CONTENTS

For more and the latest information please visit the Group's website at:
www.travisperkinsplc.co.uk

Subject guide
Progress
Sustainability
Quote
Customers and colleagues
Focus

2024 FINANCIAL HIGHLIGHTS

A challenging trading year with good progress in Toolstation and a strong focus on cash generation

Revenue
£4,607m
2023: £4,837m

Adjusted operating profit
£152m
2023: £198m

Net debt/adjusted EBITDA
2.5x
2023: 2.6x

Return on capital employed
5.4%
2023: 6.9%

Dividend per share
14.5p
2023: 18.0p

Loss after tax
£77m
2023: profit after tax of £38m

Graduated apprentices
427
2023: 414

Carbon emissions (kt of CO_2e)
6,530
2023: 7,012

2024 OPERATIONAL HIGHLIGHTS

A challenging trading year

- Group revenue down (4.7)% driven by price deflation, continued decline in market volumes and underperformance in the Merchanting segment.
- Significantly improved cost discipline but lower trading volumes and price deflation resulted in full year adjusted operating profit of £152m (2023: £198m).
- Operating profit of £2m (2023: £161m) reflects trading performance and adjusting items of £139m (of which around £20m are cash items) related to impairments in Staircraft and certain Merchanting branches and restructuring actions.

Good progress in Toolstation

- Toolstation UK adjusted operating profit up 48% driven by robust sales growth, improved gross margins and supply chain and overhead efficiencies.
- Toolstation France closed and Toolstation Benelux on accelerated path to profitability.

Strong focus on cash generation and strengthening the balance sheet

- Net debt before leases reduced by £123m driven by £64m benefit from improved stock management and disciplined approach to capital expenditure.
- £125m raised from investment grade US private placement notes in March 2025.

OVERVIEW

Focused on providing customers with everything they need for their building projects, when and where they need it

Well positioned

The breadth, reach and scale of the Group puts it in a unique position to supply the entire UK construction industry and be customers' first choice for building materials and tools.

Strategic opportunities

The Group's market-leading businesses serve customer needs from well-located branches, where operations are underpinned by safety and sustainability and where customers are offered excellent service with a wide range, high availability, delivery options, finance solutions and value-added services.

OUR STRATEGY FRAMEWORK

MEETING CUSTOMER NEEDS

- Five leading businesses serving specific construction markets
- Local empowerment to serve small tradesmen and the general builder
- Specialist propositions for larger contractors
- Technical capability
- Value-added services

LEVERAGING SCALE

- Nationwide network
- Purchasing power
- Range and availability
- Digital capability
- Main contractor and developer relationships
- Value creation from property portfolio
- Long-term consolidation options

An efficient and sustainable operating model

- Leading the market in a responsible manner
- The best people in the industry
- Technical, sustainable solutions fit for purpose
- Focused capital deployment

The Group's values:

- We care
- We give our best to be the best
- We're better together

Doing the right thing

- Safety and wellbeing
- Colleague voice
- Diversity, equity and inclusion
- Reward
- Charity and community
- Legal compliance

AT A GLANCE

Travis Perkins plc is the largest distributor of building materials in the UK

Travis Perkins plc is a trade-focused group, serving generalist and specialist trades with products and services that are designed to help customers grow their businesses in new and established markets.

The Group's goal is to deliver exceptional customer service from advantaged businesses operating from well-positioned networks on a national scale.

The Group offers a range of high-quality products and gives customers the choice of a range of channels, fulfilment options and ways to pay.

Merchanting

Travis Perkins

The UK's market-leading general builders merchant, offering a destination for heavyside products complemented by lightside convenience. Serving general trades and specialist contractors with the building materials they need when and where they need them from 577 national locations. Contains a comprehensive tool hire offer, innovative Managed Services solutions and a kitchen design and supply offer, branded as Benchmarx.

CCF

CCF distributes insulation and interior building products from 37 branches to contractors throughout Great Britain. #2 in its market, CCF supports the construction and renovation of both domestic and commercial buildings with service and specialist knowledge.

BSS

Market-leading supplier of commercial and industrial heating and cooling solutions, supplying specialist contractors with a wide variety of products from 69 branches and two distribution centres. BSS offers customers a tailored tool hire service and includes TF Solutions, a specialist provider of air-conditioning products and heat pumps.

Keyline CIVILS SPECIALIST

A civils specialist, Keyline is #1 in its market and supports housebuilders, groundworkers and infrastructure contractors to build and redevelop facilities which are vital to the nation. Delivering heavy products from 41 branches in a safe and accurate manner, Keyline works as a partner to its specialist customers and is developing new areas of expertise in roads and highways.

Toolstation

TOOLSTATION

Toolstation is #2 in its market in the UK and offers customers an innovative lightside proposition from 587 branches across the UK and 110 in Benelux. With a wide range of products available in branch and for next-day delivery, offering long opening hours, a strong digital offering and a committed customer service ethos, Toolstation is changing the purchasing experience of trade and DIY customers.

Branches

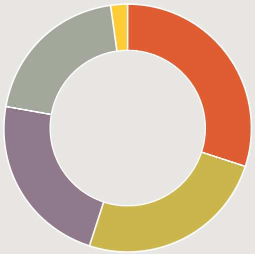
c.1,400

Employees

c.17,000

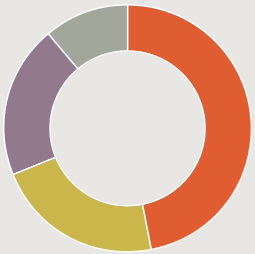
Serving the construction industry

200+ years



Geographic split

South-East	30%
Midlands	25%
North and Scotland	23%
Wales and South-West	20%
Europe	2%



Product mix

Heavyside	47%
Lightside	22%
Plumbing & Heating	20%
Timber	11%

Payment mix

Cash	28%
Credit	72%

Channel

Collect	40%
Deliver	60%

> Our market footprint, the quality of our people and the strength of our relationships, puts us in a strong position to be our trade customers' first choice.

Geoff Drabble
Chair

CHAIR'S STATEMENT

Leveraging excellence to benefit customers

By rediscovering our competitive strengths, I am confident that we will improve profitability and provide attractive returns for shareholders in the medium term.

Geoff Drabble
Chair

It was a real privilege to be appointed to the Board of Travis Perkins plc last year, as I see this as a business with many inherent strengths and great potential. However, it is also a business that has been through a period of significant change.

The immediate task is to align all parts of the business to a clear and achievable strategy that prioritises customer service. The key to this will be our people, and I would like to take this opportunity to thank them for their continued contribution during what has clearly been an unsettling period.

Our objective is to leverage excellence in all parts of the business and work towards a vision where we create flexible, responsive and entrepreneurial local businesses supported by world class central functions that differentiate us from our competitors, and where we provide value added services to our customers.

There have been some short-term tactical missteps in the past, but the fundamental building blocks that attracted me to the business remain in place. We have great brands, capable people, a unique portfolio of businesses and the best locations in the industry.

I was sorry to see Pete Redfern's brief but promising tenure as CEO being brought to a premature conclusion due to ill health, and he left with our best wishes for the future. On a personal level, and on behalf of the Board, I recognise the contribution he made to re-energise the business.

Work by the Nominations Committee to search for a successor CEO is underway. In the meantime I am fully committed to working closely with the executive and leadership teams to ensure the stability and continuity of the business, and that we remain focused on progressing the actions that are in flight to improve performance and enhance profitability.

Uncertainty remains regarding the strength and timing of a recovery in UK construction activity. Irrespective of this, we have the opportunity and ability to make improvements in a number of areas that are within our control. We have a strong balance sheet that will provide security for the changes that we need to make; changes that will make our businesses more responsive and bring them closer to our customers. This, combined with the breadth, reach and scale of our Group, puts us in a strong position to be our trade customers' first choice.

I am really excited at the prospect of working with the Board and the leaders in this business to achieve this, and by rediscovering our competitive strengths, I am confident that we will create a pathway to improving profitability and providing attractive returns for shareholders in the medium and long-term.

Finally, on behalf of the Board, I would like to say a big thank you to our Non-executive Director, Jez Maiden, for his service as Interim Chair in 2024. During a year of several Board leadership changes, Jez provided business continuity and great support during the recruitment process. Special thanks also go to our customers and suppliers, and I look forward to strengthening our trading relationships with them as we move the business forward.

Geoff Drabble
Chair
31 March 2025

MARKET OVERVIEW

The market for building materials in the UK coming through distribution channels is £65bn*

* Source - BUILDERS MERCHANTS MARKET REPORT UK 2024-2028, September 2024.

Private domestic and new build

Growth drivers:

- Government housing targets
- A shortage of housing in the UK
- Growth in the population
- Continued desirability of house ownership
- Upcoming building regulation change

19% Market mix

15% Group revenue mix

Commercial and industrial

Growth drivers:

- Refurbishment of existing commercial buildings as tenants move to smaller, Grade A office spaces
- Greater demand for energy efficient buildings
- Cladding remediation on commercial buildings
- Increase in large projects such as gigafactories and data centres

26% Market mix

24% Group revenue mix

Private domestic repair, maintenance and improvement (“RMI”)

Growth drivers:

- The age and quality of UK housing stock
- Government schemes to boost energy efficiency
- Energy efficiency retrofit trends

17% Market mix

35% Group revenue mix

Public sector

Growth drivers:

- Government policy
- Building and refurbishment of the public sector estate
- Retrofit opportunities for energy efficiency
- Demand for social housing

38% Market mix

26% Group revenue mix

The market mix and market size figures are based on 2024 data. The Group mix is based on internal estimates.

BUSINESS MODEL

People are at the heart of the business model

The Group's businesses bring together customers, suppliers and colleagues into mutually-beneficial relationships which can last many years. The Group invests time and resources with all of its stakeholders and is mindful of the impact it has on the environment.

Inputs

Competitively-advantaged resources and relationships.

Customers

- Strong customer relationships
- Local empowerment to serve small trade and the general builder
- Specialist propositions for larger contractors
- Technical capability and value-added services

Resources

- A 200-year heritage and businesses that are #1 or #2 in their market
- A national branch and supply chain network
- Digital platforms to improve the customer experience
- 17,000 colleagues with technical knowhow and industry experience

Suppliers

- Partnership relationships with suppliers, which work for the success of all

Processes

Converting the inputs, demands and requirements of stakeholders to generate valued outputs.

The Group

- Collaborate, specify and quote
- Negotiate, convert and sell
- Range and source
- Procure
- Fulfil, collect and deliver
- Provide and manage credit

Outputs

Value for all.

Stakeholders

- Fulfilled customers
- Satisfied shareholders
- Engaged colleagues
- Valued suppliers

Underpinned by

Responsible and sustainable approach (See page 26) **Sound corporate governance** (See page 71) **Robust risk management** (See page 59)

OUR STRATEGY

The strategy of the Group is to grow the share of its market-leading businesses by offering customers attractive propositions and excellent service

Proposition

	BSS, CCF, Keyline	Travis Perkins	Toolstation
Customers	Large	Large to small	Small
Price	Variable and framework	Variable	Fixed
Range	Variable	Part-mandated	Mandated
Delivered	88%	58%	10%

Priorities and initiatives

	BSS, CCF, Keyline	Travis Perkins	Toolstation
Strategic priorities	• Being the distributor of choice • TF Solutions growth • Leading on infrastructure	• Hire • Managed service • Benchmarx • General builder proposition	• Network roll-out • Ongoing digital development
Strategic initiatives	• Technical development • Data-led sales approach	• Operational efficiency • Network investment	• Customer, colleague and supplier propositions


Croeso
Welcome
CIST
BANGOR
Managed
Services


THE
NORFOLK
BUILDERS

KEY PERFORMANCE INDICATORS (KPIs)

Operational

Adjusted operating profit

2024	**£152m**
2023	£198m
2022	£295m
2021	£353m
2020	£128m

Definition (note 2b)
Profit before tax, financing charges and income, amortisation of acquired intangibles and adjusting items.

Reason
Adjusted operating profit excludes adjusting items and the amortisation of intangible assets arising on the acquisition of a business, so management can monitor the Group's underlying performance.

Sales growth

2024	**(4.7)%**
2023	(3.2)%
2022	8.9%
2021	24.0%
2020	(10.8)%

Definition (note 1b)
Total revenue growth.

Reason
Sales growth helps management monitor the performance trend of the business and gives a good indication of its overall health compared to its competitors. Total sales growth is not distorted by actions such as the consolidation of branches.

Financial

Leverage ratio

2024	**2.5x**
2023	2.6x
2022	1.8x
2021	1.2x
2020	2.0x

Definition (note 25)
The ratio of net debt to earnings before tax, interest, depreciation, amortisation and adjusting items ("Adjusted EBITDA").

Reason
The leverage ratio is an indicator by management and lenders of the Group's ability to support its debt. The Group has a target of 1.5x–2.0x.

Free cash flow

2024	**£109m**
2023	£62m
2022	£95m
2021	£65m
2020	£241m

Definition (note 24)
Net cash flow before dividends, freehold property purchases and disposals, pension deficit repair contributions, adjusting and discontinued cash flows and the issuance and repayment of debt.

Reason
The Group needs to generate strong free cash flows to enable it to invest, expand its operations and pay dividends to shareholders. Freehold investments are financed by property disposals and enable the Group to access the best property locations.

Return on capital employed

2024	**5.4%**
2023	6.9%
2022	10.8%
2021	14.1%
2020	5.3%

Definition (note 26)
Adjusted operating profit divided by the combined value of balance sheet debt and equity excluding pension assets.

Reason
This ratio allows management to measure how effectively capital is used in the business to generate returns for shareholders.

Non-financial

Accident frequency rate

2024	3.6
2023	3.9
2022	4.7
2021	5.6
2020	5.4

Definition

The number of lost-time incidents (“LTIs”) per million hours worked.

Reason

Keeping people safe is the Group’s first priority. This ratio allows management to measure progress in ensuring a safe workforce.

Carbon emissions

2024	6,530
2023	7,012
2022	8,294
2021	9,111
2020	8,546

Definition

Total Scope 1, 2 and 3 carbon emissions (kilotonnes of CO_2e).

Reason

The Group has a responsibility to take action to prevent the worst impacts of climate change. This measure allows management to measure progress in the decarbonisation of the business. This includes Scope 3 in addition to Scope 1 and 2, as Scope 3 represents over 99% of the Group’s carbon footprint and the Group has set a target of reducing Scope 3 emissions by 63% by 2035 from a 2020 baseline.

Carbon emissions and accident frequency rate are two key sustainability metrics
See page 26 for more information

BUSINESS PERFORMANCE AND PRIORITIES

2024 performance

£m (unless otherwise stated)	Note	2024	2023 (re-presented[1])	Change
Revenue	1	**4,607**	4,837	(4.7)%
Adjusted operating profit excluding property profits[1]	2a	**141**	183	(23.0)%
Adjusted operating profit[1]	2a	**152**	198	(23.2)%
Adjusted earnings per share[1]	20b	**36.6p**	54.4p	(32.7)%
Return on capital employed[1]	26	**5.4%**	6.9%	(1.5)ppt
Net debt / adjusted EBITDA[1]	25	**2.5x**	2.6x	0.1x
Ordinary dividend per share	21	**14.5p**	18.0p	(19.4)%
Operating profit		**2**	161	(98.8)%
Profit / (loss) after tax		**(77)**	38	(302.6)%
Basic earnings / (loss) per share	20a	**(36.6)p**	18.1p	(302.2)%

1 For continuing businesses only. The Toolstation France business is treated as a discontinued operation.

2024 was a challenging year for the Group with revenue of £4,607m down (4.7)% year-on-year, driven by the Merchanting segment through a combination of price deflation, reduced demand across the UK construction market and increased competitive intensity. Toolstation continued to make good progress with robust revenue growth in both the UK and Benelux reflecting ongoing maturity benefits.

Adjusted operating profit excluding property profits of £141m was £(42)m, or (23)%, lower than prior year. Around £(39)m of the profit decline resulted from lower sales volumes whilst approximately £(56)m was attributable to lower gross margins, driven by price deflation and increased competitive intensity.

Against this backdrop management took actions to reduce total overheads by £53m compared to prior year. Restructuring actions taken at the end of 2023 reduced overheads by £35m with a further £36m of savings on discretionary spend and £9m savings from the strategic review actions taken in Toolstation Benelux. Offset against this was around £(27)m of overhead inflation, primarily on payroll and property costs.

Building on the Group's inherent strengths

The Group has strong fundamentals built up over decades as the largest UK building materials distributor, namely:

- A comprehensive UK network backed by freehold ownership of key trading sites.
- Experienced and high-quality teams across the business.
- Long-established customer and supplier relationships
- A unique portfolio of brands.
- Significant earnings growth potential from Toolstation as the business matures.

Attractive long-term structural drivers

The Group operates in a market with attractive long-term structural drivers – in particular a shortage of UK housing, an ageing UK housing stock and a need to decarbonise the UK's built environment. These structural drivers have taken greater prominence in the key priorities and policy setting of the new Labour Government, which has set ambitious housebuilding targets and see construction-led activity as a major pillar to kickstarting economic growth.

However, the Group has become distracted in a challenging market

The Group's key end markets have seen a progressive deterioration in demand over the past three years driven by high inflation, rising interest rates and weak consumer confidence. During this period, the Group's approach to capital allocation and overhead management has diluted returns, exacerbated profit decline and resulted in leverage increasing beyond the Group's target range. During this period, the business has seen significant personnel change at all levels of the business, particularly in some key customer-facing roles.

Building an entrepreneurial, customer-centric business

Over recent years, the Group has become too centralised which has increased costs and complexity. Work is now underway to transform the operating model to create a business based around empowered local branches, backed by high quality support functions providing insight and driving the benefits of national scale. This cultural shift will bring the business closer to its customers and enhance service levels.

Balance sheet

The Group has made good progress on actions to strengthen the balance sheet during the year, with overall net debt reducing by £77m and net debt before leases reducing by £123m. Accordingly, despite the further reduction in adjusted operating profit, net debt / adjusted EBITDA has also reduced to 2.5x. Management remain focused on returning leverage to the Group's target range of 1.5 - 2.0x as soon as is practically possible.

Dividend

The Board is recommending a final dividend of 9.0 pence per share (2023: 5.5 pence per share) to give a full-year dividend of 14.5 pence per share (2023: 18.0 pence per share), in line with the Group's policy to pay a dividend of 30-40% of adjusted earnings. The dividend will be paid on 29 May 2025 to shareholders on the register as at close of business on 22 April 2025.

Current trading and outlook

The Group has experienced a mixed start to 2025. Trading conditions have continued to be challenging in our Merchanting businesses with pricing now stabilised but volumes in modest decline. By contrast, Toolstation has started the year more positively and continues to deliver good growth.

It is encouraging to see a more robust demand backdrop for some elements of the construction market. However, the pace and rate of an overall recovery in construction activity levels remains uncertain and will likely need further cuts to interest rates and an uplift to consumer confidence levels to stimulate a meaningful increase in demand.

In recognition of this backdrop and the operational turnaround challenges the Group currently faces, the Board expect FY25 adjusted operating profit, excluding property profits, to be broadly in line with FY24.

The Board remains confident in the inherent strengths of the Group and its market-leading position in the building materials sector. By investing in its core competitive advantages with a clear focus on its customers' needs, the Group will start to deliver an improved financial performance and create attractive returns for shareholders over the medium-term.

Technical guidance

The Group's technical guidance for 2025 is as follows:

- Expected ETR of around 30% on UK generated profits.
- Base capital expenditure of around £80m.
- Property profits of around £3m.

Implementation of new Oracle finance system

On 1 July 2024, the Group implemented a new Oracle Financial ERP system which represented a significant step forward for the Group in modernising its core technology platform. Oracle has strengthened financial controls, enabled new standardised processes and enhanced stock visibility and reporting, all of which will deliver long-term benefits for the Group.

With this being the first major systems upgrade for several decades, the Group has inevitably experienced some challenges with the adoption of new processes. This has translated into some limited customer facing challenges in branch and disruption associated with some supplier payments and collection of customer debt, which in turn has had an impact on trading operations. It has also resulted in a working capital outflow during the year, estimated to be around £50m.

The Group is confident that as these processes become familiar and are readily adopted that this disruption will ease and the working capital position will normalise throughout 2025.

Adjusting items

£m	2024	2023 (re-presented[1])
Branch impairment	63	–
Staircraft impairment	33	–
Supply chain consolidation	26	6
Group restructuring	11	11
Benchmarx closures	6	10
Total	**139**	27

1 For continuing businesses only. The Toolstation France business is treated as a discontinued operation.

The 2024 branch-level impairment review identified 209 branches where the carrying value of the branch's assets was below the value of the discounted future cash flows generated from those assets. The total impairment recognised in relation to these branches is £63m. In the majority of cases the branches are expected to deliver a positive contribution in 2025 with the vast majority delivering a positive contribution in the future, based on cautious financial planning assumptions. Management's view is that this reflects the under-utilisation of these assets during the period under review as a result of cyclically depressed market volumes and that these branches will remain an important part of the Group's future network strategy. An impairment of £33m has been recognised following the annual impairment review of the Staircraft business as a result of challenging trading conditions in its markets.

The supply chain consolidation charge relates to the closure of a number of distribution centres in Toolstation, Benchmarx and the Group timber supply chain. The costs relate primarily to stock write-downs, dilapidations and other property-related costs. Restructuring charges relate to actions taken to reduce central and regional headcount.

The Benchmarx closures charge reflects the costs, primarily redundancy, of closing 39 standalone branches in February 2024. The prior year charge reflected fixed asset impairments associated with those sites.

Property

The Group generated property profits of £11m in the year, with £62m of cash proceeds.

BUSINESS PERFORMANCE AND PRIORITIES CONTINUED

Merchanting

2025 priorities

- Focused leadership in all businesses
- Reinvestment in branch resources
- Remove barriers to delivering excellent customer service
- Support functions focused on providing insight and driving the benefits of national scale

Revenue

£3,786m

2023: £4,036m

Adjusted operating profit

£149m

2023: £212m

	2024	2023	Change
Revenue	£3,786m	£4,036m	(6.2)%
Adjusted operating profit	£149m	£212m	(29.7)%
Adjusted operating margin	3.9%	5.3%	(140)bps
ROCE	7%	9%	(2)ppt
Branch network	724	769	(45)

The Group's Merchanting businesses saw revenue fall by (6.2)% in the year as a result of price deflation and declining volumes, arising from the depressed levels of UK construction activity and an intensely competitive backdrop. Adjusted operating profit reduced by (29.7)% to £149m, reflecting the high operational gearing of these businesses. Operating profit declined to £20m from £199m due to these factors and adjusting items of £133m relating to impairments in Staircraft and certain Merchanting branches and restructuring actions.

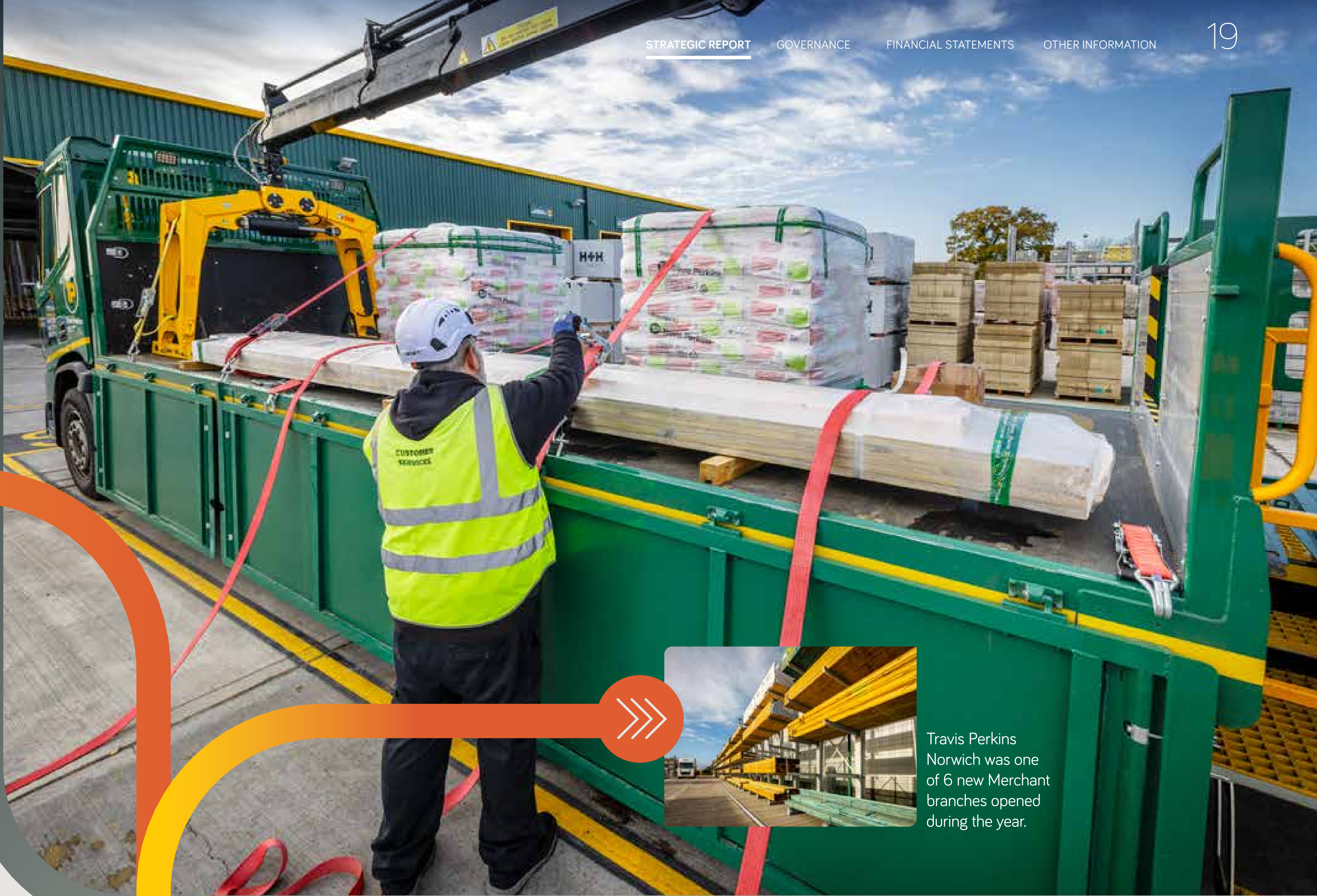
Price deflation, a significant factor in H1 due to the rollover of prior year timber price reductions in particular, eased in H2. However, volumes worsened as the year progressed, in part driven by project postponements caused by general election uncertainty and the delayed government budget.

The private domestic RMI market, the Merchanting segment's largest end market which is primarily serviced by the Group's General Merchant business, remained depressed throughout the year. The private domestic new-build market, primarily serviced by Keyline and CCF working with national and regional housebuilders, also saw another notable drop in activity.

The Merchanting segment's other end markets – commercial, industrial and public sector – saw mixed levels of demand with uncertainty surrounding government departmental budgets persisting until after the late October budget announcement. This created hesitancy to invest and impacted demand in the second half of the year, particularly in BSS which serves these markets.

Six new Merchant branches were opened during the year as the Group continues to selectively add new branches to its network. Five of the sites were new General Merchant branches, serving major conurbations including Leeds, Edinburgh, Derby and Coventry, with a new CCF branch also opened in Norwich.

51 Merchant branches were closed during the year with the majority being 42 Benchmarx standalone branches. The Benchmarx decision continues the Group's strategy of offering an integrated proposition within destination General Merchant branches. The remaining nine branches closed comprised eight General Merchant branches and Keyline Kirby with these sites deemed to be poorly located or requiring significant investment and where trade could be transferred to an alternative nearby branch.



Travis Perkins Norwich was one of 6 new Merchant branches opened during the year.

BUSINESS PERFORMANCE AND PRIORITIES CONTINUED

Toolstation

Revenue

£821m

2023: 801m

Branch network

697

2023: 689

2025 priorities

- Continued Toolstation UK gross margin progress with focus on increasing own brand penetration
- Further Toolstation UK supply chain efficiencies
- Continued expansion of Toolstation UK with c.20 new branches
- Drive Toolstation Benelux strategic plan actions to narrow losses further

	2024	2023 (re-presented[1])	Change
Revenue	**£821m**	£801m	2.5%
Life-for-like growth	**1.9%**	3.4%	
Adjusted operating profit - UK	**£34m**	£23m	47.8%
Adjusted operating profit - Europe	**£(13)m**	£(20m)	35.0%
Adjusted operating profit - Total	**£21m**	£3m	600.0%
Adjusted operating margin	**2.6%**	0.4%	220bps
ROCE	**4%**	1%	3ppt
Store network (UK)	**587**	570	17
Store network (Europe)	**110**	119	(9)

1 For continuing businesses only. The Toolstation France business is treated as a discontinued operation and excluded from the re-presented 2023 figures.

UK

Toolstation UK continued to make good progress during the year with revenue increasing by 2%, reflecting continued maturity benefits and a modest pricing uplift. A net 17 stores were added during the year with 19 new stores, three relocations and two closures. A similar number of store additions is expected for 2025.

Adjusted operating profit increased by £11m (47.8%) year-on-year driven by a combination of sales growth, gross margin benefits from improved purchasing and product mix and supply chain efficiencies.

Benelux

Like-for-like sales in Benelux increased by 11% as the business continues to mature. However, due to rapid growth over recent years, the business has not been effective in converting strong sales growth into improved profitability and hence management conducted a full strategic review of the business during the first half of the year.

The review concluded that the business had good long-term prospects but needed to take near-term actions to accelerate the path to profitability. These actions included the closure of 11 underperforming branches, a 15% reduction in central headcount, improving procurement capability and optimising supply chain capacity. As a result of these actions, adjusted operating losses reduced to £(13)m and are expected to narrow significantly again in 2025.

France

Following a strategic review early in the year, management concluded that Toolstation France did not have a credible pathway to becoming a profitable standalone business. The capital requirements to reach the necessary scale in the French market, given the operation's relative immaturity, and the differing customer behaviours to Benelux and the UK, led management to pursue divestment options with established domestic partners in the French market. When it became clear that there was no overall buyer, management took the difficult decision to close the French business. That process is now complete with 8 stores having been sold to Quincaillerie Angles as a going concern and the 43 remaining stores, alongside supply chain and head office functions, closed by the end of 2024.


TS
LOW PRICES ON
TRADE QUALITY PRODUCTS
TS
OPEN TO ALL
7 DAYS A WEEK
TOOLSTATION
ENTRANCE
ASK IN
STORE
ABOUT
HIRE

FINANCIAL REVIEW

Volume, price and mix analysis

	Merchanting	Toolstation	Group
Price and mix	(2.3)%	1.4%	**(1.7)%**
Like-for-like volume	(4.5)%	0.5%	**(3.6)%**
Like-for-like revenue growth	**(6.8)%**	**1.9%**	**(5.3)%**
Network changes	(0.6)%	0.3%	**(0.5)%**
Trading days	1.2%	0.3%	**1.1%**
Total revenue growth	**(6.2)%**	**2.5%**	**(4.7)%**

Quarterly revenue analysis

		Total revenue*		Like-for-like revenue	
		2024	2023	2024	2023
Merchanting	Q1	(6.0)%	(3.2)%	(4.2)%	(4.2)%
	Q2	(5.7)%	(5.6)%	(7.9)%	(5.2)%
	H1	**(5.8)%**	**(4.5)%**	**(6.1)%**	**(4.8)%**
	Q3	(7.1)%	(3.4)%	(8.2)%	(2.9)%
	Q4	(5.8)%	(5.1)%	(6.8)%	(5.2)%
	H2	**(6.5)%**	**(4.2)%**	**(7.6)%**	**(4.1)%**
	FY	**(6.2)%**	**(4.4)%**	**(6.8)%**	**(4.4)%**
Toolstation	Q1	0.9%	7.6%	(1.2)%	3.5%
	Q2	3.6%	9.0%	2.4%	6.4%
	H1	**2.3%**	**8.3%**	**0.6%**	**5.0%**
	Q3	3.0%	7.2%	2.2%	4.1%
	Q4	2.2%	0.8%	4.3%	(0.3)%
	H2	**2.6%**	**3.8%**	**3.3%**	**1.8%**
	FY	**2.5%**	**6.0%**	**1.9%**	**3.4%**
Total Group	Q1	(4.9)%	(1.7)%	(3.5)%	(3.3)%
	Q2	(4.2)%	(3.5)%	(6.2)%	(3.5)%
	H1	**(4.5)%**	**(2.6)%**	**(4.9)%**	**(3.4)%**
	Q3	(5.5)%	(1.9)%	(6.6)%	(2.0)%
	Q4	(4.3)%	(4.1)%	(4.8)%	(4.4)%
	H2	**(5.0)%**	**(3.0)%**	**(5.8)%**	**(3.1)%**
	FY	**(4.7)%**	**(2.8)%**	**(5.3)%**	**(3.2)%**

* Trading day adjusted

Revenue analysis

The Merchanting businesses saw a continuation of challenging trading conditions across the year, with the rollover of commodity price deflation – notably timber – leading to pricing being down (3.6)% in the first half. In the second half, pricing pressures eased as commodity prices stabilised. However, volumes deteriorated as uncertainty created by the general election and subsequently delayed inaugural government budget led to project postponements. The Merchanting businesses also faced increased competitive intensity in the second half of the year.

Toolstation continued to gain market share across the year in both the UK and Benelux with volume growth, despite a declining market, and robust pricing. Maturity benefits from the investment in the store network and customer proposition continue to come through.

Operating profit

£m	2024	2023 (re-presented[1])	Change
Merchanting	149	212	(29.7)%
Toolstation	21	3	600.0%
Unallocated costs	(29)	(32)	9.4%
Adjusted operating profit excluding property profits	**141**	**183**	**(23.0)%**
Property profits	**11**	**15**	(26.7)%
Adjusted operating profit	**152**	**198**	**(23.2)%**
Amortisation of acquired intangible assets	(11)	(10)	
Adjusting items	(139)	(27)	
Operating profit	**2**	**161**	

Finance charge

Net finance charges were in line with prior year at £41m (see note 6 for details).

Taxation

The tax charge before adjusting items was £34m (2023: £44m) giving an adjusted effective tax rate (adjusted 'ETR') of 30.4% (standard rate: 25.0%, 2023 actual: 31.5%). The adjusted ETR rate is substantially higher than the standard rate due to the effect of expenses not deductible for tax purposes and unutilised overseas losses.

The statutory tax charge for 2024 was £2m (2023: £32m) giving an effective tax rate of (5.7)% (2023: 26.3%). This is lower than the adjusted ETR as a result of the tax effect of the impairment of goodwill.

Earnings per share

The Group reported a total loss after tax of £(77)m (2023: profit of £38m) resulting in basic loss per share of (36.6) pence (2023: earnings per share of 18.1 pence). Diluted loss per share was (36.6) pence (2023: earnings per share of 17.8 pence).

Adjusted profit after tax was £77m (2023: £115m) resulting in adjusted earnings per share of 36.6 pence (2023: 54.4 pence).

Cash flow and balance sheet

Free cash flow

£m	2024	2023 (re-presented[1])	Change
Adjusted operating profit excluding property profits	141	183	(42)
Depreciation of PPE and other non-cash movements	96	99	(3)
Change in working capital	6	(23)	29
Net interest paid (excluding lease interest)	(20)	(25)	5
Interest on lease liabilities	(30)	(26)	(4)
Tax paid	(21)	(41)	20
Adjusted operating cash flow	**172**	**167**	**5**
Capital investments			
Capex excluding freehold transactions	(64)	(107)	43
Proceeds from disposals excluding freehold transactions	1	2	(1)
Free cash flow	109	62	47

The Group made strong progress on cash generation with free cash flow £47m higher than the prior year despite a reduction of £(42)m in adjusted operating profit excluding property profits. Key to this improvement was a disciplined approach to capital expenditure and a comprehensive review of stock management practices which resulted in a £64m reduction in stock holding. This was offset by a £(58)m working capital outflow related to debtors and creditors, the majority of which resulted from the temporary impact of process changes following the Oracle finance system implementation.

Capital investment

£m	2024	2023 (re-presented[1])
Strategic	21	49
Maintenance	39	52
IT	4	6
Base capital expenditure	**64**	**107**
Freehold property	12	33
Gross capital expenditure	**76**	**140**
Disposals	(63)	(68)
Net capital expenditure	**13**	**72**

Base capital expenditure was reduced by £43m during the year as a result of a more disciplined approach, predominantly on strategic investment. As part of the Group's prioritisation of reducing leverage, freehold development and acquisitions were £51m lower than the proceeds of freehold disposals, which were primarily sale and leaseback transactions.

Uses of free cash flow

£m	2024	2023	Change
Free cash flow	**109**	**62**	**47**
Investments in freehold property	(12)	(33)	21
Disposal proceeds from freehold transactions	62	67	(5)
Dividends paid	(23)	(82)	59
Cash payments on adjusting items	(20)	(11)	(9)
Drawdown of borrowings	–	100	(100)
Repayment of bonds	–	(180)	180
Other	(16)	(15)	(1)
Change in cash and cash equivalents	**100**	**(92)**	

Note: Cashflows related to Toolstation France are classified above as "Other".

Cash and cash equivalents increased by £100m driven by strong free cash flow, a planned reduction in freehold property investment and adherence to the Group's policy on dividend distribution.

In the prior year, the balance of the 2023 bond (£180m) was repaid and largely replaced with £100m of US private placement notes.

1 For continuing businesses only. The Toolstation France business is treated as a discontinued operation and excluded from the re-presented 2023 figures.

FINANCIAL REVIEW CONTINUED

Net debt and funding

£m	31 Dec 2024	31 Dec 2023	Change	Covenant
Net debt	£845m	£922m	£77m	
Net debt/adjusted EBITDA	2.5x	2.6x	0.1x	<4.0x
Net debt before leases	£191m	£314m	£123m	
Net debt before leases/ adjusted EBITDA	**0.6x**	**0.9x**	**0.3x**	

Note: All covenant metrics measured post IFRS16. In accordance with the Group's debt covenant definitions, the comparative year has not been re-presented to exclude the result of the Toolstation France business.

Net debt before leases reduced by £123m driven primarily by improvements in stock management, a disciplined approach to capital expenditure and a reduction in the dividend. Additionally, a legacy pension SPV has been unwound, reducing net debt by £25m, as part of a clear roadmap to transferring the fully funded closed defined benefit schemes to insurers.

Overall net debt reduced by £77m as lease liabilities increased by £46m, a result of recent sale-and-leaseback transactions and also the move to transfer the Group's forklift truck fleet to be fully electric, with all new forklifts being leased.

Funding

As at 31 December 2024, the Group's committed funding of £800m comprised:

- £250m guaranteed notes due February 2026, listed on the London Stock Exchange.
- £75m bilateral bank loan due August 2027.
- A revolving credit facility of £375m maturing in November 2028.
- £100m of US private placement notes, maturing in equal tranches in August 2029, August 2030 and August 2031.

As at 31 December 2024, the Group had undrawn committed facilities of £390m (2023: £390m) and deposited cash of £200m (2023: £102m), giving overall liquidity headroom of £590m (2023: £492m).

As part of the refinancing of the £250m February 2026 sterling bond, on 13 March 2025 the Group issued £125m of US private placement notes to a group of six investors with maturities between 2028 and 2035 at investment grade yields.

Financial risk management

The overall aim of the Group's financial risk management policies is to minimise potential adverse effects on financial performance and net assets. The Group manages the principal financial and treasury risks within a framework of policies and operating parameters reviewed and approved annually by the Board of Directors. The Group does not enter into speculative transactions.

The Group has a revolving credit facility with a syndicate of eight banks with a total value of £375m (2023: £375m). The facility has a 2029 maturity date with an option to extend the maturity date to 2031.

The Group has £425m of committed funding from the issuance of bonds and loans: £250m guaranteed notes due February 2026, listed on the London Stock Exchange; £75m bilateral bank loan due August 2027; £100m of US private placement notes, maturing in equal tranches in August 2029, August 2030 and August 2031.

In March 2025 the Group issued £125m of senior unsecured notes to a syndicate of six investors. The proceeds of the issuance will be used to refinance a portion of the Group's £250m public bond maturing in February 2026.

The Group's policy is to enter into derivative contracts only with members of its bank facility syndicate, provided such counterparties meet the minimum rating set out in the Board-approved derivative policy. At the year-end the Group had a £75m interest rate swap outstanding and its borrowings were fixed on 100% of the Group's cleared gross debt (before cash and cash equivalents).

The Group settles its currency denominated purchases using a combination of currency purchased at spot rates and currency bought in advance on forward contracts. It purchases forward contracts for approximately 90% of its committed requirements six months forward based on the firm placement of forward stock purchases. At 31 December 2024 the nominal value of currency forward contracts was US$24m (2023: US$22m and €6m).

The Group is a substantial provider of credit to a large portfolio of small and medium-size businesses throughout the UK together with some of the country's largest construction companies. It manages its exposure to credit risk through a strong credit control function that works closely with the business and its customers to ensure the Group offers credit sufficient for the needs of those customers without exposing the Group to excessive risk. The bad debt charge in 2024 was approximately 0.4% (2023: 0.3%) of credit sales.

In summary, the key aspects of the Group's financial risk management strategy are to:

- Run the business to investment-grade credit parameters.
- Reduce reliance on the bank market for funding by having a diverse mix of funding sources with a spread of maturities.
- Seek to maintain a strong balance sheet.
- Place a high priority on effective cash and working capital management.
- Maintain liquidity headroom of over £200m and build and maintain good relationships with the Group's banking syndicate.
- Manage counterparty risk by raising funds from a syndicate of lenders, the members of which maintain investment grade credit ratings.
- Operate banking covenants attached to the Group's revolving credit facilities and term loan within comfortable margins.
- Maintain the ratio of reported net debt to adjusted EBITDA in the range of 1.5x to 2.0x. It was 2.5x (2023 (restated): 2.6x) at the year-end.
- Have a conservative hedging policy that reduces the Group's exposure to currency fluctuations.

The financial ratios are calculated under IFRS as adopted by the EU as it was immediately before the adoption of IFRS 16 – Leases, except for the August 2022 loan agreement which has economically equivalent tests that incorporate the impact of IFRS 16 – Leases. Tax strategy and tax risk management

The Group's objectives in managing and controlling its tax affairs and related tax risks are as follows:

- Ensuring compliance with all applicable rules, legislation and regulations under which it operates.
- Maintaining an open and cooperative relationship with the UK tax authorities and with the tax authorities that the Group's overseas businesses operate under, to reduce the Group's risk profile.
- Paying the correct amount of tax as it falls due.

Tax policies and risks are assessed as part of the formal governance process and are reviewed by the Chief Financial Officer and reported to the Audit Committee on a regular basis. Significant tax risks, implications arising from these risks and potential mitigating actions are considered by the Board when strategic decisions are taken. In particular the tax risks of proposed transactions or new areas of business are fully considered before proceeding. The Group employs professional tax specialists in the UK to manage tax risks and takes appropriate tax advice from professional firms where it is considered to be necessary for both its UK and overseas operations. The Group's tax strategy is published on its website.

Total tax contribution

The table below provides a reconciliation of the income taxes paid by the Group in the financial year compared to the tax charge shown in the Group's Financial Statements. Details of the total tax contribution made by the Group in 2024 and tax collected on behalf of tax authorities is also detailed below.

Reconciliation of tax paid to tax charge:

	£m
Total tax charge per accounts	2.2
Deferred tax credit*	33.3
True up of prior periods tax liability	(0.6)
Tax deductions in reserves	–
Current tax payable on 2024 profits	**34.9**
Tax paid in 2024 to be refunded in 2025	(3.0)
Tax refunds received in 2024 relating to years prior to 2024	(11.0)
Total net current taxes paid in 2024	**20.9**
Other taxes paid in 2024:	
Business rates	38.9
National Insurance contributions	48.9
Other taxes and duties	16.2
Total tax contribution for 2024	**124.9**
Tax collected in 2024:	
PAYE	77.2
Employee's NI	31.6
VAT	192.1
Total tax collected and paid for 2024	**425.8**

* Certain profits and costs recognised in the Financial Statements do not result in a cash tax effect until a future date. When this happens an accounting entry, called deferred tax, is made to recognise the expected future tax cost or benefit.

Viability assessment

In accordance with Provision 31 of the UK Corporate Governance Code, published by the Financial Reporting Council in 2018, the Board of Directors has undertaken an assessment of the viability of the Group.

As part of its deliberations the Board undertook a robust review of the Emerging and Principal Risks and Uncertainties facing the Group, how they are managed and the actions that could be taken to mitigate their effect or avoid them altogether. The resulting disclosures, which include those risks that could threaten the Group's business model, performance, solvency and liquidity are shown on pages 59 to 69 of the Annual Report. The Board believes the Group is well-placed to manage those risks successfully.

The Board has decided that it is appropriate to assess the performance of the Group over a three-year period from 28 February 2025, the month-end date closest to the approval of the 2024 annual results.

Three years has been chosen because this is the period that it is reasonably possible to forecast forward with a degree of accuracy. This is because the Group is subject to the vagaries of the economic cycle and property market which cannot reasonably be forecast with certainty further than three years forward. Whilst the Board has no reason to believe the Group will not remain viable over a longer period, the inherent uncertainty involved means three years is the appropriate period over which to give users of the Annual Report a reasonable degree of confidence.

The Corporate Plan, which is prepared annually on a rolling basis, considers the Group's future profitability, cash flows, liquidity headroom, availability of funds and covenant compliance. For the purposes of the viability review, the Board has performed a robust sensitivity analysis to stress test the downside scenario principally based upon the 2008/2009 financial crisis and the mitigating actions that would be taken to protect the Group's viability. These actions include reducing costs, capital spend, revenue investment and payments to shareholders, as well as restricting credit to customers. In undertaking this analysis, the Board considered the impact on the wider economy and property market from the current interest rate environment and cost-price inflation in building materials and energy prices, as well as general price levels. Given the Group's trading experience in the Covid-19 pandemic and the nature of the near-term risks to the economy, the use of the 2008–2009 financial crisis as a model for a prolonged downturn in the housing market remains appropriate.

Based upon the assessment undertaken, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

SUSTAINABILITY REPORT

Building for Better

As the UK's largest distributor of building materials, Travis Perkins plc is committed to driving meaningful Environmental, Social and Governance ("ESG") change in the construction industry. This commitment to customers, colleagues and communities covers every aspect of the business. Besides a focus on improving the performance of its own business, the Group works proactively with suppliers and customers and recognises the important role it plays as a convener and influencer in the development of more sustainable communities.

Building on the progress made since the Group launched its first Building for Better framework and targets in 2020, this latest status report provides an update on performance in the focus areas where the Group carries the most risk or opportunity, as shown in the framework.

BUILDING FOR BETTER

SUSTAINABILITY PRIORITY

Decarbonising the industry

Modernising construction	Sourcing responsibly	Operating sustainably	Developing the next generation
Provide sustainable products and services to support Modern Methods of Construction, retrofit, energy efficiency, decarbonisation, climate resilience, biodiversity, nature, water and waste.	Ensure safe and quality products from ethical, traceable and resilient supply chains. Support the golden thread of data.	Lead by example within the Group's operations. Deliver net-zero carbon and reduce operational waste.	Upskill the Group's colleagues and the wider industry in green and future skills to help facilitate sector improvements.

DOING THE RIGHT THING

Safety & Wellbeing | Diversity, Equity & Inclusion | Colleague Voice | Reward
Charity & Community | Modern Slavery & Human Rights | Legal Compliance

Collaborative partnership

In 2024 the Group further developed the sustainable products, data and services it offers, in response to increasing requests from customers for support on decarbonisation and other sustainability issues. The Group is an active member of a number of industry working groups to better understand industry challenges, share best practices and influence and develop shared approaches where this brings efficiencies:

1. National Retrofit Hub
2. Future Homes Hub
3. Builders Merchant Federation
4. Logistics UK

This external participation reflects the Group's biggest sustainability risks or opportunities and allows the Group to evolve its approach as needed, remaining relevant for customers and other stakeholders.

2024 performance summary

Despite a tough economic climate, sustainability requirements from the Group's largest customers continue to increase. The focus in 2024 has been on prioritised in-year initiatives as well as the development of the product ranges and data needed to drive sustainable and commercial success in the medium to long term. The Group's position in the supply chain between thousands of customers and suppliers means it is able to collaborate with the supply chain to co-create solutions and influence the changes the industry needs.

The Group has three sustainability targets relating to carbon and skills and in-year objectives for all other focus areas. The two carbon targets are SBTi-approved as in line with a 1.5˚ warming pathway (see page 44), and the skills target is to achieve 10,000 graduated apprentices by 2030 through the Group's LEAP apprenticeship provider.

These targets will be reviewed in 2025, taking into account delays in government policy, funding and infrastructure improvements, all of which are critical to the Group's ability to meet these targets.

The Group made progress towards its carbon reduction targets in 2024 with specific actions including the completion of the electric forklift roll-out, Hydrotreated Vegetable Oil ("HVO") use for 210 HGVs and LED installations, as well as data improvements for Scope 3. However, it is recognised that absolute carbon reductions are in part due to market volume declines. In addition, the previously reported relative carbon performance per £m revenue has been impacted by inflation. As such, a new relative performance measure has been introduced from 2024; carbon per tonne of product sold. This indicates a potential future risk of deterioration in the Group's Scope 3 carbon performance once sales volumes pick up. Work is underway to influence Scope 3 improvements in the value chain. Absolute performance from 2023 to 2024 is -13% for Scope 1&2 and -7% for Scope 3. Performance relative to tonnes of product sold from 2023 to 2024 is -10% for Scope 1&2 and -3% for Scope 3. It is important to consider carbon intensity in a period of sales decline to gain a more balanced view of performance. Further carbon performance data can be seen on pages 57-58.

A total of 427 colleagues and industry partners graduated in apprenticeships facilitated by LEAP, the Group's Early Careers and Apprenticeship Provider in 2024. This contributes to the Group's upskilling target.

Work in all other focus areas has moved forward and progress is reported on the following pages.

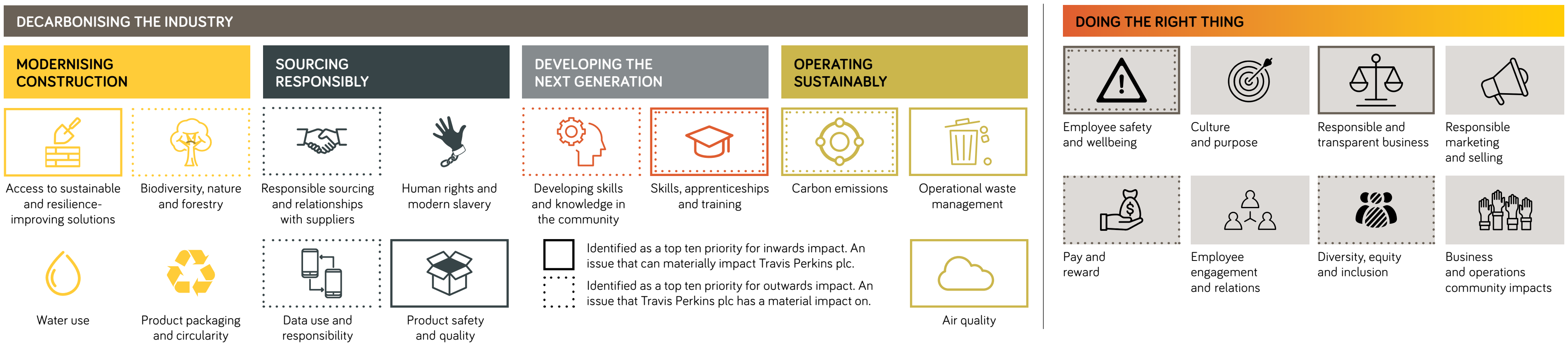
Double materiality and stakeholder engagement

The Group continued to engage with its stakeholders on ESG during 2024. These interactions demonstrated that the material focus areas for the Group remain unchanged from those that were determined in the 2022 in-depth ESG double materiality assessment. Ongoing engagement with all stakeholder groups ensures that the Group's strategic choices and reporting remain focused on the most important issues. The Double Materiality Map below illustrates key priorities for the Group and these will be reassessed in 2025.

The Group actively engages with stakeholders to share progress, inform plans, listen to feedback and seek views. The key stakeholder groups, their ESG concerns and the Group's engagements with them in 2024 are detailed in the Section 172 statement on pages 78-80.

The Double Materiality Map illustrates the Group's key priorities based on double materiality, taking into account impacts on the Group and the Group's impacts on the environment, society and the market.

The Group will continue to review the material focus areas to ensure that the most important topics for the business and for its stakeholders are in scope.



Delivering social value

The Group delivers value to its communities in many ways. Below are some of the highlights from 2024.

SKILLS DEVELOPMENT

Graduated apprentices

427

378 for Group colleagues, 49 for the industry

Enrolled apprentices

1,019

841 for Group colleagues, 178 for the industry

Female apprentices

29%

Apprentices under 25 years old

34%

Apprentices from ethnic minorities

8%

Hours of ESG training completed in-house or through the Supply Chain Sustainability School

85,394

OPERATIONAL IMPACT

Transport carbon reduction

11.5%

Revenue from products with Environmental Product Declarations or Life Cycle Analyses

14%

Spend on goods-for-resale with SMEs

26%

Employed colleagues (FTE)

17,464

Investment in colleague total reward packages

£599m

Total tax contribution

£426m

£125m taxes borne, £301m taxes collected

COMMUNITY INVESTMENT

Amount raised for charity

£1m

Number of social value projects supported

295

Total social value project value

£2.1m

SUSTAINABILITY REPORT CONTINUED

Governance of sustainability

The Board has overall responsibility for sustainability. The Group Sustainability Director supports the Group in developing, governing and delivering against its sustainability strategy. Each of the material focus areas has a Group lead supported by nominated leads and leadership sponsors in each business. Progress is reported to the Group Leadership Team and the Board to monitor and improve performance. The Stay Safe Committee of the Board oversees performance in health and safety. Policies and objectives are in place for each material focus area. The Group's ESG policies can be found on the Group's website.

Climate-related financial risks and opportunities

Since 2010, the Group has submitted an annual climate disclosure to the Carbon Disclosure Project ("CDP") This includes a financial assessment of climate-related risks and opportunities. The Group has prepared its fourth full disclosure against the Task Force for Climate-related Financial Disclosure ("TCFD") recommendations on pages 43-58. During 2024 the Group further enhanced its climate risk and opportunity assessment through desktop analysis of the published TCFD reports of large suppliers and customers.

Corporate Sustainability Reporting Directive ("CSRD") compliance

Toolstation Europe will report in line with CSRD at such time as it becomes applicable to their business.

Alignment to UN Sustainable Development Goals

Through the Building for Better ESG agenda, the Group directly supports delivery of a number of the 17 UN Sustainable Development Goals ("SDGs"). The most relevant six goals are detailed in the table on page 29. With the Group's sustainability priority being to decarbonise the industry, Goal 13 on Climate Action is taken into account across all ESG focus areas and influences decision-making.

Sustainability priority: Decarbonising the industry

Material focus areas	Commitment	2024 planned actions	Progress	2025 planned actions	Supporting the Group's strategy	SDGs
MODERNISING CONSTRUCTION						
Sustainable products and services to support Modern Methods of Construction, retrofit, energy efficiency, decarbonisation, climate resilience, biodiversity, nature, water and waste.	**63% reduction in Scope 3 carbon by 2035**	Develop a definition of sustainable products based on robust criteria and launch within at least one Group business. Increase the percentage of sales backed by Environmental Product Declarations from 10.7% (2023).	Good	Launch data set to help customers to identify products with sustainable attributes across at least two of the Group's businesses. Continue to increase the coverage and quality of product-level carbon data across the Group and support customers with carbon-reporting tools.	By providing sustainable products and value-add services to customers, the Group can earn a greater share of spend and become a key partner.	13 Climate action; 11 Sustainable cities and communities; 9 Industry, innovation and infrastructure
SOURCING RESPONSIBLY						
Safe and quality products from ethical, traceable and resilient supply chains, supporting the golden thread of data.		Develop the Group's due diligence approach, with a target of the supplier assessment programme covering 90% of Group spend on products-for-resale by the end of 2024.	Good	Expand the share of Group spend which is covered by supplier assessments across both GNFR and GFR suppliers.	Customer relationships are underpinned by trust in the Group to source responsibly and meet changing data transparency requirements.	13 Climate action; 12 Responsible consumption and production
OPERATING SUSTAINABLY						
Net-zero carbon and reduced operational waste. Leading by example in the Group's operations.	**Net-zero for Scope 1 and 2 carbon by 2035, with at least 80% reduction**	Continue with carbon training to enable colleagues to drive energy and fuel reduction and better support customers by sharing best practice.	Good	Take stock of the Group's estate and assets, considering the availability of current and emerging low-carbon technologies, to inform the continued development of the Group's Fleet and Estate decarbonisation roadmaps for the years ahead.	All of the Group's stakeholders expect credible action on operational carbon and waste. Performance can influence the outcome of customer tenders.	13 Climate action; 8 Decent work and economic growth
DEVELOPING THE NEXT GENERATION						
Upskilling colleagues and the wider industry in green and future skills to help facilitate sector improvements.	**10,000 graduated apprentices by 2030**	Introduce a flexible apprenticeship which will include placements with other businesses in the sector. Launch a suite of micro-qualifications: short, focused learning programmes for job-related skills and knowledge.	Good	Develop the Group's Learning and Development (L&D) offering in line with the new Government's "Growth and Skills" levy funds to support a wider range of training and development programmes, extending beyond traditional apprenticeships.	To best support customers in a changing market, green and future skills are critical. As a trusted and leading partner to the construction industry, customers value the Group's expertise and advice.	13 Climate action; 4 Quality education
DOING THE RIGHT THING						
Safety and wellbeing: Getting everyone home safe and well, every single day.		Continue to embed the growing culture of "Calling it out", taking time to "Stop, Step Back, Think. Then Act" by ensuring daily team briefings take place at all locations.	Good	Introduce a new second line of defence safety assurance programme, and continue focus on out-of-branch safety, including safe deliveries.	Doing the Right Thing deepens relationships with customers as expectations around responsible business increase.	13 Climate action
Diversity, equity and inclusion: Creating an environment where everyone can be themselves.		Target an engagement survey score for the statement "I feel a sense of belonging at this Company" above the provider's global average by the end of 2025.	Some	The Group is targeting an engagement survey score for the statement "I feel a sense of belonging at this company" in excess of the provider's global average by the end of 2025.		
Colleague voice: Listening to colleagues to make better decisions and increase engagement.		Develop action plans to address the priorities and issues that have the biggest impact on engagement and therefore on overall business performance.	Some	Conduct analysis of the engagement survey, ensuring clear actions are identified, set and taken at a Group, Business and local level; leveraging engagement as a performance lever.		
Charity and community: Taking pride in helping others and making positive change happen.		Grow colleague volunteer hours and build charity and community partnerships that deliver on the Group's impact goals and use these partnerships deliver social value.	Some	Continue to use charity and community partnership and activity to create meaningful social change both nationally and locally; working with established and new partners.		
Reward: Improving the financial health of colleagues.		Continue to explore ways to support colleague long-term financial resilience and wider wellbeing.	Some	Focus on incentive structures to drive engagement and performance. Provide further support to those approaching retirement to reflect the challenges of an ageing population.		
Modern slavery and human rights: Eliminating modern slavery from the Group and its supply chains.		Extend in-person ID checks, currently conducted on higher-risk labour agency workers, to other third parties.	Some	Development and delivery of additional controls for labour agency workers employed at Group sites, including controls to address the risk of modern slavery.		
Legal compliance: Complying with all relevant laws.		Develop the internal Doing the Right Thing portal to increase understanding of legal compliance policies and guidance.	Some	Development and delivery of further bespoke training to cover a number of key compliance areas, to complement existing training modules.		

SUSTAINABILITY REPORT CONTINUED

Modernising construction

Providing sustainable products and services to support retrofit, Modern Methods of Construction, energy efficiency, decarbonisation, climate resilience, biodiversity, nature, water and waste.

Why it is important

The built environment is responsible for 25% of emissions in the UK along with a wide number of other sustainability challenges. Customer needs are changing and the Group needs to adapt to remain relevant, seize the opportunity and provide different products, data and services. With 99% of the Group's carbon footprint in the supply chain, due to manufactured carbon and in-use product emissions, innovation is essential. Enabling sustainable construction and retrofit supports the needs of customers and the wider community, enabling healthier, more cost efficient and more sustainable buildings.

Progress in 2024

In 2024, the Group further developed its product, data and service proposition for customers, working alongside suppliers and other partners. The Group's product offering has been enhanced with new product ranges, particularly across renewables and low-carbon heat, enabling the supply of a full retrofit basket of goods. This product expansion aligns with growing customer interest and demand for sustainability, led by either EPC requirements or their own sustainability goals, and the Group is strategically positioning itself to meet their evolving expectations. Progress was made against the Group's two stated objectives: the introduction of definitions for sustainable attributes of products and increased coverage of sales by Environmental Product Declarations ("EPDs").

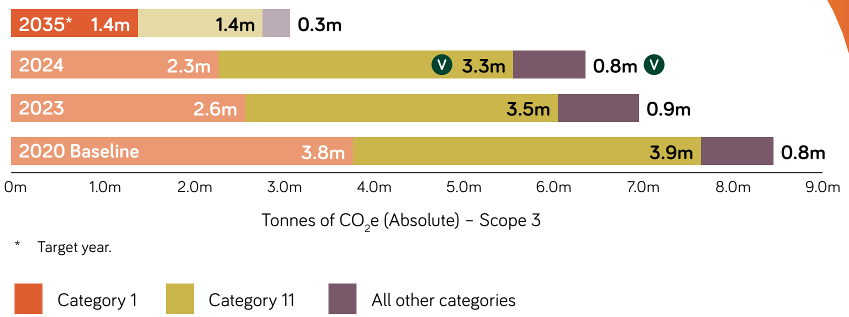
The Group made further progress towards its science-based Scope 3 carbon target of 63% reduction by 2035 from a 2020 baseline, with a further 7% absolute reduction in 2024. However, tonnes of Scope 3 carbon per tonne of product sold only decreased by 3% during 2024 highlighting reduced sales as the primary driver of the decline, rather than product decarbonisation.

Reduction can only meaningfully follow engagement (supplier target setting) and data accuracy (product-level carbon data) and these two points have improved over the last few years, setting the Group up for future reduction opportunities. More detailed carbon data is shared on pages 57-58.

Working with suppliers, customers and the wider industry to enable change

99% of the Group's emissions are in its supply chain and this is due primarily to the embodied carbon from manufacturing the products sold and the operational carbon of some of those products in use, such as gas boilers. The Group's Scope 3 hot spots typically mirror those of its customers; supporting customers to improve also drives performance against the Group's own carbon targets. Recognising that Scope 3 emissions are not in the direct control of the Group, engagement with suppliers, customers and the wider industry is critical to influence and drive change.

Tonnes of CO_2e (Absolute) – Scope 3



* Target year.

V indicates that the data point has been assured. Please see page 35 for more information.

Carbon reduction (Absolute Scope 3, 2020 to 2024)

-23%

Carbon reduction (Absolute Scope 3, 2023 to 2024)

-7%

Suppliers

The Group continues to work with manufacturers to encourage them to calculate and reduce their own emissions, develop new materials and products and provide product-level sustainability data, typically Environmental Product Declarations ("EPDs").

- 61% of the Group's spend is now with suppliers who have calculated their carbon and set reduction targets (57% in 2023).
- 14% of sales value was covered by high-quality emission factors (EPDs or LCAs) applied at a product level (11% at end of 2023). All other sales were covered by good-quality emissions factors at a product level (an additional 32%) or at product sub-category level (remaining 54%). Work continues to increase the use of product-level emissions factors.
- The Group's renewables range has been expanded, with customers now offered a much wider range of renewables and a complete basket of retrofit products, across both systems and fabric.

Customers

The Group works with customers to help them to deliver net zero new builds and to retrofit the UK's existing built estate, providing the products, data and services they need. The demand for sustainable products and solutions represents a growth opportunity for the Group and, with the breadth of products available across each of the businesses, the collective product offering affords opportunities for customers which few in the industry could match.

- A product-carbon reporting tool was developed for CCF customers, now rolling out with CCF and more widely across the Group.
- CCF launched an own-branded low-carbon steel framing alternative, Tradeline Lite.
- A dedicated renewables category team was established in order to meet growing demand.
- The first customer homes have been built using the WholeHouse® digital platform developed by the Group (see case study on the right).

Wider industry

The Group engages with its supply chain, industry bodies and government to enable the changes needed both for itself and its customers.

- The Group continued its partnership with the National Retrofit Hub, co-chairing the Supply Chain, Products and Solutions working group and helping to shape retrofit delivery for the UK.
- The Group is represented in sustainability working groups with the Builders Merchant Federation, Future Homes Hub, Supply Chain Sustainability School and Sustainability in the Built Environment Working Group in order to learn from others, share best practices and remove duplication and complexity on shared challenges.
- The Group sponsored a decarbonisation launch event at the decarbonisation hub Ty Gwyrddfai owned by one of its large social housing customers, Adra, in Penygroes. This provided an opportunity to showcase innovative products to a wide range of social housing and local authority customers across North Wales.

Helping customers through enriched data and information

In response to a growing demand for information on sustainable alternatives in product ranges, the Group has been developing new data points for products to highlight sustainable attributes with a clear set of definitions and rules. This is important to ensure that both customers and the wider market can trust the claims being made and to avoid the risk of greenwashing. This new data set is planned to launch in the first half of 2025 in one of the Group's businesses, expanding to the rest of the Group thereafter. This will enable the Group to answer customer queries confidently and customers to trust the claims being made on products sold to them.

What's next

- ***Launch data set to help customers to identify products with sustainable attributes across at least one of the Group's businesses.***
- ***Continue to increase the coverage and quality of product-level carbon data across the Group and support customers with carbon-reporting tools.***

The design coordination and information available ahead of construction has been a real advantage, from the Pre-Manufactured Utility Cupboard, allowing the air source heat pump to be installed more efficiently and effectively on-site, all the way down to every door being the same size to simplify both site practices and the wider supply chain.

Ray Jordan
Construction Director, Bowbridge Homes Ltd

WholeHouse.

First homes built using Travis Perkins WholeHouse

In 2024, the first home designed and built using the Group's ground-breaking WholeHouse digital platform was completed in Leicestershire. The platform was used by Bowbridge Homes Ltd to develop a pair of semi-detached properties on its site near Melton Mowbray.

This significant milestone follows the launch of WholeHouse in 2023; a platform designed to revolutionise the way SME house builders plan, design and construct new homes. The platform is specifically designed for housebuilders building up to 250 units a year.

It means SME housebuilders can plan and design a bespoke digital model of a house before physically constructing it. It ensures detailed and accurate design, plans and material pricing of developments from the first day. From start to finish, the process can be completed in under an hour, saving weeks off the planning process and construction phase to the benefit of both builders and homeowners.

Using the WholeHouse platform, Bowbridge Homes were able to develop two of the existing properties on the site, enabling them to increase their thermal performance and try new renewable heating packages without having to spend months changing designs and checking compliance with the latest regulations.

The homes are the first of many to be developed using WholeHouse, with further site starts expected to begin later this year.

For more information visit: **www.wholehouse.uk**

SUSTAINABILITY REPORT CONTINUED

Sourcing responsibly

Ensuring safe and quality products from ethical, traceable and sustainable supply chains.

Why it is important

The Group sources hundreds of thousands of product lines from thousands of suppliers and has a responsibility to understand and manage products and supply chains well. The way in which products and services are sourced has a material impact on environmental and social sustainability. By requiring and supporting suppliers to improve and report on their product quality, product data and operations, the Group can protect itself and its customers, who increasingly request evidence of this. Improved data, provision of product information and traceability of products will bring more accountability and effective decision-making to the construction sector.

Progress in 2024

The primary objective for 2024 was continued development of the Group's due diligence approach, targeting 90% of Group spend on goods-for-resale to be within the supplier assessment programme. At the end of 2024, 90% of Group spend on goods-for-resale was within the programme, an increase from 85% at the end of 2023.

Due diligence on product suppliers

The Online Risk Assessment ("ORA") has been issued to the next phase of Group suppliers, taking a risk-based approach. ORAs were submitted by 392 suppliers of products for resale in 2024 with 1,403 suppliers now engaged in the ORA programme.

Own-brand product manufacturing sites are subject to in-person ethical and technical audits, with all ethical audits completed by a third-party auditor. In 2024, 199 factory audit gradings were completed. Where issues were identified, time-bound corrective action plans were used to support suppliers to resolve these. Suppliers resolved 3,556 non-conformances through engagement with the supplier assessment programme.

A short version of the assessment has been implemented within the Group's new finance system for onboarding lower spend suppliers and has been completed by 204 suppliers during 2024.

Assessment of Goods-Not-For-Resale ("GNFR") suppliers

The Group's GNFR ORA, alongside an internal assessment, was extended to additional suppliers on a risk-basis across all businesses and Group functions, covering 54% of the Group spend on GNFR by the end of 2024.

Maintaining safe and sustainable timber supply chains

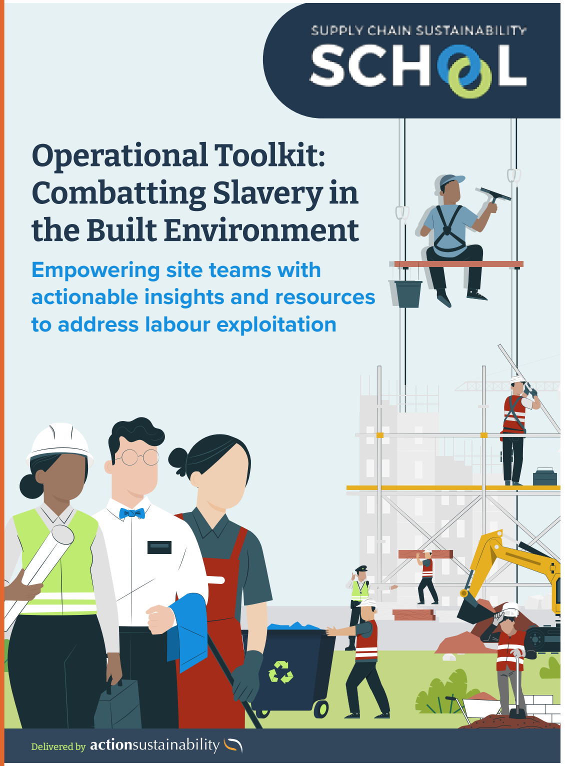
90.1% of timber purchased by the Group in 2024 was certified. The business continues to operate a robust timber chain of custody system in order to pass the "chain of custody" safely onto customers.

Certified timber purchased in 2024

90.1%

What's next

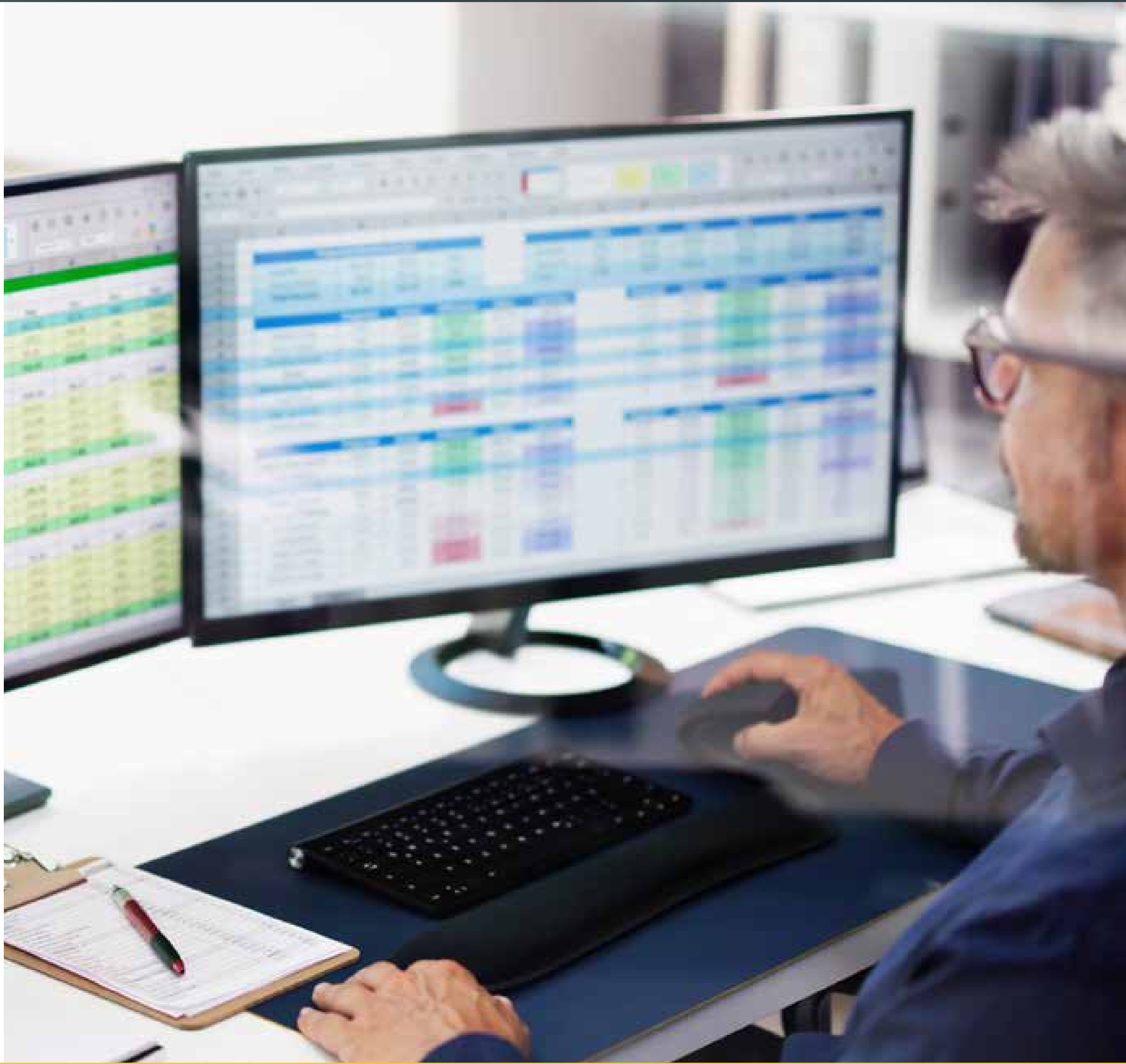
Expand the share of Group spend which is covered by supplier assessments across both GNFR and GFR suppliers.



Collaboration across the industry

The Group Head of Responsible Sourcing, working within the Supply Chain Sustainability School's Modern Slavery Working Group, contributed to the development and launch of a new modern slavery guidance document, "Operational Toolkit: Combatting Slavery in the Built Environment".

This toolkit aims to empower individuals involved in site set up and management to effectively combat slavery and labour exploitation. It brings together insights and recommendations to help address these issues, including free resources such as posters, toolbox talks, and videos from leading modern slavery expert organisations to make it easier for businesses to find the support they need.



Working to raise standards in construction product information

CCF successfully passed the Code for Construction Product Information ("CCPI") assessment for Merchants and Distributors. This achievement underscores CCF's commitment to providing accurate and reliable product information to its customers.

The CCPI is a stamp of approval to verify that suppliers' information on their products and systems is clear, accurate, up-to-date, accessible and unambiguous. For distributors it's a verification that their processes and training means that they accurately relay suppliers product information to their customers.

SUSTAINABILITY REPORT CONTINUED

Operating sustainably

Securing long-term success and efficiencies for the Group by adapting operations to deliver net zero carbon, reduce operational waste and prevent pollution.

Why it is important

The Group takes responsibility for direct environmental impacts from its estate of over 1,400 sites and fleet of 2,500 vehicles, because it's the right thing to do and to drive operational efficiencies and meet growing expectations of customers and investors. The Group has committed to reducing Scope 1 and 2 carbon – relating to the Group's fleet and estate – by 80% by 2035 and offset any remaining emissions. Whilst 99% of the Group's footprint is in the supply chain, to have integrity in asking suppliers and customers to decarbonise the Group must address its own direct emissions. Besides carbon, the Group generates waste in its operations, primarily relating to packaging or obsolete products, and takes its role in preventing, reusing, recycling and recovering waste seriously in order to minimise the use of natural resources and protect the natural environment.

Progress in 2024

In 2024, the Group committed to continue carbon training for colleagues and to better support customers by sharing best practices. Sustainability training, including carbon training, was delivered to over 8,500 colleagues either through online training modules or bespoke training sessions. Representation from the Group continued in a number of industry forums (see page 80) to share best practices and support customers. Additional action was taken to decarbonise the Group's estate and fleet.

Decarbonising the estate

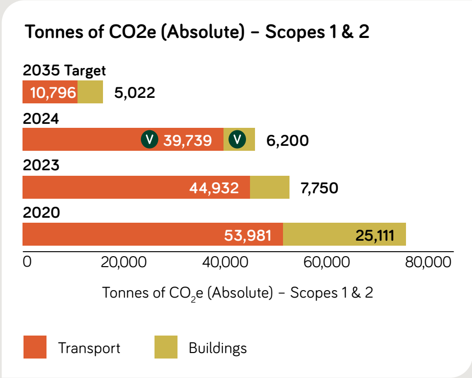
The Group's estate consists of a number of distribution centres and over 1,400 branches. In 2024 the Group continued to use a renewable energy tariff, saving 13,657 tCO_2e emissions. Work continued on the rollout of the Group's LED lighting project, upgrading lighting in 38 locations, replacing obsolete fluorescent lighting with modern, efficient, LED lighting and PIR sensors. Investment in this project, whilst not delivering additional carbon savings while the Group is on a renewable tariff, lowers the Group's energy demand and delivers operational cost benefits. The Group has also taken action to decarbonise eight new branch openings, installing air source heat pumps, solar panels and electric vehicle charging stations. See the Swindon West case study for an example of this in practice.

Decarbonising the fleet

In 2024 the Group completed one of the UK's largest forklift electrification programmes. This multi-million pound investment enabled the transition of diesel powered forklift trucks to a fully electric alternative. The programme resulted in a root and branches review of mobile handling equipment needs, and saw the introduction of around 900 electric forklift trucks and associated charging infrastructure. The Group is already seeing improvement in operational efficiency and it is estimated that this programme will reduce Scope 1 emissions by around 5,000 tonnes CO_2e per annum. The Group also continued to use HVO instead of diesel in 210 of its HGVs during the year.

Progress against carbon targets

During 2024, Scope 1&2 carbon reduced by 13%, taking performance from the 2020 baseline year to 2024 to -42%. The absolute reduction is partly influenced by volume-driven activity decline in a tough economic climate. Carbon performance per tonne of product sold is shared on page 58.



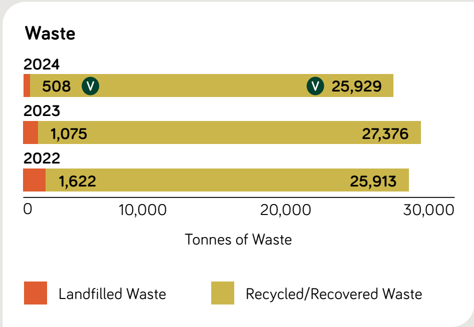
V indicates that the data point has been assured. Please see page 35 for more information.

Carbon reduction (absolute scope 1 & 2, 2020 to 2024)

-42%

Reducing operational waste

The Group aims to reduce operational waste and contribute to a more circular economy. In doing so, the Group has continued its reverse logistics programme, backhauling timber pallets (6,360 tonnes), plastic packaging (239 tonnes), paper and cardboard (3,128 tonnes) to its distribution centres, to be sorted and sent for recycling. During the year the Group also reviewed its waste management framework contract, appointing Veolia as its trusted waste management partner.



Percentage of waste diverted from landfill in 2024

98%

Environmental management

The Group has a robust Environmental Management System ("EMS") in place to help manage the potential environmental impacts from its day-to-day activities. The EMS is central to the Group's ambition to operate sustainably and is certified to ISO 14001:2015 the environmental management standard.

In 2024 the Group recorded 20 environmental incidents with nine classed as reportable by its internal procedures. Of the nine reportable incidents, six were the result of third parties. The majority of incidents related to small-scale spillages such as the release of hydraulic oils.

Assurance

Specific data points in the Sustainability section, marked with the logo V, have been assured against LRQA verification procedures which are based on AA1000AS (2008) and ISAE 3000. A copy of their verification statement is available on our corporate website.

What's next

Take stock of the Group's estate and assets, considering the availability of current and emerging low-carbon technologies, to inform the continued development of the Group's Fleet and Estate decarbonisation roadmaps for the years ahead.

Travis Perkins Flagship branch Swindon Westmead gains BREEAM* "Excellent" rating

This rating indicates that a new-build scheme has incorporated innovative strategies and techniques to reduce its environmental impact and is committed to long-term sustainability. Achieving an Excellent rating places the project in the top 10% of new non-domestic buildings.

The new-build development presented an opportunity to showcase enhanced new building design, ensuring the Group's operations remain fit for the future. The 2.1 acre all-electric site supports the Group's commitment to decarbonising its estate and includes a modern, energy-efficient design that incorporates insulated wall and roof panels, a 68,000 kWh solar panel array, charging points for electric vehicles, large underground attenuation tanks to support sustainable urban drainage ("SUDs") and landscaping and tree planting that, together with the installation of bat and swift boxes, supports biodiversity.

The new, sustainable building allows the branch to operate from a larger floorspace and yard and continue to provide customers with Travis Perkin's great range of products and services.

Scan this QR code to see inside our new Swindon site.

Doing the Right Thing

Protecting against modern slavery and complying with all relevant laws.

Why it is important

Maintaining the Group's Code of Conduct and legal compliance framework helps to ensure stakeholders can rely on the Group to continue to do the right thing and protects the Group from fines and business interruption. Whether managing key compliance topics such as anti-bribery and corruption, anti-money laundering, data protection or anti-competition, or reducing the Group's risks relating to modern slavery or human rights infringement, the Group underpins its work on the strategic sustainability focus areas with a responsible approach to business.

Progress in 2024 – modern slavery

Construction remains one of the industries most exposed to modern slavery and the Group works to ensure the fair treatment of all workers in its own businesses and supply chains.

The key objective for 2024 was to further develop in-person ID checks, currently conducted on higher-risk labour agency workers, to include other third parties working at the Group's sites, based on risk. Following review of labour agency use, the Group undertook work to identify opportunities to improve its modern slavery controls.

The current economic climate increases the risk of forced labour, especially in our supply chain. We are committed to robust due diligence and ethical sourcing to combat this.

John Bullivant
Group Head of Responsible Sourcing

Progress in 2024 – legal compliance

There was further development of the "Doing the Right Thing" and "Toolstation Together" internal webpages to enhance access to legal compliance policies and accompanying guidance. A risk-based approach was adopted to support the advanced understanding of certain audiences in key compliance areas of competition law and anti-bribery and corruption through the recompletion of advanced legal compliance modules. The foundational compliance modules listed below were completed in 2024 to improve understanding on key legal topics.

- Code of Conduct and whistleblowing line
- Anti-bribery and corruption
- Anti-money laundering
- Competition law
- Corporate criminal offences
- Market abuse and insider trading
- Sales of restricted products

What's next – modern slavery

Development and delivery of additional controls for labour agency workers employed at our Group's sites including controls to address the risk of modern slavery.

What's next – legal compliance

Development and delivery of further bespoke training to cover a number of key compliance areas, to complement existing training modules.

People

We continue to be immensely proud of our apprentices and 2024 has been another great year with our achievement rates improving by nearly 10%. In my role I am lucky enough to meet hundreds of colleagues who have gained a formal qualification alongside performing a busy job and their stories of perseverance and listening to them talk about the skills they have gained and their career progression is inspiring.

It is clear though that still more needs to be done if we are to address the skills crisis across construction and give colleagues the skills they need to operate in a fast-evolving industry. We are therefore looking forward to maximising the opportunities that will come from the government's overhaul of the apprentice system and the introduction of the new Skills and Growth levy.

Andy Rayner
Director of Learning and Development

Developing the next generation

Upskilling colleagues and the wider industry in green and future skills to help facilitate sector improvements.

Why it is important

The sector is changing with new products and construction methods, increased digitalisation and new sustainability requirements. It needs to attract more people to be successful. The Group is committed to the development and deployment of talent and the next generation workforce. Development and apprenticeship programmes upskill colleagues in their current roles and introduce new colleagues to the business and the wider construction sector.

Progress in 2024

The Group's focus has remained on the development of the next generation workforce, driving apprenticeships to attract new and diverse talent and upskilling existing colleagues.

Over 2,000 apprentices have graduated through training programmes run by Group, marking a significant milestone on the journey towards the Group's target of 10,000 development graduates by 2030.

The key objective for 2024 was to introduce a "flexi-job" apprenticeship which includes placements with other businesses in the sector and also to launch a suite of micro qualifications – short, focused learning programmes that provide specific, job-related skills and knowledge. Development programmes launched during the year are as follows:

- Customer Sales Excellence: Upskilling customer-facing colleagues and equipping them with better sales and service skills.
- Multi-Skilled Merchanting: Training colleagues to excel in all areas of a Travis Perkins branch including the branch counter, yard, Hire, Managed Services and Benchmarx.
- Fast Track Hire Management: Equipping colleagues with the skills and knowledge to manage a Hire business.

External recognition

The Group was ranked 38th in the Apprenticeships Top 100 Employers 2024 and 48th in the Rate My Apprenticeships Best 100 Employers in 2024.

Attracting new talent into the sector

The Group and its apprenticeship division, LEAP, worked closely with the Builders Merchants Federation (BMF) in 2024 alongside a wide number of industry peers to create the Building Materials Careers Campaign, "Materially Different". The campaign showcases the breadth of opportunities in the sector, enabling new entrants to find employers, job and apprenticeship opportunities.

100% of the Group's apprentices rated their experience as "excellent" for learning new skills or developing existing skills.

RateMyApprenticeship Data, 2024.

What's next

Develop the Group's Learning and Development offering in-line with the new Government's "Growth and Skills" levy to support a range of training and development programmes that extend beyond traditional apprenticeships.

SUSTAINABILITY REPORT CONTINUED

Diversity, equity and inclusion

Creating an environment where everyone can be themselves.

Why it is important

With a changing industry and a fight for talent, focus on Diversity, Equity and Inclusion ("DE&I") helps create diverse teams where everyone has the skills, confidence and ambition to be their best and which have the diversity of thought needed for the Group and the industry to innovate and change.

Progress in 2024

The key objective was to improve the Group's engagement survey score for the statement "I feel a sense of belonging at this company" to above the provider's global average. The score was negatively impacted in 2024 by tough trading conditions and difficult decisions made by the Group. Further attention will be given to this during 2025.

New Inclusive Leadership programme

The Group continued to build the skills, knowledge and behaviours of its leaders, helping them to create the conditions for a diverse and inclusive workplace.

The Group worked in partnership with Green Park, a pioneer in building diverse senior leadership teams and more equitable workplace cultures, to develop its Inclusive Leadership programme, which was delivered in 2024 to more than 80 leaders.

Diversity statistics

Gender diversity 2024 – by role type	Female	%	Male	%	Total
Director	2	25%	6	75%	8
Senior Manager	62	26%	176	74%	238
Colleague	4,254	25%	12,964	75%	17,218
Total	4,318	25%	13,146	75%	17,464

Gender diversity 2024 – by business segment	Female	%	Male	%	Total
Group and shared service	476	50%	475	50%	951
Toolstation	2,254	35%	4,180	65%	6,434
Merchanting	1,588	16%	8,491	84%	10,079
Total	4,318	25%	13,146	75%	17,464

Actively supporting the Construction Industry Coalition ("CIC")

The Group is strategic partner to the CIC and in 2024 has shared information on initiatives taken to drive improved DE&I. Angela Rushforth, Managing Director of Toolstation and Chair of the CIC, spoke at the Coalition in Conversation conference in October 2024, setting out the objective of the coalition: "There are good people in the industry but there are so many more good people the industry could have. We want to be game changers and build a truly inclusive industry."

What's next

The Group is targeting an engagement survey score for the statement "I feel a sense of belonging at this company" in excess of the provider's global average in 2025.

For further diversity statistics please see page 186 ESG/SASB table at the back of the report.

Hannah Stronach
Branch Operations Manager

From Branch Apprentice to Operations Manager

Hannah Stronach started her career at Travis Perkins Elgin three years ago, joining the business as a Branch Apprentice studying Level 2 Trade Supplier. Nearing the end of the programme, Hannah was promoted to Branch Operations Manager thanks to her skills and newly acquired expertise. After completing the programme, Hannah went straight on to the Level 3 Team Leader Apprenticeship where she says "Part of my new role in the branch was to make changes to the way the transport department was running and organised. Learning new management, organisation, and communication skills helped me massively to complete these changes and have the confidence to communicate the changes to the team."

When asked about her favourite thing about being on an apprenticeship, Hannah explained that it is "being pushed out of my comfort zone to learn new things and having difficult conversations with staff and customers if needed. It pushes you to not just do your 9-5 job but to take the leap and find out about what is available to you and how you could progress through the business if you are interested."

Hannah is among numerous colleagues benefiting from the Group's award-winning apprenticeship programme, an important focus as the Group develops the next generation of talent.

SUSTAINABILITY REPORT CONTINUED

Safety and wellbeing

Getting everyone home safe and well, every single day.

Why it is important

Keeping people safe and well is the Group's top priority.

Progress in 2024

The Group's key objective for 2024 was to continue to create a culture of Calling it Out, taking time to Stop, Step Back, Think. Then Act by ensuring daily team briefings take place at all locations.

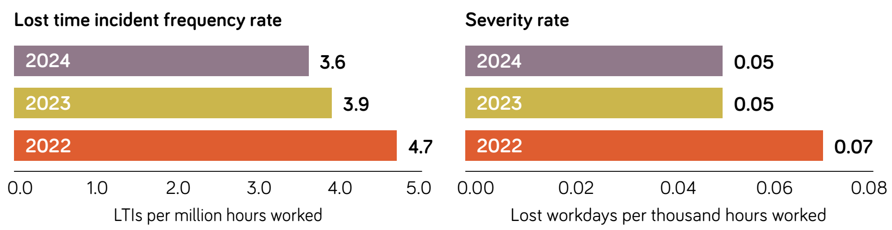
The Group's top leaders visited branches more often, checking in with branch teams to better understand safety performance and trigger additional support where needed.

Supporting the business to operate safely through business change

The Group's organisational structure changed in a number of ways during the year which required sharpened focus, new ways of working and increased communication and activity to keep up safety standards. The Group's Lost Time Incident ("LTI") Frequency Rate improved slightly, while the Severity Rate remained flat compared to the prior year.

Enhanced site reviews to drive safety culture change

The site review programme has been overhauled to better articulate the Group's safety expectations, implement key safety culture change programmes and identify best practice and will make it easier for teams to see where improvement opportunities lie and provide more robust assurance. The updated programme will take effect from January 2025.



The figures reported do not include Toolstation Europe and agency colleagues

New charity partner to support wellbeing

Travis Perkins plc has partnered with The Lighthouse Charity to help its 17,000 colleagues better look after their own mental health and to help them signpost support for customers and others who work in the construction industry.

Lighthouse is dedicated to supporting construction workers and their families through tough times such as illness, injury, financial hardship, providing emotional support, financial aid, and even retraining programmes to help people get back on their feet. Colleagues tell us that it is important to them that charity partnerships benefit those who work within the Group and help strengthen relationships with customers and suppliers.

What's next

- ***Introduce a new second line of defence safety assurance programme that assesses both achievement of minimum standards, cultural position and best practice.***
- ***Continued focus on out-of-branch safety including safe deliveries.***

Stay Safe.

Senior leaders engaging more on safety

Senior leadership engagement is critical in driving a positive safety culture, so in 2024 the Group's top 100 leaders spent more time visiting branches and holding safety conversations, helping to demonstrate where safety sits on the Group's priority list.

When I visit stores I get the team to educate me about the safety challenges they experience. I find it interesting to see first-hand how some of the decisions my commercial team make can impact stores, as well as how we can help them. The insight enables me to feed into the Senior Leadership Team's strategic discussions in a different way. In fact, I've been so inspired that I've asked all of my direct reports to spend a day a month in Stores doing likewise.

Rupert Nichols
Customer, Commercial and Supply Chain Director

Colleague voice

Listening to colleagues to improve engagement.

Why it is important

Listening to colleagues can improve engagement and create a more positive and productive work environment.

Progress in 2024

Key actions undertaken during the year are detailed below:

Three senior leader events were held in 2024 to enable discussion on business and functional plans and their alignment to the Group's strategy and to help the businesses and functions to better support each other.

- Colleague engagement and development continued through At My Best conversations, to align colleague objectives to the Group's priorities.
- Improved accountability and ownership through local line manager action plans.
- Continued embedding of the Group's values.
- Business-level colleague forums and listening groups.

Engagement survey

- The Group's annual engagement survey was carried out in Q4 2024 with participation of 80%.
- The engagement score fell from 73% to 69% due to poorly implemented restructuring and the uncertainty created by leadership change.
- The successes identified in the survey were local line manager feedback, the safety culture and the ability for colleagues to be themselves.
- The survey identified the need to give colleagues more clarity following significant change.

What's next

Conduct further analysis of the engagement survey, ensuring clear actions are taken.

Reward

Improving the financial health of colleagues.

Why it is important

Improving the financial, physical and emotional health and wellbeing of colleagues contributes towards stable communities and enriches the lives of colleagues and those around them.

Progress in 2024

The objective for 2024 was to continue to help colleagues build their financial resilience.

Building better financial resilience

We offer fair pay and a comprehensive package of benefits and pensions. Depending on performance, there is also the opportunity for colleagues to earn a bonus and share in the Company's success through share plans and savings programmes.

The Group's colleagues have continued to use Wagestream, a financial management and wellbeing app that allows them to access a portion of earned salary each month before pay day and allows them to set up a savings fund directly from their pay. Colleagues have built short-term savings of almost £2.2m since the benefit was launched in 2022.

The Group launched a new benefit to encourage colleagues to save regularly, partnering with Commsave, one of the largest credit unions in the UK. Commsave is a not-for-profit financial co-operative which provides easy access to savings and loans direct from pay.

There are now 2,700 colleagues across Wagestream and Commsave who are saving regularly via payroll each month. As well as providing a critical financial safety net in times of need, a savings habit builds financial resilience, reduces financial stress and contributes positively to overall wellbeing.

What's next

We will be focusing on incentive structures to drive engagement and performance. Further support will also be provided to those approaching retirement to reflect the challenges of an ageing population.

SUSTAINABILITY REPORT CONTINUED

Charity and community

Taking pride in helping others and making positive changes happen.

Why it is important

Travis Perkins plc is at the heart of its communities. As a local employer that supports building projects across the UK, the Group contributes to local and national economies. Colleagues take great pride in being part of a business that supports its customers and where they can deliver a wide range of community projects that create positive change.

Progress in 2024

The focus in 2024 was to grow volunteering efforts and to continue to build charity and community partnerships that help to deliver on the Group's strategy and provide social value for the Group's customers and communities.

Volunteering

The Group continued its partnership with Volunteer it Yourself ("VIY"); a social enterprise that provides young people with trade skills whilst renovating community spaces. In addition to part-funding projects that included the renovation of a Scout hut and a boxing club for people with special educational needs and disabilities, colleagues supported projects with volunteering, providing skills workshops, mentoring and general support with gardening, decorating and other renovations works.

Charity partnerships

In 2024 the Travis Perkins business announced a new charity partnership with Alzheimer's Society and Alzheimer Scotland. Over a three-year period, the business has committed to raising funds, awareness and understanding to support those living with Alzheimers.

The Group introduced its first Group-wide charity partner, The Lighthouse Charity, to support mental health for colleagues and the wider industry (for more information see page 40).

Colleagues across the Group also continued to drive meaningful change by supporting many other charities and community causes in creative ways.

Fundraising in 2024

Charity and Social Enterprise partners	2024 contributions
Alzheimer's Society	£183k
Centrepoint	£11k
Construction Youth Trust	£10k
Cynthia Spencer	£9k
The Lighthouse Charity	£17k
Macmillan Cancer Support	£633k
Mind	£35k
Prostate Cancer UK	£24k
Scottish Action for Mental Health	£2k
Variety	£26k
Volunteer It Yourself	£60k

What's next

Continue to use charity and community partnership and activity as a way to create meaningful social change both nationally and locally, working with established and new partners and with a particular focus on improving wellbeing for colleagues and customers.

Without the support of companies like Travis Perkins, working with Variety, the children's charity, our young people would miss out on so much "out-of-the-classroom" learning. A Sunshine Coach enables us to plan for a more hands-on, practical curriculum to improve learning opportunities.

Sheralee Webb, Executive Head Teacher, Northgate School Academy Trust

variety
the children's charity

The Travis Perkins plc property team has been a supporter of children's charity Variety since 2018 and in 2024 the team donated a Variety "Sunshine Coach" to Northgate School and Arts College in Northampton.

This school caters for students with special educational needs and is particularly focused on preparation for adulthood. The new Sunshine Coach will be used to regularly take pupils to and from their work experience and on educational trips.

TCFD disclosure

Compliance statement

The following disclosure is consistent with the recommendations and recommended disclosures of the Taskforce for Climate-related Financial Disclosures ("TCFD") as stated in the listing rule LR 9.8.6(8)R. Similar content can be found in the Travis Perkins Group Carbon Disclosure Project ("CDP") Climate disclosure which is available for public review. The disclosure covers the whole business and its supply chain and all climate-related risk and opportunity types, over three time periods, all of which is detailed in the pages that follow. This is the fourth year of disclosure under TCFD for the Group.

Further improvements have been made and more are planned to enhance the disclosure, including more in-depth analysis by material type to have greater insight to physical climate risks and opportunities in the supply chain and to further assess transitional risks and opportunities. This will be shared in the 2025 Annual Report and TCFD Report. During 2024 a desktop review of material risks and opportunities for three more material types and also for two customer types was completed to enhance the Group's understanding of supply chain risk.

TCFD disclosure requirement		Location in Annual Report	Page(s)
Governance			
Disclose the organisation's governance around climate risks and opportunities	Describe the Board's oversight of climate-related risks and opportunities	TCFD report – Board oversight and engagement	45
		Principal risks report – Climate change and carbon reduction	65
	Describe management's role in assessing and managing climate-related risks and opportunities	TCFD report – Board oversight and engagement	45
Strategy			
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	TCFD report – Principal risks and opportunities	46
		Principal risks report – Climate change and carbon reduction	65
	Describe the impact of climate-related risks and opportunities on the organisations businesses, strategy and financial planning	TCFD report – Principal risks and opportunities	46
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	TCFD report – Scenario results	50
Risk management			
Disclose how the organisation identifies, assesses and manages climate-related risks	Describe the organisation's processes for identifying and assessing climate-related risks	TCFD report – Risk and opportunity management	48-56
	Describe the organisation's processes for managing climate-related risks	TCFD report – Risk and opportunity management	48-56
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	TCFD report – Risk and opportunity management	48-56
		Principal Risks report – Climate change and carbon reduction	65
Metrics and targets			
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	TCFD report – Metrics and targets	57-58
		Sustainability report – Operating sustainably	34-35
		Sustainability report – Modernising construction	30-31
		Remuneration report	90-117
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	TCFD report – Metrics and targets	57-58
		Sustainability report – Operating sustainably	34-35
		Sustainability report – Modernising construction	30-31
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	TCFD report – Metrics and targets	57-58
		Sustainability report – Operating sustainably	34-35
		Sustainability report - Modernising construction	30-31

SUSTAINABILITY REPORT CONTINUED

Governance

Scope and sphere of influence.

The Group's addressable market for construction materials is £65bn. The Group has a 7% share of this addressable market, serving generalist and specialist customers that range from the smallest jobbing builder to the largest national contractor or housebuilder. The Group operates over 1,400 distribution sites and has a turnover of £4.6bn and a fleet of over 2,500 heavy and light goods vehicles.

Committed to decarbonisation

Decarbonisation of the Group's businesses and supply chain remains the Group's sustainability priority. For further information see page 26. The Group has commitments to reduce carbon in line with a 1.5°C pathway across the value chain. To monitor delivery of this commitment, the Group has two key long-term targets which have been verified by the Science-Based Target initiative ("SBTi"). For more information on the Group's carbon agenda see pages 30 and 34. Pages 57-58 provide details of the metrics and measures used by the Group to assess progress.

The Group's targets are SBTi approved as being in line with a 1.5°C pathway. By 2035 the Group targets reduction of Scope 1 and 2 greenhouse gas emissions ("GHG") by 80% and Scope 3 emissions by 63% from a 2020 baseline.

Governance continued

Collaborating to support change

The Group is engaging with the sector to support the decarbonisation agenda. Sitting in the middle of the supply chain, the Group recognises the importance of collaboration, joining together with the industry to share best practices, collaborate and co-create solutions.

During 2024 the Group continued its partnership with the National Retrofit Hub ("NRH") and the Group Sustainability Director is co-Chair of NRH Working Group 2: Supply Chain, Products and Solutions, to help in showcasing solutions and encourage retrofit activity and the uptake of more sustainable and innovative products. The Group also has representation on sustainability working groups at the Builders Merchant Federation and the Supply Chain Sustainability School, to ensure that the voice of the merchant is well represented and solutions are created together. As 80% of the properties that will exist in 2050 exist today, action is needed to address the current housing and commercial stock and reduce in-use carbon, in particular moving away from gas boilers. For more information on stakeholder engagement see pages 78-80.

The scenario analysis conducted by the Group in the previous three years has identified that an early adoption pathway carries the lowest risk for the Group. Consequently the Group will continue to advocate for progressive action on climate change in line with these scenarios, but recognises that a slow pace of change to government policy and funding and other constraints in the macro environment pose a risk to the UK remaining on an early-action pathway.

Accountabilities

Climate change is a boardroom topic with the CEO setting the agenda. Carbon strategy is directed by the CFO with delivery steered by the Group's Sustainability Director, Head of Environment and the Fleet, Property and Commercial teams along with nominated leads in each of the Group's businesses. The Managing Director for CCF Ltd is the Group Leadership Team sponsor for Modernising Construction, including Scope 3 carbon reduction.

Board oversight and engagement

The management reporting cycle on the Group's climate goals and targets is at least quarterly, with five sessions with the Group Leadership Team or plc Board during 2024. The Group has developed carbon roadmaps (Scope 1 and 2: Buildings and Fleet, and Scope 3: Product Decarbonisation) against which progress is monitored by the Group Leadership Team (GLT) and the Board. Moreover, the GLT and Board consider the principal climate risks and opportunities identified via the Company's risk identification activities. The Company's risk identification activities consider risks emerging from three future scenarios and over the short, medium and long term. The Board has recognised the strategic importance of managing climate-related risks and opportunities due to the Group's ongoing materiality analysis.

For more information on how the Board is apprised of climate-related risks and opportunities, see the climate change principal risk on page 65.

The GLT and Board consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organisation's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions and divestitures.

For example in 2024 the GLT and Board approved the costs to renew the Group's renewable electricity tariff and install further LEDs by the end of 2025 and continued investment in HVO for over 200 heavy goods vehicles ("HGVs").

Alignment of incentives to carbon commitments

The 2024 bonus targets for the GLT included deliverables in line with the Group's sustainability ambitions such as further carbon reductions and the development of more detailed carbon roadmaps. (see page 105).

In addition, the restricted stock scheme included an ESG-related performance underpin (see page 95).

SUSTAINABILITY REPORT CONTINUED

Sustainability strategy

Principal risks and opportunities

Risks and opportunities are identified via an assessment approach which aligns not only with the Group principal risk process and rating tables but also uses the risk drivers and types published by CDP. Internal stakeholders are invited to advise on the relevant risk and opportunity types, level of impact and speed of risk materialisation. External stakeholders have shared their insights on what is material to them through the Group's materiality assessment (last completed in 2022) and ongoing stakeholder engagement. The impacts from risks and opportunities have been considered in relation to products and services, supply chain and/or value chain, investment in research and development, operations (including type of operations and location of facilities), acquisitions or divestments and access to capital. The risk and opportunity identification process is iterative and informed by scenario analysis which the Group is developing but recognises is not yet complete. For more details on the principal risk process see pages 59-61.

Across all three assessed time periods, geographies, scenarios and risk types the Group does not consider its direct operations to be very highly exposed to physical impacts from climate change. The Group is predominantly a UK-based distributor of products, with limited non-UK activity and limited manufacturing activity. Accordingly, the majority of the climate-related financial risks and opportunities relate to what is purchased and sold, rather than how it moves through the Group's businesses. The table to the right summarises the Group's principal risks and opportunities.

L Low	P Proactive
M Medium	R Reactive
H High	I Inactive

Top climate-related financial impacts

RISK – TECHNOLOGY: TRANSITIONING TO LOWER EMISSIONS TECHNOLOGY

Description:	Risk for the Group*	Scenario in which this impacts:	Time period in which this impacts	Parts of the value chain most impacted:
Decarbonisation of the HGV fleet *(c.1600 HGVs to transition away from diesel)*	H	P R		In-house: Travis Perkins Group

RISK – PHYSICAL: RISING SEA LEVELS AND EXTREME WEATHER EVENTS

Description:	Risk for the Group*	Scenario in which this impacts:	Time period in which this impacts	Parts of the value chain most impacted:
Decreased asset values *(assumes some branches affected)*	L M	P R I		In-house: Travis Perkins Group

RISK – REGULATION: MANDATES ON AND REGULATION OF EXISTING PRODUCTS AND SERVICES

Description:	Risk for the Group*	Scenario in which this impacts:	Time period in which this impacts	Parts of the value chain most impacted:
Product carbon pricing *(assumes a small portion of carbon-related cost price increases are not passed through)*	L	P R		Downstream and Upstream: Customers and Manufacturers

RISK – MARKET: CHANGING CUSTOMER BEHAVIOUR

Description:	Risk for the Group*	Scenario in which this impacts:	Time period in which this impacts	Parts of the value chain most impacted:
Obsolescence of product *(assumes some product lines are no longer of interest to customers aligning with net zero)*	L	P R		Upstream: Manufacturers (particularly manufacturers of gas boilers or high-carbon building fabric materials)

OPPORTUNITY – PRODUCTS AND SERVICES: DEVELOPMENT AND/OR EXPANSION OF LOW EMISSION GOODS AND SERVICES

Description:	Risk for the Group*	Scenario in which this impacts:	Time period in which this impacts	Parts of the value chain most impacted:
Rising demand for new product mix and new technologies *(to meet changing building regulations and low-emission targets)*	H	P R		In-house: Travis Perkins Group Upstream: Manufacturers

OPPORTUNITY – RESOURCE EFFICIENCY: USE OF MORE EFFICIENT MODES OF TRANSPORT

Description:	Risk for the Group*	Scenario in which this impacts:	Time period in which this impacts	Parts of the value chain most impacted:
Increased revenue opportunity *(assumes large customers move business towards merchants with decarbonised transport options)*	L	P R		In-house: Travis Perkins Group

OPPORTUNITY – PRODUCTS AND SERVICES: DEVELOPMENT AND/OR EXPANSION OF LOW EMISSION GOODS AND SERVICES

Description:	Risk for the Group*	Scenario in which this impacts:	Time period in which this impacts	Parts of the value chain most impacted:
Rising demand for new product mix and new technologies *(to adapt to climate change (i.e. strengthening flood resilience), and to react to climate events (i.e. extreme weather)*	L	P R		In-house: Travis Perkins Group

* Risk ratings are in line with those in the Principal Risks Section on pages 59-69.

Timelines

The timelines considered and why they were selected is detailed in the table below.

Time Horizon	Description	Why chosen
Short	1-5 Years (2022-2027)	This time horizon was chosen to ensure impacts being felt now and their potential escalation are understood
Medium	5-15 Years (2028-2037)	This time horizon was chosen to reflect that scenarios show limited divergence prior to this point
Long	15-30 Years (2038-2052)	The physical impacts from climate change will magnify over a longer time period than usual business planning

Despite tough economic conditions, we're making progress in reducing product carbon by engaging with industry partners, fostering innovation, and driving sustainable practices.

Heinrich Richter
Head of Commercial - Sustainable Products and Services

Strategic response to risks and opportunities

The material considerations in achieving the Group's strategic commitment to the transition to a low-carbon economy include:

- Accelerated trends in product replacement and the associated changes to the Group's business model, including the move away from fossil-fuel boilers.
- The need to adapt the Group's branches and fleet to be low carbon or no carbon.
- Changes to customer projects and locations that may impact the Group's estate.
- Strong customer and supplier partnerships remain key in achieving a successful transition.

Carbon transition plan

The Group has shared the roadmaps to 2035 for Scopes 1, 2 and 3 on its corporate website and these now all include interim targets. Key activities include:

(1) Reducing the embodied and in-use carbon of products sold

(Scope 3 represents 99% of the Group's footprint with Category 1 (Purchased Goods and Services) and Category 11 (Use of Sold Products e.g. gas boilers) representing 87% of this).

- Working with the whole value chain to phase out the majority of fossil-fuel boilers from sales by 2035. This primarily relates to commercial gas boilers sold by the BSS business.
- Reducing the embodied carbon in the goods the Group sells. This will be achieved through influencing supplier action and supporting their uptake of new technologies such as carbon capture and storage and introducing alternative materials or products where carbon reduction is not viable.

(2) Decarbonisation of the Fleet and Estate

(Scopes 1 and 2 represent 1% of the Group's footprint)

- Phasing in the use of HVO fuel for diesel engines as a transition fuel. Over 200 HGVs used HVO instead of diesel in 2024.
- Introducing electric or alternate technology HGVs from around 2027. The first electric HGV was deployed in 2021 as a pilot to inform the Group's roadmap and the Travis Perkins Managed Services fleet now has seven electric vans.
- Taking action to improve the energy efficiency of both freehold and leasehold buildings.
- 100% renewable energy tariff for all UK sites. This tariff was introduced in October 2021.
- Continuing to move from gas boilers to air-source heat pumps and other low-carbon technologies to heat the Group's branches and offices.

(3) Climate adaptation plan

The Group has reviewed the physical impact risk across different warming scenarios for both its own estate, UK infrastructure and its supply chains. This information is used to inform:

- Commercial strategy for the medium to long term to ensure both continuity of supply and a just transition.
- Group property decisions and planning for new site locations and existing site adaptation.
- Group insurance planning to best manage future risks and business continuity. Physical climate risk impacts are rated as low to medium. Early conversations are underway on this and plans will evolve more in the coming year.
- Climate risk is now also influencing sales opportunities for the Group with opportunities to supply the climate adaptation products needed by customers.

SUSTAINABILITY REPORT CONTINUED

Risk and opportunity management

As climate governance is integrated into business decision-making, principal risks and uncertainties are recorded and reported with other business risks and uncertainties on page 65. The identification of risks and opportunities around climate change uses the same complementary likelihood and impact criteria as other Group risks and the assessment covers direct and indirect physical and transitional impacts. In addition, risks and opportunities over the Group's three chosen scenarios (Proactive, Reactive and Inactive), as well as over three timelines (five years, 15 years and 30 years) are taken into account by referencing the results of the scenario analysis. A detailed risk assessment process is conducted annually to identify any emerging risks and ensure the assessment of impact from all risks and the selection of management approach is appropriate. A risk report is presented to and discussed annually with the GLT and Board. The Group's principal risk list, which includes climate change risk, is also reviewed by the Board and the Group's financial auditors. Details of the most material climate risks and opportunities have been published annually for the last 15 years in the CDP climate disclosure.

The uncertainties around impacts are considered via scenario analysis which is detailed on the next page.

Sizing and scaling of risks and opportunities is performed in conjunction with internal and external stakeholders and uses the outputs from the Group's scenario analyses, materiality assessments and the professional judgement of the internal sustainability team together with external advisers. Decisions to mitigate, transfer, accept, or control the risks are made by the risk owners (nominated GLT members) with confidence to make decisions provided by a clear carbon strategy, target and roadmaps.

In 2024 the Group followed up the scenario analysis undertaken in the previous three years with a desktop review of material risks and opportunities published by a sample of large materials suppliers and customer types. All other results published in this disclosure are from the 2023 scenario analysis.

Scenarios and modelling process†

The scenarios modelled outline possible physical and transitional impacts to 2050 and beyond. The transitional scenarios used are from the Network for Greening the Financial System ("NGFS") and are the same scenarios used by the Bank of England in its Climate Biennial Exploratory Scenario publication which explores the financial risks from climate change. The Group selected the scenarios below to illustrate the best and worst outcomes and the sensitivities involved when identifying future impacts from changes to the climate and society's response to that change. Note that no additional scenario analysis was conducted in 2024. The results were instead enhanced through a desktop review of risks and opportunities identified by selected supply chain partners.

	Proactive	Reactive	Inactive
	Early action	Late action	No additional action
Transitional	Action taken early and effectively. Global net zero CO_2 emissions are achieved by 2050. Transition risks are low.	Action is delayed until 2031 and is more sudden and disorderly. Higher transition risk and short-term macroeconomic disruption.	No further action is taken on climate change and even current obligations are not met. Hence GHG emissions grow unchecked. Transition risks are low.
	<2 degrees mean global warming	**Between 2-3 degrees mean global warming**	**>3 degrees mean global warming**
Physical	Using RCP 2.6.	Using RCP 4.5.	Using RCP 8.5.
	Global CO_2 emissions peak by 2020 and decline to around zero by 2080. Concentrations in the atmosphere peak at around 440 ppm in mid-century and then start slowly declining.	Emissions peak around mid century at around 50% higher than 2000 levels and then decline rapidly over 30 years and then stabilise at half of 2000 levels. CO_2 concentration continues on trend to about 520 ppm in 2070 and continues to increase but more slowly.	Concentrations of CO_2 in the atmosphere accelerate and reach 950 ppm by 2100 and continue increasing for another 100 years.
Scenario assumptions which apply to all three scenarios	• The retention of current market share in all categories where the Group is active • The use of a blended construction and manufacturing GVA to project revenue. This assumes the sector moves from unsustainable manufacturing processes to new, as yet unknown, processes and materials • A 0.5m rise in sea levels is effectively mitigated by sea defence adaptations • Cost price inflation caused by supply chain mitigation of physical and transitional risks can be substantially passed on to customers • The 166 UK sites, in 166 different towns and cities, assessed for physical climate risk are representative of the Group's UK sites and infrastructure and inferences about the portfolio risk can be made from the sample • The expected number of days of business interruption from physical climate change impact are modelled with the Gumbel distribution to best represent extreme events		
Scenario assumptions which apply to specific scenarios	• Full international implementation of country-level commitments on climate change action	• Price parity for non-fossil fuel delivery will not be achieved before 2040	• Current commitments by countries and businesses to GHG reductions are not met

† Climate scenarios make projections on hypothetical futures and as such come with a degree of uncertainty. While some of the information obtained from existing climate models have a high degree of accuracy, there is still a level of uncertainty. As a result, scenario analysis should only be used as a guide for climate-related risks and opportunities.

Risk and opportunity management continued

Scenario risk lenses

The climate change impact under each of the three scenarios was considered across a number of risks and opportunities for the Group, including the following examples.

The **transition risk and opportunity assessment** considered:

Policy and legal risks
- Carbon pricing
- Enhanced emissions-reporting obligations
- Mandates on and regulation of existing products and services
- Exposure to litigation

Market risks
- Increased cost of raw materials
- Changing customer behaviour

Reputation risks
- Stigmatisation of the sector
- Shifts in consumer preferences
- Increased stakeholder concern or negative stakeholder feedback

Technology
- Costs of lower emissions technology
- Unsuccessful investment in new technologies
- Substitution of existing products and services with lower emission options

The **physical risk and opportunity assessment** considered:
- Rising mean temperatures
- Changing precipitation patterns
- Sea level rise
- Extreme weather
- Wildfire

This was taken into account for the Group's UK estate as well as UK-wide infrastructure (roads, ports, railways, utility supply, IT infrastructure), selected supply chain locations and comprehensive timber supply chain locations. Impacts on the UK workforce due to physical climate risk were also reviewed.

In future reporting periods the Group will conduct deep dive assessments on other material types in its supply chains.

Scenario results

Resilience over the 3 scenarios

Scenario	Proactive	Reactive	Inactive
FUTURE COSTS (resilience)	**LOWEST** The proactive scenario aligns with the Group's own SBTi approved targets and roadmaps. Transitional costs (fleet and estate) have been considered in line with this roadmap. Product-related carbon costs are assumed to be substantially passed through to the market. Costs from physical impacts of climate change are expected to be low to moderate.	**HIGHER** The reactive scenario introduces more risk as policy around climate change is either too late or too weak, exposing the Group to higher transitional costs and a supply chain with less mandate to change. Costs from physical impacts remain low to moderate for the UK but may be higher in the Group's supply chains.	**HIGHEST** The inactive scenario introduces reputational risk around target achievement as there would be no further changes from the government, leaving the Group unsupported by policy to meet its SBTi targets. The Group's UK infrastructure will be impacted by rising sea levels and flooding by 2050. There will be supply chain disruption.

The Group's exposure to financial stress from physical climate change or transitional climate change impacts can be successfully mitigated by following the adopted strategy and roadmaps outlined in this disclosure. Transitional impacts are expected to be far greater than physical impacts and the ability to pivot away from some construction materials and technologies and towards the supply of other materials will be key to the future success of the Group.

The proactive scenario delivers a decarbonised business model in the most efficient way with the best financial outcomes. The Group's SBTi approved targets and roadmaps are aligned to this early action pathway.

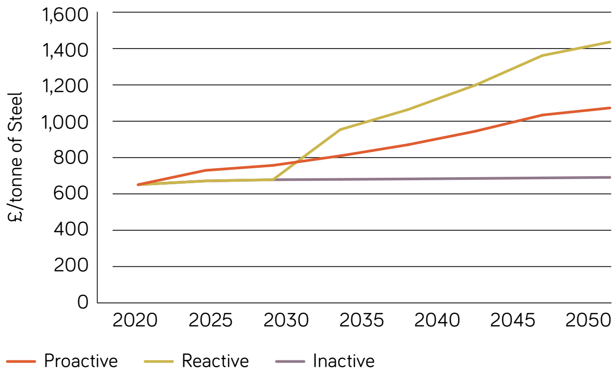
Summary of transitional risks

There are two predominant transitional risk implications of climate change for the Group – both of which are rated as high-risk. Firstly, impacts on the ongoing relevance of the **products and services** that the Group sells to the market. Secondly, impacts on the pace and methods of upgrading the Group's **own fleet**, in line with or ahead of UK policy.

With regard to **products and services**, the Group's businesses will need to evolve their product mix and develop services to meet the product, data and service requirements of a low-carbon construction sector. The analysis has identified a risk of product obsolescence, for example gas boilers in some markets, and changing customer demand towards materials, products and solutions that reduce lifetime GHG emission levels from buildings. The Group measures product sales that contribute to a low-carbon economy and is looking at ways of promoting more sustainable construction in the medium and longer term.

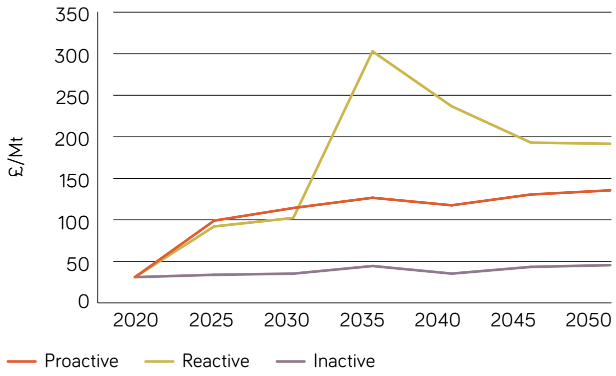
Carbon pricing will introduce a **cost to embodied emissions** and climate experts are calling for carbon pricing across more sectors and on high-emission materials such as steel, plastic, cement and bricks (see forecast trends on the following page). In 2023, the EU implemented the Carbon Border Adjustment Mechanism trial phase, placing a cost on the embedded emissions in certain materials. The UK will likely follow and introduce a similar mechanism. Whilst the Group has a policy to pass price increases through to customers, thereby not directly taking on these costs, **the market will consider alternative materials, and the Group will need to adapt to remain relevant.**

Steel price



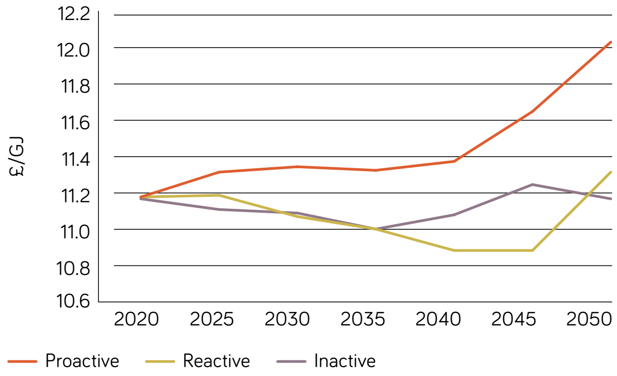
The price of steel after the introduction of a carbon border mechanism across each climate scenario and timeframe.

Cement price



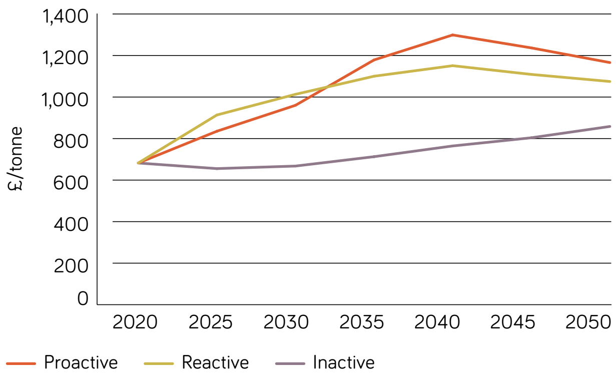
The price of cement across each scenario.

Oil price



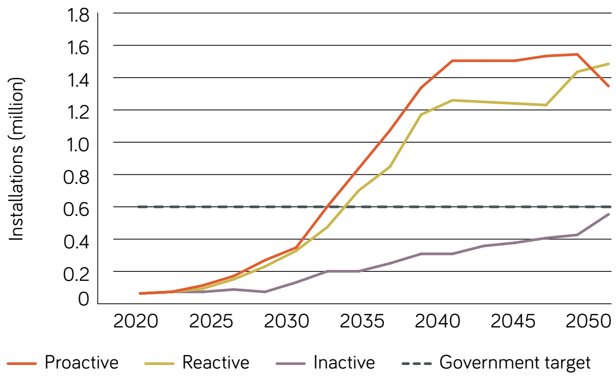
Pricing for oil under each of the three scenarios.

PVC price



The price of PVC across each scenario and timeframe.

Heat pump installation projections



Heat pump installation projections.

In addition to the cost increase of high-embodied carbon products, there will also be a **move to heating technologies with a lower carbon impact in-use,** such as heat pumps instead of gas boilers.

The data in these charts were modelled by Inspired ESG as part of the Group's scenario analysis work in 2023. They were not updated in 2024.

Risk and opportunity management continued

The Group's climate change strategy means it asks more from its value chain partners in terms of compliance and innovation. Over the medium term, the Group's engagement strategy with its supply chain will become more targeted on lowering lifetime impacts. For example, in promoting innovative and sustainable products to customers and developing packaging waste solutions. The Group has expertise in developing low-carbon solutions that other parts of the value chain will require and is looking for ways to develop this into a service. The Group appointed a new Head of Commercial for Sustainable Products and Services and Sustainable Product Data Analyst in late 2023 to accelerate this work.

With regard to the Group's heavy fleet, the investment required to decarbonise the Group's heavy fleet is affordable and is most effectively deployed in a phased manner. In the last three years, capital spend requirements to deliver efficiency programmes have been approved and have proven to decrease carbon impacts. In 2024, £14.3m was invested in replacement or new delivery vehicles and an additional £1m on plant assets across the network. £406k was invested into HVO fuel purchase, based on average costs compared to diesel in 2024. Transport-related carbon reduced by 11.5% in 2024 as compared to 2023.

As a non capital-intensive business with 99% of emissions in the value chain, an internal carbon price is not a tool that has been adopted by the Group to date. Although this will be considered in future years as a tool to support the business case for change, particularly in light of the projected costs for oil under the three scenarios.

Summary of physical risks

The physical risk from climate change to the Group's estate in the UK and the UK transport, utility and IT infrastructure is low to medium as the Group assets are large in number and geographically spread providing resilience to the physical impact from a changing climate.

The physical risk from climate change to the Group's supply chain (causing business interruption) is also forecast as low to medium due to the Group's ability to adapt to new supply routes and suppliers and the assumption that transactions with customers are not lost but delayed.

The physical risk from climate change to the Group's customers (causing delays in developments and therefore lost or delayed sales) has been explored initially through a desktop review. This will be explored further in future reporting years.

A deep-dive on physical risk to the Group's UK estate

The scenario analysis for physical risks (temperature, precipitation, fire and extreme weather) to the Group's estate in the UK suggests broadly similar impacts (low to moderate) for each of the three warming scenarios. The likelihood of moderate risks increases in the reactive or inactive scenarios over time. The analysis suggests that not all regions will be impacted equally by changing precipitation, temperatures, wildfire risk or extreme weather events.

Climate change risks impact all companies in the Group's value chain. By understanding customer and supplier risks we can consider how to ready our own business as well as how we can support with climate adaptation products and services."

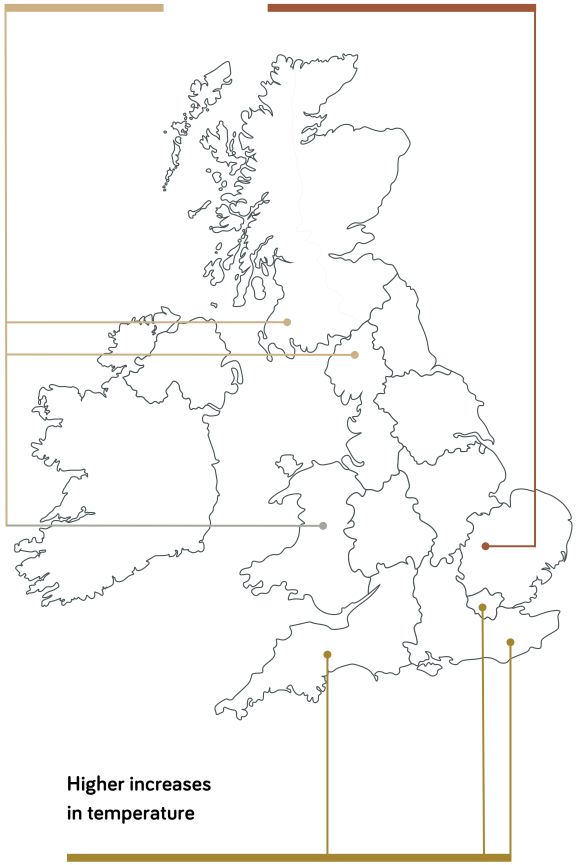
Megan Adlen
Group Sustainability Director

Direct flood impacts (damages to the Group's property, stock and machinery) will likely increase in the inactive scenario. 45 branches are at direct risk from river flooding and 73 branches will be exposed to indirect risks of flooding i.e. affected transport networks. Annually, Wales, Scotland and the Northwest receive the most rainfall.

- Heatwaves are predicted to become more likely as the UK temperature is predicted to rise between 0.67°C and 1.45°C by mid-century (from a 1980–2010 baseline). Extreme temperatures can disrupt transport networks, reduce employee productivity, increase the risk of wildfire and decrease the efficiency of electrical products. Greater London, the South East and South West will experience the most significant temperature increases under all three scenarios.
- A forecast 0.5m rise in sea levels would not impact on all of the Group's coastal sites and shipping ports used in the supply chain equally. Sites and ports in the east of the UK are forecast to be the most vulnerable to sea level rise. Twenty-one Group sites could be impacted by 2050 under the Inactive scenario.

	Proactive	Reactive	Inactive
Timeframe for 0.5m sea level rise to impact	2110 (86 years)	2080 (56 years)	2070 (46 years)

15% of the Group's current estate was at risk of impact from wildfires within 10km of the branch between 2018–2022, although none directly impacted the estate or operations. The Group will keep monitoring wildfires as, whilst less common than flooding events, they could have a higher impact per event.



Regions likely to experience the highest temperature increases under the three scenarios.

Region	Reference period (1980–2011)	Average daily temperature projection by 2052 (°C)		
		Proactive	Reactive	Inactive
Greater London	10.77	11.44 (6%)	11.76 (9%)	12.22 (13%)
South East	10.69	11.36 (6%)	11.68 (9%)	12.14 (14%)
South West	10.48	11.15 (6%)	11.47 (9%)	11.93 (14%)

Regions likely to experience the highest precipitation increases under the three different scenarios.

Region	Reference Period (1980–2011)	Annual Precipitation Projection by 2052 (mm/yr)		
		Proactive	Reactive	Inactive
Wales	1032	1056 (2%)	1082 (5%)	1066 (3%).
Scotland	1028	1029 (0.1%)	1029 (0.1%)	1053 (2%)
North West	937	962 (3%)	972 (4%)	970 (4%)

The analysis, completed in 2023, confirms that overall physical risk across the Group's UK-based estate increases over time but never gets beyond medium in any region. Once impacts are monetised and seen in the context of the entire estate, the overall impact is considered to be low to moderate.

The Group will use the insight provided by the scenario analysis to refine its property and insurance strategies.

Risk and opportunity management continued

A deep-dive on physical risk to UK infrastructure

Scenario analysis completed in the previous financial year included a review of the physical climate risks affecting the UK infrastructure. The headlines of this analysis are as follows:

- **Roads** will be affected by increased precipitation due to landslide risks and closed roads, in addition to increased surface water runoff. Extreme heat can also cause roads to melt. Road disruption affects both distribution of goods and the ability for employees and customers to travel to sites.
- **Ports** will be affected by sea level rises, storm surges and damage to port infrastructure. Shipping fees may increase as ports raise handling fees for repairs after storm damage and port closures will cause bottlenecks at other ports across the UK.
- **Railways** will be affected as heat waves can buckle tracks and flooding prevents trains from accessing tracks. Secondary risks include landslides and rock falls which can damage tracks and other rail infrastructure.
- **Electricity supply** will be affected as increased temperatures cause lower efficiency in electrical products, including solar panels. Storms can damage transmission lines and cause wind turbines to cut out. Storm damage to transmission lines left over one million people and businesses without power for a week in 2022. Extended droughts can impact water availability for hydroelectric power.
- **IT infrastructure** will be affected as increased flooding can corrode buried electrical cables and high-flowing flood water can damage telephone masts and other IT infrastructure. High temperatures impact wi-fi speeds as routers struggle to send and receive data.

The analysis confirms that the overall risks are low to medium, and the Group is well placed to balance the risk with the opportunity to sell products which prevent or remediate climate impacts.

The Group will use the insight provided by the scenario analysis to inform its approach to property locations, energy resilience, logistics planning, commercial strategy and business continuity.

A deep-dive on physical risk to timber supply chains

Scenario analysis completed in the previous financial year included a deep-dive review of the physical climate risks to timber supply chains. Globally, climate change is expected to increase the frequency of extreme weather events, exposing the timber industry to varying degrees of risk. Key takeaways from the analysis were as follows.

- Increased carbon in the atmosphere will benefit tree growth, providing other factors also increase (water availability, soil nutrients, etc.).
- There is a risk to timber quality as increased carbon can promote faster tree growth, potentially making the timber unsuitable for construction grade requirements.
- Increased heat waves can directly damage foliage on trees and bake soils, affecting growth rates.
- Drought events limit water availability for tree growth and can cause reduced yields or tree mortality.
- Wildfire events will be more frequent, damaging forests.
- Flooding, due to increased precipitation, can prevent access to forests.
- Warmer climates favour invasive pest and disease species, threatening trees and ecosystems.
- Storm damage will increase, damaging forests and also potentially requiring timber to be treated before it can be used in construction.

The Group is protected in general by its spread of supply chain partners, enabling continuity of supply when parts of the supply chain are affected. The risks of supply chain disruption are rated as low-medium over the three scenarios. The Group will use the insight provided to inform its commercial strategy in order to ensure supply chain resilience and to work with suppliers to enable them to act early and support a just transition.

A desktop review of climate risks and opportunities of sample supply chain partners

A desktop review was completed in 2024 of published climate risk reports from large manufacturers, in three product categories, and large customers, from two customer types. The results are presented on the next two pages. This research identified that:

- Suppliers and customers carry varying levels of risk and opportunity related to climate change, both transitional and physical.
- Companies within each category have “common risks” (i.e. certain transition risks relating to policy and markets) but also “company-specific risks” (i.e. physical risks based on their geographical locations, for example.)
- Common risks to all company types were physical impacts, carbon price and supply chain disruption.
- Manufacturers are dealing with the barriers to creating lower-carbon products while Customers are dealing with the risks of low availability of low-carbon solutions – there is progress underway but a hesitancy caused by technology, market and policy risks.

Implications for the Group

- The findings do not alter the Group’s climate risk and opportunity profile. However, the results do allow for better understanding and work with the supply chain to navigate the changes ahead.
- For companies that have identified their risks and opportunities and have adjusted their strategy accordingly, the Group can work with them to understand progress and their changing risk profile.
- For companies that have not yet identified their risks and opportunities, the Group can share guidance and insights to help them to understand the changes ahead and to ensure a just transition.
- The Group’s commercial team can use this information to consider the supplier portfolio and where other supplier partners may be needed over time to prevent supply chain disruption.
- The Group’s sales teams can use this information to consider which customer types need support to identify lower-carbon products or climate-adaptation solutions.
- Additional product categories and customer types will be reviewed in future years to keep aware of upstream and downstream quantification of climate risk and opportunity and what this means for the Group.

		Sample manufacturers			Sample customers	
Risk type	**Risk detail**	Plaster and plasterboard	Blocks, cements and concrete goods	Bricks	National housebuilders	Tier 1 contractors
Physical risk	Increase in intensity and frequency of extreme climate events	Y	Y	Y	Y	Y
	Sea-level rise, increase in average temperatures, change in precipitation	Y	Y	Y	Y	Y
	Water scarcity		Y	Y	Y	Y
Transition risk – Technology	Availability and cost of raw materials for low-carbon products	Y	Y		Y	
	Increase in costs for transition to low-carbon technology, energy and solutions	Y	Y	Y	Y	Y
	Risk of lower product demand. New homes weight efficiency over space	Y	Y	Y		
	Slow technology innovation – CCUS*, hydrogen, low-carbon energy/transport		Y	Y	Y	
	Risk of new technology quickly becoming outdated				Y	
	Requirement for new skills to transition to new technology			Y	Y	
Transition risk – Market	Increased price of Greenhouse Gas (GHG) emissions	Y	Y	Y	Y	Y
	Increase in production and distribution costs (e.g. for high-carbon materials)	Y	Y	Y		
	Redefinition of types and nature of materials required			Y		
	Competitiveness risk with respect to imported materials (specific to Europe)	Y	Y			
	Disruptions in the value chain (supplies, operations, etc.)	Y	Y	Y	Y	Y
	Risk loss of sales to lower-carbon alternatives or Modern Methods of Construction (MMC)		Y	Y		
	Risk of loss of competitiveness on new ranges of low-carbon solutions	Y				
	Risk of loss of competitiveness if low demand for low-carbon solutions	Y				
	Low availability of low-carbon product alternatives, not meeting demand					Y
	Increased insurance premiums due to higher cost of adaptation measures					Y
Transition risk – Policy	Evolution of regulations (product, solutions, carbon reduction)	Y	Y	Y		Y
	Climate change litigation	Y	Y	Y	Y	
	Extension of EU Emissions Trading Scheme (ETS), or reduction of free allowances on UK ETS		Y	Y		
	Poor accounting of full lifecycle of products		Y			
	Burden of enhanced/changing reporting regulations		Y	Y		
	Limitation on suitable fuels or materials		Y	Y		
	Lack of financial incentives for R&D and low-carbon investment		Y			
	Increased costs or risk of delays from changing housing regulations				Y	Y
	Increased planning or site requirements lower land viability or cause delays				Y	
Transition risk – Reputation	Continuation of extractive practices and the use of fossil fuels	Y				
	Lack of progress, communication and transparency on climate issues	Y	Y		Y	
	Changes in consumer preferences regarding the use of new materials	Y	Y	Y		
	Dissatisfaction of customers with new technology or homes				Y	
	Reduced access to capital or permits – if not meeting expectations		Y	Y		
	Greenwash risk from competitors – misleading the market		Y	Y		
	Public opposition for companies not meeting expectations		Y	Y		
	Challenges retaining/attracting talent – if not meeting expectations		Y			Y

* Carbon capture, utilisation and storage

SUSTAINABILITY REPORT CONTINUED

Risk and opportunity management continued

		Sample manufacturers			Sample customers	
Opportunity type	**Opportunity detail**	**Plaster and plasterboard**	**Blocks, cements and concrete goods**	**Bricks**	**National housebuilders**	**Tier 1 contractors**
Physical opportunities	Impacted built environment in some areas driving demand for product		Y	Y		
Transition opportunities – Technology	New materials and construction methods for lower environmental impact	Y		Y		
	Development of solutions to reduce dependence on raw materials	Y				
	Development of CCUS capability		Y	Y		
	Lower operating costs from energy efficiency measures					Y
Transition opportunities – Market	Increasing demand for low-carbon and/or recycled products, or MMC	Y	Y	Y		Y
	Increasing demand to take local climate considerations into account	Y				
	Rising energy prices (e.g. need for energy saving products, etc.)	Y				
	Recognition of thermal mass benefits		Y	Y		
	Increasing demand for, and affordability of, green new homes and other developments				Y	Y
	Green mortgage and energy efficiency cost savings allow for premium charge				Y	
	Home buyers can borrow more with a green mortgage and get a larger home				Y	
	Land buying and local partnerships enhanced with low-carbon homes				Y	
	Sustainability performance opens green financing (lower interest rates)				Y	
	Demand for retrofitting services including prioritisation over new build					Y
	Increasing demand for climate adaptation measures and climate-resilient buildings					Y
Transition opportunities – Policy	Changes in regulations related to site operations (GHGs, Energy Performance Certificates (EPCs))	Y				
	Changes in regulations relating to product (recycled, low-carbon, labels)	Y	Y	Y		
	Changes in local regulations due to regional climate conditions	Y				
	Credible accounting of full lifecycle of products		Y	Y		
	Lower carbon tax exposure where carbon reductions are made				Y	
Transition opportunities – Reputation	Consumers' need for transparency concerning environmental impact	Y	Y		Y	
	Investors' need for transparency concerning environmental impact	Y	Y		Y	
	Greenwash risks well managed – allowing credit to be given where due		Y	Y		
	Increasing expectation of colleagues for sustainable business – talent attraction		Y			Y
	Lower cost of capital opportunity			Y		

To note:

The companies reviewed often described their risks and opportunities differently or allocated them to different risk/opportunity types. Sensible decisions were made to consolidate this information and results are indicative only.

The companies reviewed had ranked their risks and opportunities according to severity. This is not presented in the table above to keep the summary simple as all companies only presented "material" risks and opportunities.

Whether one or all companies assessed listed a particular risk or opportunity, a "Y" was added to the table. The results show the breadth of risks and opportunities, and the differences by company type, rather than a weighting.

Companies reviewed:

Plaster and plasterboard – Saint Gobain (parent company to British Gypsum)

Blocks, cements and concrete goods – Forterra, Heidelberg Materials, H+H, Marshalls, Tarmac, Tobermore

Bricks – Forterra, Ibstock, Wienerberger

National house builders – Barratt Developments, Taylor Wimpey

Tier 1 contractors – Balfour Beatty, Wates Group

Note: Sample companies selected based on availability of data (not all companies have published climate risk reports) and were limited to a small, representative sample.

Note: As only large listed (originally) and large private (recently) companies are required to publish information on climate risk, the research shows the naturally higher risk profile of large companies. Much of the Group's customer base is SME trades who have not published climate risk reports and would be unlikely to identify with many of these risks and opportunities.

Metrics and KPIs

The Group sets out performance against a number of environmental KPIs, including absolute carbon reduction and performance against targets and additional detail on energy consumption. The Group has also included interim targets within the three carbon reduction roadmaps (buildings, fleet and Scope 3).

KPIs and metrics which align to the Group's material climate-related risks and opportunities are set out in the table below. For additional detail required under Streamlined Energy and Carbon Reporting ("SECR") please see the table on page 185.

The carbon KPIs are measured using the GHG protocol, are independently verified by LRQA and accepted by the SBTi. More details about the methodology can be found on the Group's website (www.travisperkinsplc.co.uk/sustainability). The Group's net zero target follows the UK government's definition of total Scope 1 and 2 carbon emissions that are equal to or less than the emissions the Group removes from the environment. Data points from prior years may have been restated where better data is now available.

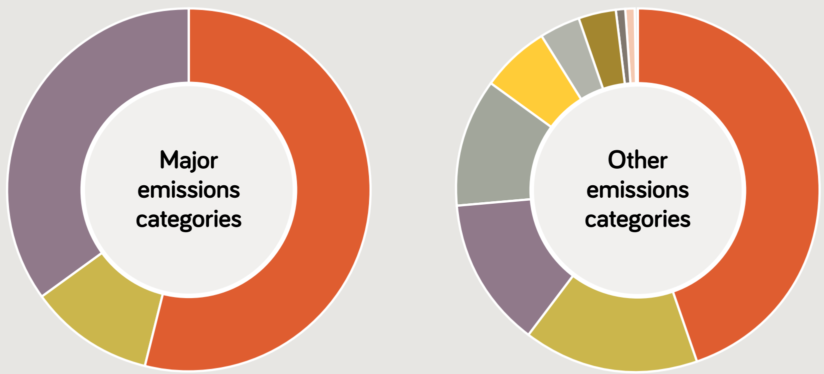
Carbon data table

The Group has reported on all of the emission sources required under the Companies Act 2006 (Strategic report and Directors' reports) Regulations 2013. The numbers reported include data for companies where Travis Perkins plc has operational control. Scope 1 and 2 emissions are calculated using the DEFRA Conversion Factors for Company Reporting 2024 on an operational control basis. Scope 3 emissions are calculated using EcoInvent or DEFRA factors, Environmental Product Declarations ("EPDs") or other Life Cycle Assessment ("LCA") data. Specific data points in the carbon chart and the carbon data table, marked with the logo V, have been assured against Lloyd's Register verification procedures. For a link to the assurance report see page 35. The following two footers relate to references in the carbon data table on the following page.

1. Fugitive emissions from domestic refrigeration and building air conditioning are excluded as they are not material to the Group's overall emissions.
2. Scope 3 data quality improved in 2024, due to data corrections and the use of Environmental Product Declaration carbon data where available within Category 1: Purchased Goods and Services, instead of estimated emissions factors. The data methodology for Scope 3 is shared on the website https://www.travisperkinsplc.co.uk.

Total emissions Scope 1, 2 and 3 (tonnes CO_2 e)	6,530,092
Scope 3 % of total emissions	99%

Breakdown of the Group's 2024 Scope 3 carbon by category



- Category 11: Use of sold products – 52%
- Category 1: Purchased goods and services – 36%
- All other categories – 12%

- Category 4: Upstream transportation and distribution – 6.59%
- Category 9: Downstream transportation and distribution – 2.01%
- Category 12: End-of-life treatment of sold products – 1.58%
- Category 10: Processing of sold products – 1.07%
- Category 13: Downstream leased assets – 0.52%
- Category 3: Fuel and energy related activities – 0.43%
- Category 2: Capital goods – 0.42%
- Category 6: Business travel – 0.09%
- Category 7: Employee commuting – 0.07%
- Category 5: Waste generated in operations – 0.01%

SUSTAINABILITY REPORT CONTINUED

* Note that figures stated are rounded to a sensible whole number or decimal point. Totals or percentages reflect true not rounded number calculations.

		2024			2023			2020 (Baseline)			Performance in 2024 vs 2023	Targets (with 2020 baseline)	Performance in 2024 against 2020 target baseline year
		UK	Non-UK	Total*	UK	Non-UK	Total*	UK	Non-UK	Total*	%*		%*
		Energy GWh											
Operational carbon	**GWh energy** Annual energy use relating to gas, purchased electricity and transport fuel (for SECR compliant kWh data see the data table on page 185)	268	9	**277**	306	6	**312**	334	5	**340**	(11)%		
		Carbon Dioxide Equivalent (CO_2e) Tonnes											
	Scope 1 Direct emissions from burning gas and solid fuel for heating and from road fuel use for distribution[1]	44,440	1.097	**45,537** V	51,325	501	**51,826**	60,656	641	**61,297**	(12)%		
	Scope 2 Indirect emissions from the Group's use of electricity	0	402	**402** V	0	856	**856**	17,333	461	**17,794**	(53)%		
	Scope 1 and 2 Absolute	44.440	1,499	**45,939** V	51,325	1.357	**52,682**	77,989	1,102	**79,091**	(13)%	Net zero by 2035 (min. 80% reduction)	(42)%
	Scope 1 and 2 Intensity Tonnes Scope 1 and 2 emissions per £m of revenue	9.8	13.1	**9.9** V	10.7	11.3	**10.8**	21.3	15.7	**21.2**	(9)%		(54)%
	Scope 1 and 2 Intensity *NEW KPI* Tonnes Scope 1 and 2 emissions per tonne of product sold	0.0055	0.0927	**0.0057**	0.0062	0.0964	**0.0063**				(10)%		
	% of fleet (inc. MHE) that is low-carbon in use (either electric, hybrid or alternate fuel)			**42%**			**25%**			**16%**	17 ppt		
Supply chain carbon	**Scope 3 Absolute**[2] Indirect emissions from the supply chain. Including all Scope 3 categories	6,244,830	239,323	**6,484,153** V	6,666,567	292,988	**6,959,554**	8,466,700	424	**8,467,124**	(7)%	63% reduction by 2035	(23)%
	Scope 3 Intensity Tonnes Scope 3 emissions per £m of revenue	1,374	2,088	**1,391** V	1,401	2,448	**1,426**	2,316	6	**2,274**	(2)%		(39)%
	Scope 3 Intensity *NEW KPI* Tonnes Scope 3 emissions per tonne of product sold	0.779	14.794	**0.807**	0.802	20.807	**0.836**				(3)%		
	% heat generators sold which are low carbon (i.e. heat pumps, solar thermal or electric boilers)			**19.00%**			**10.7%**				8.3 ppt		
	% of Group product spend with suppliers engaged on decarbonisation (carbon calculated and targets set)			**61%**			**57%**			**1%**	4 ppt		
Total carbon	**Scope 1, 2 and 3 Absolute**	6,289,270	240,822	**6,530,092**	6,717,892	294,345	**7,012,237**	8,544,689	1,526	**8,546,215**	(7)%		(24)%

1 and 2: See previous page for more information on these two points

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES

Maintaining a dynamic and effective risk management process is central to the successful delivery of the Group's strategic objectives and building resilience, as the Group continues to navigate a challenging external environment, an evolving risk landscape and continued uncertainty.

Risk management framework

The Group takes a balanced approach to manage risks in a proactive, efficient and effective way, targeted at the most significant risks, particularly where there is a low tolerance for risk or uncertainty. The risk management framework considers risk from both a "top down" and "bottom up" perspective, to support a comprehensive and common understanding of the risks and opportunities and their potential impact on the achievement of the Group's strategic priorities, and to provide a multi-layered approach to the review and management of risk. The approach and key responsibilities remain consistent with prior years, as set out in the diagram below:

Key activities

Risk appetite – An annual Board exercise to consider the nature and level of risk it is prepared to accept to deliver the strategy

Risk identification – Key review and decision-making processes capture risks, including reviews of strategy, major programme and performance

Risk assessment – Risks are prioritised using a standard scoring mechanism and compared to appetite

Risk response – Action is taken, if possible, for risks outside appetite. Risk acceptance is formalised

Reporting and monitoring – The Board, Audit Committee and GLT receive regular risk reports and challenge and agree the Group's principal risks and mitigation strategies twice a year

Emerging risks and issues – areas of change are monitored through regular risk activities, assurance processes and horizon scanning

Internal control and assurance framework – a "three lines" model to confirm effective risk management

TOP DOWN

Board – Audit Committee – GLT – Risk function

Activities focused on the assessment and mitigation of material risks to the Group's strategy, business models and operations

BOTTOM UP

Risk Function – Business and Functional Leadership – Major Programmes

Activities across the Group that capture and assess significant risks at a business unit, programme or functional level

The Board
- Overall responsibility for risk management and internal control, reviewing effectiveness annually
- Reviews and selects the Group principal and emerging risks and approves related disclosures
- Sets the risk appetite and monitors adherence

The Audit Committee
- Regular assessment of the risk management framework, and development activities
- Monitors the results of key assurance processes
- Provides assurance to the Board on the effectiveness of risk management and financial, compliance, and operational controls

The Group Leadership Team ("GLT")
- Undertakes regular top-down risk reviews
- Monitors key risks particularly in relation to safety, programmes and performance

Business and functional leadership
- Responsible for control, compliance with minimum standards and the active management of risk for their area

The Risk function
- Maintains the risk management framework
- Co-ordinates "top down" reporting, horizon scanning and risk disclosures
- Reviews and challenges risk content and the quality of mitigation plans

Further details on the Group's risk management responsibilities and oversight are set out in the Corporate Governance report on page 74.

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risk appetite

The Board accepts that, in order to achieve its strategic objectives, and generate suitable returns for shareholders, it must accept and actively manage a certain level of risk. The Board undertakes an exercise, at least annually, to consider the nature and level of risk it is prepared to accept to deliver the strategy and to set its resulting risk appetite. Following a comprehensive restatement of risk appetite last year, the Board has reviewed and updated its position during 2024. No significant changes were made during the year, and the risk appetite statements for the principal risks were approved by the Board. These are used to define the risk-taking parameters for all significant activity within the business.

The risk appetite continues to balance opportunities for growth and business development in areas that present a clear opportunity for reward, against a low risk tolerance for activities that offer little commercial advantage or that may present a significant safety, legal, regulatory or reputational risk.

The Board also considered the principal risks in the context of risk appetite and assessed current and planned mitigating activities to ensure that these key risks are being managed within the stated appetite.

Principal risks

The Group operates in an industry and markets which, by their nature, are subject to a number of inherent risks. In common with many large organisations, the Group is also influenced by a complex set of external factors, including geopolitical and economic risks, which have continued to bring uncertainty during 2024. The principal risks that are considered to have a potentially material impact on the Group's operations and achievement of its strategic objectives are set out below. Further detail in respect of the potential risk impact and the mitigating actions taken is explored on the following pages. The scope and potential impact of risks will change over time. As such the risks set out below should not be regarded as a comprehensive statement of all potential risks and uncertainties that may manifest in the future. Additional risks and uncertainties that are not presently known, or which are currently deemed immaterial, could also have an adverse effect on the Group's future operating results, financial condition or prospects.

The Board and GLT assess the Group's principal and emerging risks at least twice a year, with a detailed assessment of external and internal developments and influences on the risk set.

The existing principal risk set remains relevant and appropriate, and no risks have been added or removed in the latest risk review. Whilst each of the risks and associated mitigations continue to evolve, the overarching trends and inherent risk levels are assessed to be broadly consistent year-on-year. The Board has discussed risk trends and influencing factors, and as set out in the half year results, the trend for the Managing Change principal risk was updated to Increasing as a result of the large-scale change experienced by the Group during 2024, including the appointment of a new CEO and Chair and implementation of new systems. The risk trend relating to Macroeconomic Volatility was also updated to Limited change year-on-year to reflect a relative stabilisation in the level of uncertainty in the macro environment impacting the Group.

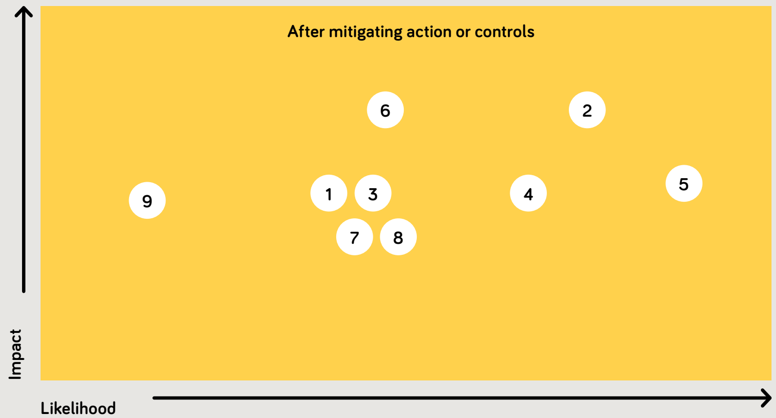
Figure 1 – Principal risks: at a glance

Risk category	Principal risks	Strategic objective	Risk trend 2024	Risk trend 2023	Inherent risk[1]
External	**1.** Long term market trends	ABCD	–	–	High
	2. Macroeconomic volatility	AE	–	Λ	High
	3. Supply chain resilience	BC	–	–	High
Strategic	**4.** Managing change	ABCDE	Λ	–	Medium
	5. Climate change & carbon reduction	D	–	–	High
Technological	**6.** Cyber threat and data security	D	Λ	Λ	High
Operational	**7.** Health, safety & wellbeing	D	–	–	Medium
	8. Legal compliance	D	–	–	Medium
	9. Critical asset failure	BCD	–	–	Medium

1 Risk is stated before the application of control. **Key** N New Λ Increasing V Decreasing – Limited change year-on-year

2024 strategic objectives: A Operating & leading in attractive markets B An efficient and sustainable operating model C Maximising the potential of Toolstation D Leveraging the scale of the Group E Delivering attractive financial outcomes

Principal risks heat map:



Key disruptive risks that may impact the viability of a strategy or business model are also identified and managed. The Group does not currently consider any of these to be standalone principal risks. Several of the risks set out below, particularly long-term market trends, include elements that can be considered disruptive in nature, however they are categorised in the table above according to the primary driver of the risk for the Group.

Emerging risks

The risk environment in which the Group operates will continue to evolve as a result of future events and uncertainties, and awareness of related emerging risks forms part of the overall risk assessment process. The Group seeks to capture emerging risks that do not currently present a significant risk but which may have the potential to adversely impact its operations in the future. This enables the Group to monitor and understand the potential implications and build these into the decision-making processes at the right time. The Group identifies new and emerging risks through a process of horizon scanning that includes assessment of our risk set against a diverse set of external benchmarks, alongside perspectives on emerging risks collated from assessments made by the business and functional leadership teams and the results of assurance activities.

Unrest across the Middle East and the war in Ukraine continue to be monitored as potential risks in relation to the Group's supply chain and macroeconomic volatility more generally, and the Group continues to ensure compliance with relevant trade sanctions. Changes following globally significant elections during 2024 will be closely monitored, and the Board remains watchful of developments which may impact the Group. There are no other emerging risks considered significant enough to report at this time.

Long-term market trends

Inherent risk: High	**Relevance:** Industry-wide	**Risk Trend:**
Description The construction sector is changing, driven by both macro and sector-specific factors. In the short term, the sector saw an improvement following the pandemic, only to be then impacted by multiple macro factors: a recession in the UK, global economic instability and a change of government. In the long-term, there are multiple opportunities and risks for the Group: • The housing shortage in the UK, covering both private and social housing, presents significant opportunity for the Group. A growing population and desire for home ownership both fuel long-term demand. New government targets look to increase the number of houses built each year, however the ability to deliver on this target in the next five years is considered a significant challenge. • A growing productivity challenge in the construction sector needs to be addressed alongside an increasing scarcity of technical knowledge and a more general labour shortage. • The challenges presented by the age and condition of existing housing stock in the UK, further impacted by the need to meet the Decent Homes Standard. • Manufacturers of the materials and products sold by the Group may look to sell directly to end customers. Disintermediation has the potential to increase in a challenging economic environment where customers are more price sensitive and proposition differentiation becomes less important. • ESG factors are becoming more fundamental to long-term success but are challenging to address, requiring investment and broad engagement across the sector. • Changing UK legislation and a move to modern methods of construction drives a need to manage changing building standards and the future framework for heat in buildings through the products and services offered by the Group.	**Mitigation** Whilst current macroeconomic conditions are challenging, the long-term fundamental drivers of the Group's end markets remain robust. The UK faces a shortage of new and affordable housing, alongside a significant backlog of maintenance and improvement work on public sector assets and the need to decarbonise an ageing housing stock is growing in urgency. The Group is well positioned to partner with the construction industry to address these challenges. Its balanced portfolio of businesses all hold #1 or #2 positions in their markets and benefit from a diverse end market exposure, from small independent builders to large national contractors. The Group has five focused businesses serving specific construction markets. There is local empowerment to serve small trade businesses and the general builder. This is then complemented by specialist propositions for larger contractors that have the technical capability to add value. The Group has a nationwide network, with purchasing power of over £3bn annually, built upon a wide product range with strong availability and relationships. The Group continues to be underpinned by its values and doing the right thing, whilst continuing to develop an efficient and sustainable operating model. The Board conducts an annual review of strategy, which includes an assessment of likely competitor activity, market forecasts and possible future trends in products, channels of distribution, disintermediation threats and customer behaviour. The Group maintains a comprehensive tracking system for lead indicators that influence the market for the consumption of building materials in the UK.	⊖
Impact: Adverse effect on financial results; loss of market share		

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Macroeconomic volatility

Inherent risk: High	**Relevance:** Industry-wide	**Risk Trend:**
Description The Group's operations are predominantly based in the UK, serving UK customers, with a small presence in the EU. These operations place some reliance on a multi-territory supply base that exposes the Group to much wider macroeconomic and geopolitical uncertainty. The UK continues to face a range of macroeconomic challenges including, along with many of the countries from which the Group also sources product, weak demand in the construction sector (driven in part by persistently high interest rates) and an increasing tax burden on both individuals and businesses. Alongside general economic conditions, Group performance is affected by a number of specific drivers of construction, RMI and DIY activity. Whilst current trading conditions remain challenging, the Group's lead indicators, which include the volume of housing transactions, house price inflation, and consumer confidence, suggest an improving outlook. However, the timing and strength of a recovery in the UK construction sector remains uncertain and is likely to vary across specific segments. Continued uncertainty in the external environment could negatively impact the Group's ability to grow market share and deliver an improved trading performance. A stable government with a large majority, however, does provide a more reassuring backdrop and potentially will encourage increased investment in the UK. The Autumn 2024 budget may offer some opportunities for the Group through increased infrastructure investment but the additional taxes levied on employers to support this investment will require mitigating management actions. The new Government's target of building 1.5 million new homes over the next five years is unlikely to be achieved but the intent, alongside positive steps to reform the application of planning laws, is supportive for a recovery in new housebuilding activity which the Group is well placed to benefit from.	**Mitigation** The Group remains confident in the long-term resilience of its diverse end markets, which are showing early signs of recovery, but needs to consider capital investment and overhead management carefully given the uncertainty regarding the speed and scale of a recovery in UK construction demand. Actions taken in 2024, such as the consolidation of the Group's Commercial and Supply Chain functions, and modernising of key technology platforms, will deliver operational efficiencies whilst ensuring the Group is in a strong position to respond to the anticipated recovery in underlying markets when this begins to materialise. The Group continually reviews pricing strategies and product availability across each of the businesses. Policy and legislative changes that may impact the Group are monitored and, where appropriate, actions taken to ensure the Group is adequately prepared to address relevant changes. The Group has a conservative hedging policy to reduce its exposure to currency and energy price fluctuations. The Group has committed debt facilities of £800m, including a £375m revolving credit facility that was renewed in November 2023 with a five-year term plus a two-year extension option. The Group has balanced supporting colleagues at a difficult time with adjusting the cost base to reflect market conditions. Colleague salaries were reviewed in April 2024, with lower paid colleagues supported with a larger pay increase whilst higher paid colleagues received a more modest uplift.	−

Impact: Operational disruption; adverse effect on ranging and/or price, customer service and financial results

Supply chain resilience

Inherent risk: High	**Relevance:** Industry-wide	**Risk Trend:**
Description A resilient supply chain is a critical factor in serving customers and achieving strategic objectives. There is both breadth and depth in the supply chain. Sourcing is undertaken across the globe and the Group sells a wide range of products, from materials such as timber through to power tools comprising many components. The smooth operation of this extensive supply chain may be disrupted by many events and circumstances outside of the Group's direct control including public health crises, geopolitical and macroeconomic factors, industrial action, transport network disruption and climate impacts. In certain product categories, the Group faces risk in relation to key supplier dependencies, where there are limited alternative options. The Group is the largest customer to a number of our suppliers and, in some cases, those suppliers are material enough to cause significant difficulties and disruption if they are unable to meet their supply obligations. Alternative sourcing may be possible, but the volumes required and the production time needed could impact availability. ESG matters are increasingly important to the Group and its customers: sourcing responsibly is a strategic focus area. This places additional requirements on the supply chain, which may increase over time. This is a means to assess supplier resilience but if suppliers do not meet the Group's standards it could further restrict supplier options.	**Mitigation** The Group maintains strong relationships with its key suppliers and continuously works with them to agree mutually beneficial contracts, conduct due diligence in line with its commitment to responsible sourcing, and ensure a continuous supply of quality materials. Where possible the Group has multiple sourcing strategies for key products, to reduce the effect of a supply failure. The Group keeps stock levels under constant review and has a track record of effectively managing availability issues in conjunction with suppliers. Potential impacts to the Group's supply chain from geopolitical developments are closely monitored. During 2024 the Group's Commercial function was restructured, with teams now aligned by product category, eliminating duplication, lowering costs and enabling the Group to build broader category expertise alongside harmonising ranges and trading terms. The changes will also enable the development of a Group-wide customer proposition. Investment in the Group's distribution capabilities has continued in 2024, with a number of actions taken to consolidate the Group's supply chain, drive efficiency, and reduce risk where possible, including: • Closure of Toolstation distribution centres in Bridgwater and Daventry in order to drive long-term efficiencies from the investment in the Pineham distribution centre. • Consolidation of the Group's timber supply chain with the closure of the King's Lynn and Tilbury timber supply centres. • Closure of the Benchmarx assembly facility in South Molton with kitchen cabinets now solely assembled at the Group's Primary Distribution Hub in Northampton. The Group holds Authorised Economic Operator status as a preferred importer in order to reduce potential customs delays. Published Supplier Commitments clearly articulate the Group's expectations. Independent checks are undertaken at the factories producing products for the Group, covering ethical, safety, environmental, financial and quality factors. The results of these checks are kept under review with action taken as necessary to address any concerns. Guidance is provided for suppliers and workshops are held to help them to improve and protect their own operations and supply chains.	−

Impact: Adverse impact on ranging and/or price, customer service and financial results

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Managing change

Inherent risk: Medium	**Relevance:** Company specific	**Risk Trend:**
Description Embracing and effectively navigating change is fundamental to the Group's future success. The ability to attract, retain and develop colleagues, or add capability through targeted acquisitions or partnerships, is central to ensuring that the Group has the right skills and experience to deliver its strategic initiatives. The Group increasingly competes for skills nationally and internationally and, in key areas such as data analytics, the demand for skills may increase recruitment time and costs. Market forces could make it harder to secure capabilities key to strategic delivery. ***Technology-enabled business change*** The Group has embarked on a number of major technology projects to underpin its operations, enable the future growth plans and meet customers' changing needs. Delivering the systems and associated business change required is key to achieving these objectives. In adopting a more agile, incremental approach to business change, enabled by technology, the Group needs to manage an extended transition period where old and new technologies must successfully co-exist. Against a backdrop of economic uncertainty and difficult trading conditions, the pace of delivery may need to flex with available resources, which could lead to missed opportunities or delays to access operational benefits and/or deliver on strategic priorities. The Group has not delivered significant technology change for a long time, and through the projects undertaken in 2024, a need to further build our internal skills base and expertise has been identified, to ensure the business is better positioned and prepared to undertake future change.	**Mitigation** A Group-wide "Idea to Live" process is used to prioritise, approve and manage change initiatives in a transparent and consistent way. Dedicated teams deliver major programmes with external expertise added to support when necessary. Programmes consider the related capability requirements and the options to buy or grow the skills needed for a strategically significant opportunity. Major programmes are sponsored by a designated GLT member. Defined governance structures are in place, including programme Steering Committees, and oversight of programme assurance at the Audit Committee. Regular Board reporting and the monthly GLT Programme Review to assess progress, milestones, risks, interdependencies and key decisions. The transition of finance processes into the Kerridge system is now complete, and the system will be rolled out to the branch network in 2025, facilitating significant modernisation of the technological landscape in BSS. Oracle Financials was implemented across the other merchanting businesses, and will continue to deliver significant technological and business process enhancements, resulting in a more robust control environment. The Group undertakes post-investment review exercises to assess the success of change programmes, in both financial and non-financial terms. If projects do not deliver against expectations, the "lessons learned" inform future programmes.	∧

Impact: Failure to deliver the strategy; adverse effect on financial results, shareholder value, colleague engagement

Climate change and carbon reduction

Inherent risk:
High

Relevance:
Industry-wide

Risk Trend:

Description

Climate change will significantly impact the construction sector during the transition to a low-carbon environment. The nature, extent and scale of that change remains unclear although headline risks and opportunities have been forecasted through climate scenario analysis. The Group is committed to helping the industry decarbonise by providing low-carbon products, supplied through efficient operations, to produce improved outcomes for communities.

This commitment not only promotes a sustainable business model, but also supports progress against the Group's carbon targets and influences the wider industry, to mitigate the significant threats posed by climate change.

The Group's top climate-related risks relate to:

- The move to a low-carbon fleet, given the Group has one of the largest UK vehicle fleets;
- Increasing costs of goods due to producer country carbon pricing mechanisms;
- The ability to transition to new lower-carbon product categories; and
- Product obsolescence for higher-carbon product categories.

Delivering the Group's carbon reduction targets will be challenging. It requires significant investment and engagement with the wider construction products industry to reduce supply-chain and product carbon. In a difficult economic environment, both the Group and the wider industry must collaborate to deliver this change amid short-term capital expenditure restrictions which could limit progress and shorten the target period for investment.

Environmental matters are increasingly important to colleagues, customers, suppliers, investors and government, driving changes to demand, expectations and information requirements, which the Group must identify and effectively respond to.

Mitigation

The Group regularly identifies its most material climate-related responsibilities and challenges in order to target investment and drive effective mitigation. Governance is led by the Board, which receives regular reports on the most material climate risks and opportunities, the action taken and the progress made.

The Group has made progress against its SBTi accredited targets, which are underpinned by clear roadmaps for delivery in each business, although absolute reductions will also have been impacted by recent volume declines.

The Group allocates capital to meet its commitments. The Group completed its roll-out of new electric forklift trucks, replacing diesel alternatives and saving around 5,000 tonnes of carbon a year. The Group has also invested in HVO as an alternate fuel in 37 branches, serving 210 HGVs in 2024. The LED roll out also continues across the branch network.

A key element of plans to address Scope 3 carbon emissions is engagement throughout the whole supply chain. The Group is working closely with suppliers to collect Environmental Product Declarations in order to extract and better use carbon data and provide customers with information to support Scope 3 reductions. By the end of 2024, 14% of the Group's spend was backed by high-quality carbon data (Environmental Product Declarations or other Life Cycle Assessments) at a product level, with work ongoing to continually improve this coverage. Collaboration and engagement with suppliers and customers on decarbonisation continues with either tailored support or wider industry working groups and events.

Alongside targeted investments and ongoing engagement, developments to support ongoing carbon reduction in 2024 include:

- Development of a product-carbon report for customers by CCF, soon to expand to the Group. This builds on the previously developed delivery-carbon report.
- Investment in the renewables category team to expand the Group's offering and support customer adoption of new technology.

Further information on progress made during the year can be found in the Sustainability report on pages 30-31, 34-35 and 57-58.

Impact: Adverse effect on reputation, financial and/or operational performance; competitive disadvantage; less attractive as an investment stock

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Cyber threat & data security

Inherent risk: High	**Relevance:** Industry-wide	**Risk Trend:**
Description Events in the last year highlight how geopolitical crises and technological changes increase the risk of cyber attacks. Sophisticated, targeted and increasingly frequent cyber-crimes represent a real and present risk to all Group businesses, particularly given the drive to accelerate application development to support the expanding adoption of digital services by customers large and small. Risks associated with a growing digital footprint are further exacerbated by geopolitical tensions, cyber warfare and advancements in highly disruptive new technologies, such as artificial intelligence. Incidents impacting the confidentiality, integrity and availability of the Group's data and systems could disrupt customers and the supply chain. Theft and misuse of confidential data, damage to or manipulation of operationally critical data or interruption to technology services would have a serious consequential impact on the Group's reputation, ability to trade and the risk of fines relating to non-compliance with regulations, including the Payment Card Industry Data Security Standard and General Data Protection Regulation. The Group currently assesses its main risk of attack to be from opportunistic criminals seeking financial gain either from the theft and sale of personal data or encrypting data to demand ransom payments, either directly or as the result of supply-chain attacks. The Group has seen a year-on-year continued increase in the volume, frequency, and sophistication of attempted cyber-attacks, which aligns with broader trends. As the Group continues to drive digital change to meet customers' expectations and obtain competitive advantage, the underlying data that powers these services is of increasing value to cyber criminals. In executing the technology, data and security strategy, the Group will move away from legacy internally hosted systems and transition to new cloud-based services, with enhanced native cloud security capabilities that will improve the overall security maturity and posture for the Group.	**Mitigation** The Group is proactive in ensuring it meets its responsibilities and legal obligations in respect of information security and compliance, taking a risk-based approach in relation to people, process and technology to reduce the overall likelihood and impact of cyber incidents. To ensure the Group stays ahead of evolving threats, it is essential to maintain the security of its network edge perimeter, infrastructure and sensitive data, while continuing to build cyber resilience into technology-driven digital processes. Key elements of the framework to achieve these aims include: • Modern XDR endpoint protection and continuous threat hunting to rapidly identify potential vulnerabilities and attack vectors rapidly. • Regularly reviewing, updating and rehearsing incident capabilities, including lessons learnt from attempted attacks and threat intelligence sharing. The Group has third-party support services with an approved NCSC Incident Responder (IR) specialist capabilities, including forensic, containment and recovery. • Education and awareness are promoted across all colleague levels: baseline cyber awareness training is in place, which is further enhanced with regular phishing simulations, awareness campaigns and the work of information security champions. The Group continually tests its security posture via CREST-approved Penetration Testers and takes steps to remediate any vulnerabilities or weaknesses identified. Changes to technology solutions require Information Security review and approval.	∧

Impact: Operational disruption; adverse effect on reputation; potential legal action, fines and penalties

Health, safety & wellbeing

Inherent risk: Medium	**Relevance:** Industry-wide	**Risk Trend:**
Description Keeping people safe and well is clearly aligned to the Group's purpose. The Group expects everyone to go home safe and well, every single day. The Group operates a large estate, with many sites running complex and busy yards. The Group also operates one of the largest vehicle and mechanical handling equipment fleets in the UK, distributing heavy and bulky materials. Certain products that are sold pose health and safety risks. Poorly implemented safety practices on site, on the road and at delivery locations could result in significant harm to colleagues, customers and the wider community. Full ownership of Staircraft adds a further element to the Group's safety risk profile, with this business carrying an inherent risk (and greater likelihood) of harm from the manufacturing process, in a sector with different requirements and greater regulatory scrutiny.	**Mitigation** Health, safety and wellbeing are fundamental to the Group's values. The Group continues to challenge current ways of thinking to de-risk its operations and improve safety performance. An open reporting culture is fostered, with colleagues encouraged to "Call It Out" if they see anything that they consider to be unsafe. Monthly communication to colleagues highlight examples of successfully "calling it out" or where there are lessons to be learned. Safety governance is well established and designed to promote continual focus and improvement. A process of reviewing the Group Safety strategy has commenced, with a view to identifying further opportunities to drive compliance and performance against existing controls. Safety performance is reviewed at every level of the business, including at all Board meetings and by the dedicated Safety Committee, which is chaired by a Non-executive Director. The process of assessing safety compliance and performance at sites across the Group has been reviewed during 2024 and will be rolled out in 2025 to maintain focus on key risks and drive consistency in management reporting. Staircraft has now embedded the Group's Safety Management System and is supported by dedicated safety support along with a new business leadership team. The Mental Health First Aider community continues to support colleagues and the Group maintains a suite of resources in the online StayWell hub during the year. Further information on progress made during the year can be found in the Safety and Wellbeing report on page 40.	−

Impact: Harm to colleagues, customers or the public; potential legal action, fines and penalties; adverse effect on reputation

STATEMENT OF PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Legal compliance

Inherent risk: Medium	**Relevance:** Industry-wide	**Risk Trend:**
Description The Group is subject to a broad range of existing and evolving governance requirements, environmental, health and safety and other laws, regulations, standards and best practices which affect the way that it operates and gives rise to significant compliance costs, potential legal liability exposure for non-compliance and potential limitations on the development of the Group's operations and strategy, if not managed correctly. The scope of these requirements is in keeping with an organisation of our scale and operational model. The ongoing global development of ESG reporting regimes, the continuing implementation of the Building Safety Act 2022, as well as responding to UK corporate governance reforms all require the Group to assess current processes, controls and related assurance. New requirements may also be placed on the Group as it develops new value-add services in response to the evolving needs of our customers. Should the Group fail to deliver against its legal and regulatory obligations, as well as broader responsibility commitments, this could significantly undermine the Group's reputation, result in the imposition of fines or other enforcement action, and adversely impact operations and results.	**Mitigation** The Group maintains a number of teams of subject matter experts with responsibility for supporting delivery against legal and regulatory obligations that affect the business. Internal subject matter expertise is augmented by external advisors. The GLT and the Board regularly monitor compliance with laws and regulations. A Code of Conduct, supported by minimum standards, all-colleague mandatory training and comprehensive framework of detailed policies, sets out the requirements for all colleagues to do business in the right way with adherence periodically monitored by the GLT. The Group encourages colleagues to speak up whenever they see or suspect activity that contravenes the values, Code of Conduct or policies. All cases reported through the independent hotline are investigated. The Group shares a Supplier Manual and Supplier Commitments to articulate its expectations of the supply base and higher risk suppliers are assessed against these requirements through onsite audits or an Online Risk Assessment. As construction is exposed to more modern slavery than many other industries, the Group is a member of the Supply Chain Sustainability School's Modern Slavery Group, and contributed to the development of the School's new Operational Toolkit; "Combatting Slavery in the Built Environment" to support businesses with their modern slavery due diligence. The Group has mapped out the ESG reporting changes ahead and is readying the data and information required to meet these in the timescales indicated. Further information on the Group's climate disclosures in line with TCFD guidelines can be found on pages 43 to 58. Progress continues in the product provenance strategic workstream to track product data from source through the supply chain to a customer's project. The Group has begun a scoping and materiality assessment as part of its preparation for the first internal controls declaration required by UK Corporate Reform requirements, and regular updates will be provided to the GLT and Audit Committee throughout the year, ahead of the reporting deadline.	−

Impact: Adverse effect on reputation, financial and/or operational performance; potential legal action, fines and penalties; diversion of management attention

Critical asset failure

Inherent risk: Medium	**Relevance:** Company specific	**Risk Trend:**
Description Disruption of a critical Group asset, whether a primary Group distribution location, or a key system failure or outage, could significantly interrupt operations. More generally, if the Group is unable to effectively respond to global or national events, which may impact multiple sites simultaneously, this could also significantly impact operations and performance. ***Distribution centres*** The Group operates a small number of distribution centres with significant stockholdings with an increasing volume of deliveries that are shipped direct to the end customer. Whilst many categories, particularly lightside products, are held throughout the network such that a short period of disruption could be managed, certain categories such as kitchens would present more significant challenges over a prolonged period of disruption. Certain distribution locations hold product, and related handling equipment, that is not carried elsewhere in the network. ***IT systems*** In its day-to-day operations the Group is dependent on a wide range of IT systems and supporting infrastructure. The Group's current IT landscape is complex and includes some legacy systems that lack the functionality of modern software and where expertise is diminishing. Although adequate resources and processes are in place that keep the current IT estate well maintained and operational, and there is a plan to replace the legacy systems over time, the older systems present an increasing risk of failures or outages and require more effort to maintain.	**Mitigation** ***Crisis management & business continuity planning*** The Group has developed crisis response capabilities, overseen by a Group-level steering group. In the event of an incident, tiered crisis response teams are mobilised that coordinate activity and provide ongoing monitoring, decision support and communications. A risk-based approach is taken to business continuity management with a focus on critical infrastructure. This is currently being reviewed through the preparation of updated strategic business impact assessments in each Group business. The supporting business continuity plans prepared for key sites cover a range of scenarios. Regular prevention measures, such as fire risk assessments, are undertaken across the estate as well as maintenance programmes, in order to reduce the risk of internally-generated disruption. The Group's size and scale helps to mitigate stock issues in the event of disruption. The Group carries a level of buffer stock in the network that would be sufficient to cover a short-term disruptive event. The Group has the ability to leverage the lightside capability in Toolstation to support an issue in Travis Perkins, and vice versa. Branch-level disruption would be managed by fulfilling orders from alternative local sites and re-routing stock. ***IT disaster recovery*** The Group's incident management process is designed to prioritise and respond to any incident quickly and effectively, with escalation and communication protocols. Recovery targets are in place, designed to minimise the operational and customer impact. The Group's IT function is in the process of moving IT infrastructure and systems to the AWS Cloud which will further remove physical risks and continue to modernise the Group's technology infrastructure, and is on target to complete the migration in 2025.	−

Impact: Adverse effect on performance: financial, operational, customer service; diversion of management attention

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The information below is intended to help users of these accounts understand our position on key non-financial and sustainability matters and has been prepared in response to the reporting requirements contained in section 414C(7), 414CA and 414CB of the Companies Act 2006.

Reporting requirements	Principal risks	Policy embedding, outcomes and key performance indicators	Link
Colleagues	Health, safety and wellbeing	Business model	Page 11
		KPIs – Accident frequency rate	Page 15
		Safety and wellbeing	Page 40
	Managing change	Development	Page 37
		Modern slavery and human rights	Page 36
		Diversity and inclusion	Page 38
		Colleague voice and engagement	Page 41
		Reward	Page 41
		Directors' remuneration report	Page 90
		Directors' report – Employees	Page 119
Environment	Climate change and carbon reduction	Business model	Page 11
		KPIs – Carbon emissions	Page 15
		Climate-related financial disclosure	Page 43
		Sustainability report	Page 26
		Carbon	Page 30, 34, 58
		Waste	Page 34
		Modernising construction	Page 30
Human rights, anti-bribery and anti-corruption	Legal compliance	Human rights and modern slavery	Page 36
	Supply chain resilience	Legal compliance	Page 36
		Directors' report – Modern slavery	Page 119
Social and community	Managing change	Business model	Page 11
		Charity and community	Page 42
		Responsible sourcing	Page 32

A description of the Group's business model and how it creates sustainable value can be found on pages 14 to 15. Most of the reporting on these topics and KPIs is contained in the Strategic report under the sections Business model, Sustainability report and Statement of principal risks and uncertainties or are incorporated into the Strategic report by reference from the pages noted. The Group has appropriate policies and diligence procedures regarding all the non-financial information presented in this Annual Report.

Section 172 statement

Working together with our stakeholders towards shared goals is part of how we deliver long-term sustainable success. Go to page 94 to see more.

The Strategic report on pages 2 to 70 was approved by the Board of Directors and signed on its behalf by:

Geoff Drabble
Chair
31 March 2025

Duncan Cooper
Chief Financial Officer
31 March 2025