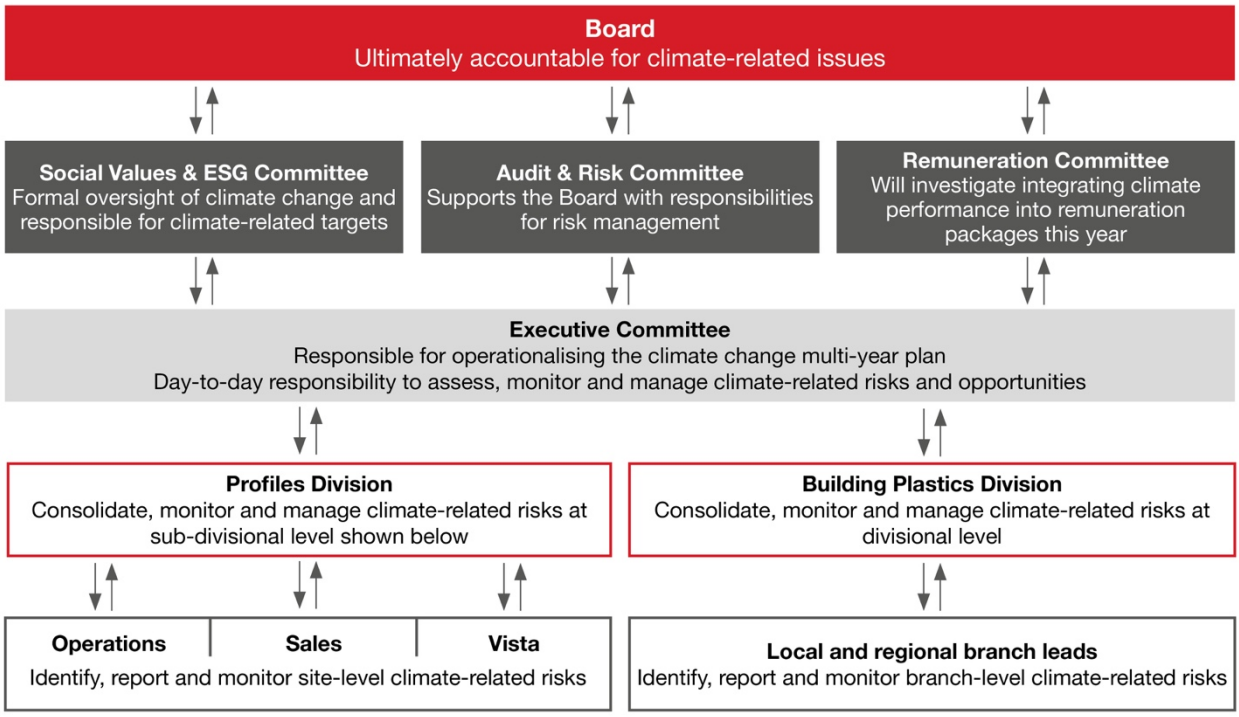
Management

The Executive Committee, led by our Chief Executive, is responsible for the implementation of our climate change strategy. This includes management of our carbon emissions and improving the climate credentials of our products, particularly with our focus on the use of recycled material in manufacturing processes. Additionally, initiatives such as R&D and efficiency improvements are closely monitored. Our Chief Operating Officer is primarily responsible for the delivery of our climate change objectives and now reports progress to the Social Values and ESG committee. This includes the delivery of initiatives set out in our Transition Plan.

Following the approval of our emissions reduction targets in line with the SBTi, the Executive Committee will cascade the Net-Zero Transition Plan to each division and monitor progress against key milestones, thus ensuring that there is accountability throughout the organisation.

The Executive Committee has day-to-day responsibility for identifying, assessing, monitoring and managing risks which affect our pathway to Net-Zero. The Committee meets monthly, with risk management now introduced as a standing agenda item to facilitate the discussion and management of any emerging and increasing risks, including climate-related risks (both physical risks at site level, and transitional risks), pertinent to our Net-Zero Transition Plan. Our operational and commercial leaders in each division, now consider any climate-related risks within their respective business units through their discussions with site managers and local and regional branch managers. As noted above, the Executive Committee consolidates these discussions with a full risk register review every six months, with the results reported to the Audit and Risk Committee.

Climate-related governance framework



5.3 Culture

In order to achieve our aims, set out in our Net-Zero Transition Plan, we understand the importance of embedding sustainability at all levels in the organisation. Through the Social Values and ESG Committee, we ensure that our pillars of sustainability are embedded in all divisions. This includes direct engagement from the Board through our colleague focus groups, led by the chair of the Social Values

and ESG Committee, Alison Littley. Through these forums, we ensure that employees' views are heard, understood, and taken into consideration.

Our internal communications platform, EPiC (Eurocell People in Communication, helps to engage and inform our colleagues on topics including our Net-Zero initiatives. It takes the form of monthly, e-newsletters, which include a CEO vlog, and a triannual printed magazine. In 2023 we completed the appointment of an Internal Communications Manager and as a result in 2024 we expect to make further progress with our plans to develop an internal communications framework to improve our cascading of important company information relating to Net-Zero.

5.4 Incentives and Remunerations

The Directors' Remuneration Policy will be put to a binding shareholder vote at the 2025 AGM and applies from the date of approval for a maximum of three years. The current policy does not include sustainability as part of its executive compensation structures. However, we will look to review our approach to include relevant metrics pertaining to the successful implementation of our Net-Zero Transition Plan in the next review.

5.5 Skills, Competencies and Training

The Board receives regular updates on sustainability-related information through the processes above to keep them informed of Eurocell' ESG strategy. From 2024, the Social Values and ESG Committee will oversee the introduction of a training schedule for Board members on climate-related issues.

Another key initiative designed to reduce our emissions includes the training of operational staff in methods to improve operational efficiency and reduce emissions. A formal process will be introduced to relevant staff; however, we are also in the process of developing a new set of environmental policies. These will be distributed across the group, and discussed with employees to ensure everyone understands their responsibilities.

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