Well positioned for sustainable growth

Stelrad Group plc
Sustainability Report 2024

Stelrad Group plc

Paving the path for sustainable progress

Highlights of 2024

- Joined the UN Global Compact initiative, committing to align our operations and strategies with ten universally accepted principles.
- Launch of the Green Compact range of low-carbon radiators in the UK (see page 04).
- Certified for sending zero avoidable waste to landfill in the UK.
- Published additional Environmental Product Declarations, covering sales in Scandinavia.
- Achieved a record low lost time frequency rate of 4.75, a reduction of 45% from 2023 (see page 09).

Next steps for 2025

- Development of our net zero climate transition plan in line with best practice.
- Expand and strengthen internal reporting processes, including preparing for reporting in line with upcoming regulation.
- Continue progress towards a zero-harm workforce, building upon the recommendations of recent health and safety audits (see page 09).
- Implementation of our action plan for packaging improvements, targeting progress in our key packaging-related metrics.

2024 marked a year of further strengthening our commitment to sustainability, with clearer alignment to stakeholder needs. We have operated our Fit for the Future sustainability programme for over two years now, enabling us to fully embed many of its related policies and processes. With increased focus, we are addressing our key sustainability issues more effectively.

Conducting climate scenario modelling to evaluate the resilience of our strategy in alternative scenarios (see page 11) is a prime example of how we are developing our approach to sustainability, as we strive to identify the potential impact on the Stelrad Group of longer-term climate-related opportunities and risks.

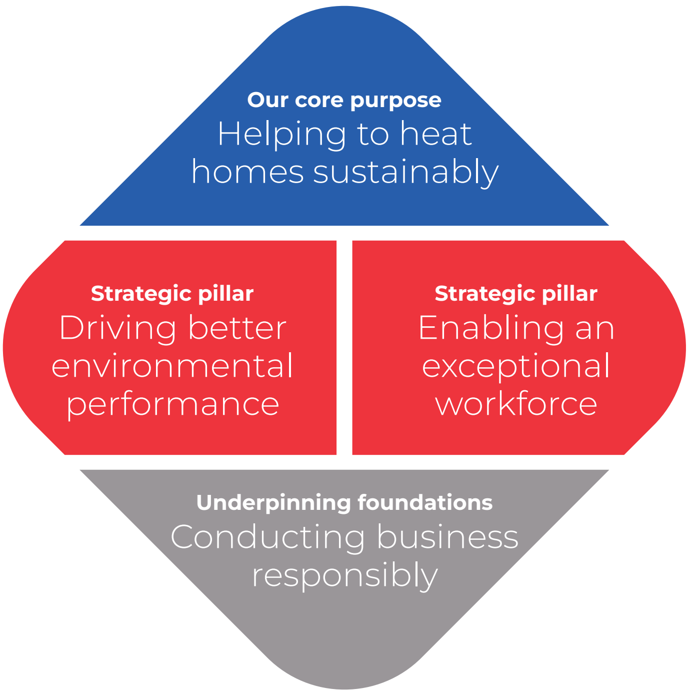
We are also proud to support the United Nations Global Compact initiative, whose principles align strongly with our values and overall approach. We are committed to aligning our business with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption and to acting in support of the Sustainable Development Goals.

In-depth analysis of our approach to packaging has identified significant opportunities for progress and we will continue to drive these initiatives forwards over the coming years. Our Green Compact radiator is a clear statement of intent, being Stelrad's first range to contain zero plastic packaging.

Above everything else, the safety of our people is our number one priority. We continue to make meaningful progress, with a 45% reduction in the lost time incident rate in 2024. This significant shift has been driven by improvements at Radiators SpA and reflects the benefit of instilling our strong safety culture and applying Group safety processes.

As our approach to sustainability develops, I'm confident that we will continue to build on our well-established foundations to make further progress in fulfilling our core purpose: helping to heat homes sustainably.

Trevor Harvey
Chief Executive Officer
7 March 2025



Sustainability metrics

The table below shows our key sustainability metrics and any targets associated with these. Further metrics are shown on page 15. During 2024, we have incrementally evolved these metrics and additional targets are detailed below. In addition, we are now focusing on and reporting the gender split in managerial positions, instead of the overall gender split, because we consider that we have a greater ability to impact the outcome of this metric. The overall gender breakdown is reported on page 08.

We have also recalculated some historical data as data coverage and quality improved. The baseline carbon emissions intensity has been adjusted from 0.18 to 0.17 due to a greater scope of products being included in the weight of production. This increase in scope also impacted our packaging metrics and Scope 3 emissions. Finally, the methodology for calculating our two safety metrics has been altered in two subsidiaries to ensure greater consistency across the Group. The changes relate to the recording of lost time and hours worked.

In 2024, our absolute, operational carbon emissions increased, driven by an increase in energy usage in Turkey, and by changes in the residual emissions factor in Italy. The increase was mitigated by an increase in the proportion of energy coming from renewable sources, which reached 41.6% in 2024. Our absolute Scope 1 and 2 emissions are now 62% below the baseline in 2021. Our Scope 3 emissions reduced, driven by reductions in purchased goods and services.

Our packaging metrics remained in line with 2023 with more significant changes planned for 2025.

The amount of training provided remains above our ongoing target, despite a reduction from 2023. The full year voluntary labour turnover result was also better than target, despite a period of significant additional recruitment in Turkey. The steady rise in turnover rate since 2022 is an area of focus for the next few years. The percentage of managerial positions increased from last year, and has improved significantly since 2022. Details of how we are encouraging women in our workforce can be found on page 08.

We achieved a significant reduction in the number of lost time incidents, driven primarily by a 64% reduction in Italy, and two sites achieving a full year without a lost time incident ("LTI"). LTSR finished above 2023 due to some significant lost time in Turkey. Finally, we saw improvement in the number of suppliers with up-to-date audits.

Additional sustainability targets

This year our sustainability targets reflect the goal to reduce net carbon emissions from our operations and our supply chain to zero by 2050, in line with national goals. We have also added targets to maintain performance above important thresholds on the amount of training, voluntary employee turnover and recycled content of packaging. Two of these are also reflected in our executive remuneration (see page 87 of the Annual Report 2024). Targets for the remaining key metrics will be developed over 2025, when we will also assess the possibility of strengthening existing targets.

Metric	2024	2023	2022	Target	Progress towards target
Driving better environmental performance					
Total market-based Scope 1 and 2 emissions (tCO_2e)	**12,382**	12,122	14,827	Net zero emissions by 2050	62.2% reduction from 2021
Market-based Scope 1 and 2 emissions intensity (tCO_2e/t)	**0.10**	0.10	0.11	45% reduction from 2021 by 2030	40.6% reduction from 2021
Total Scope 3 emissions (tCO_2e)	**368,654**	445,516	531,456	Net zero emissions by 2050	30.5% reduction from 2022
Energy from renewable sources (%)	**41.6%**	41.5%	39.5%	45% by 2030	41.6%
Plastic packaging intensity (kg/t)	**12.0**	12.0	11.0	—	—
Recycled content of packaging material used (%)	**66.5%**	67.0%	60.1%	Above 65% in 2024	Above target
Enabling an exceptional workforce					
Training days per employee	**2.5**	2.9	2.6	2 days	Above the target of 2 days
Voluntary labour turnover rate	**7.8%**	6.6%	6.3%	Lower than the average for UK manufacturers	Below the target of 9.9%(2)
% of managerial positions held by women	**23.8%**	22.2%	18.9%	—	—
Conducting business responsibly					
Lost time frequency rate(1)	**4.75**	8.61	8.99	Zero harm	45% reduction
Lost time severity rate(1)	**54.8**	42.6	62.1	Zero harm	29% increase
% of key suppliers with up-to-date audits	**70.1%**	64.3%	19.7%	75% by 2030	70.1%

(1) Any incident resulting in an employee not being able to attend work the following day is regarded as a lost time incident.
(2) Source: XpertHR.
Definitions of these key metrics are available on page 144 of the Annual Report 2024.

Sustainability Report 2024 *continued*

Our Fit for the Future framework covers a variety of strategic issues as shown in the table below. These were determined through an in-depth consultation process with a wide range of the Group's key stakeholders. These were then aligned with the structure, capabilities and processes of the Group.

Description	Objective	Progress
Driving better environmental performance		
1 Decarbonisation of heating Reducing the amount of carbon produced by domestic and commercial heating systems	Ensure we maintain a coherent offering suitable for lower-carbon heating systems, regardless of the heat source	On track
2 Energy and carbon Managing business activities that consume energy and emit greenhouse gases into the atmosphere, contributing to climate change	Target improvements as part of a long-term journey to net zero carbon emissions, within our operations and our wider value chain	On track
3 Upstream lifecycle impacts Managing the environmental impact of a product in the extraction, processing and distribution of raw materials	Understand and quantify our indirect impacts, and engage elements of our value chain to minimise these impacts	On track
4 Packaging Managing the lifecycle environmental impacts of the packaging used to protect products during transportation	Develop an approach to packaging products that is fit for the future, environmentally and commercially	Work to do
Enabling an exceptional workforce		
5 Training and development Developing the skills needed to maintain and enhance our market position	Review and strengthen existing training and development programmes	On track
6 Diversity and inclusion Enhancing the presence of differences such as gender or ethnicity within the workplace, and ensuring that all people share a sense of belonging	Be representative of the communities in which we operate and broaden the diversity of our population	Work to do
7 Employee engagement Understanding the motivations of employees and working to foster an engaged workforce	Develop employee engagement programmes with ongoing two-way communication	On track
8 Employee wellbeing Supporting employees' mental, emotional and physical health	Provide and foster a safe and supportive working environment that promotes personal wellbeing	On track
Conducting business responsibly		
9 Health and safety Protecting the health and safety of the workforce during all business-related activities	Aim for continuous improvement in accident frequency rates by nurturing a positive safety culture throughout the business	On track
10 Supply chain management Identifying and managing issues within the supply chain, and promoting the improvement of standards	Engage with suppliers to optimise sustainability in our supply chain	Work to do
11 Corporate governance and ethics Ensuring the system of rules and processes fosters ethical business practices and supports the needs of all stakeholders	Maintain high ethical and corporate governance standards and a culture of accountability	On track

Driving better environmental performance

Our approach to driving better environmental performance focuses on four areas, as shown on the previous page. Two of these relate to climate change – our mitigation of it by reducing our carbon emissions and our adaptation to the decarbonisation of our markets. The others relate to the impact of our sourcing, particularly of steel, and the impact of our packaging.

Spotlight on decarbonisation

We supplied radiators for a residential refurbishment project in the South Downs, UK. The owners wanted to reduce their energy usage by installing an air source heat pump and reducing the system temperature. This project was unusual because the house was 300 years old and owned by a retired couple who needed to be able to heat their homes efficiently for the whole day. Further challenges were encountered due to the wattle and daub (wood- and clay-based) walls and the timber structure of the house, but the system was designed and commissioned successfully utilising a mix of double panel and triple panel Stelrad radiators.

Climate change

Positioning effectively for decarbonisation is one of our four key objectives, as shown on page 18 of the Annual Report 2024. Changes in the heating market are driven by legislation focused on decarbonising heat sources which requires heat emitters compatible with low-temperature systems. We have continued to expand and develop our product range in recent years, including adding to our offering of electric, dual fuel and hybrid ranges. In addition, we introduced our first lower-carbon radiator range in 2024, with the launch of the Green Compact in the UK.

The spotlight on decarbonisation demonstrates how radiators can be used in low-carbon systems in even the most challenging circumstances.

On top of our direct activities, we believe that co-operation and communication within the construction industry will be key enablers of decarbonisation. In support of this, Stelrad has joined the Future Homes Hub – a not-for-profit organisation set up to help transition the residential building industry in the UK to net zero. Membership of this hub will enable us to work in partnership on the identified core priorities.

Besides ensuring the suitability of our product range, we have continued to enable our customers to make informed decisions on the products that they use. Raising awareness of the flexibility and suitability of radiators in a decarbonised heating system is a key activity, and we have supported this with the publication of Environmental Product Declarations ("EPDs") in certain priority markets. EPDs provide factual, neutral and verified information on the environmental effect of products and ensure that our customers have access to all the relevant information.

41.6%

of energy from renewable energy sources

Spotlight on energy usage

An important approach to decarbonising operations is to reduce the use of fossil fuels. The primary fossil fuel used within our operations is natural gas and we are regularly assessing our ability to convert these processes to alternative fuels where current technology allows us to achieve this.

Our vehicle use offers an opportunity to transition immediately from fossil fuels. Our fuel usage reduced by 13% in 2024, with significant reductions in diesel and LPG. We recently transitioned away from LPG entirely in the Netherlands and have invested in seven electric lift trucks in the UK to reduce our LPG usage there also. In addition, we continue to progress towards our target for all passenger vehicles to emit less than 50g CO_2e per km. At the end of 2024, 55% of cars in the Group meet this standard.

Driving better environmental performance continued

Streamlined Energy and Carbon Reporting

In tandem with our focus on industry decarbonisation, we have a strong emphasis on our own carbon emissions. The table below summarises the Group's position during 2024. Our chosen intensity metric is tCO_2e per tonne of product and our baseline year is 2021.

Scope 1 and 2 intensity	**2024**	2023	Baseline	Baseline variance
Market-based	**0.10**	0.10	0.17	(40.6)%
Location-based	**0.18**	0.18	0.17	6.1%

		2024			2023			
		UK	**Non-UK**	**Total**	UK	Non-UK	Total	YoY variance
Consumption (MWh)	Scope 1	**5,468**	**38,585**	**44,053**	6,539	36,506	43,045	2.3%
	Scope 2	**4,969**	**40,767**	**45,735**	6,349	39,399	45,749	0.0%
	Total	**10,436**	**79,352**	**89,788**	12,889	75,905	88,794	1.1%

		Tonnes of carbon dioxide equivalent (tCO_2e)						
		2024			2023			
		UK	**Non-UK**	**Total**	UK	Non-UK	Total	YoY variance
Scope 1		**1,025**	**7,188**	**8,213**	1,235	6,838	8,073	1.7%
Scope 2	Market-based	**3**	**4,166**	**4,169**	3	4,046	4,049	3.0%
	Location-based	**1,029**	**12,608**	**13,637**	1,315	12,613	13,928	(2.1)%
Total Scope 1 and 2	Market-based	**1,028**	**11,353**	**12,382**	1,238	10,885	12,122	2.1%
	Location-based	**2,054**	**19,795**	**21,850**	2,549	19,452	22,001	(0.7)%
Scope 3 category 1		**39,620**	**307,677**	**347,297**	88,114	336,999	425,113	(18.3)%
Scope 3 category 4		**1,722**	**6,301**	**8,023**	1,103	7,625	8,728	(8.1)%
Other Scope 3 emissions(1)		**2,431**	**10,903**	**13,334**	1,978	9,697	11,675	14.2%
Total gross Scope 3 emissions		**43,773**	**324,881**	**368,654**	91,195	354,321	445,516	(17.3)%
Total Scope 1, 2 and 3 emissions(1)	Market-based	**44,802**	**336,234**	**381,036**	92,433	365,205	457,638	(16.7)%
	Location-based	**45,827**	**344,676**	**390,504**	93,744	373,772	467,517	(16.5)%

(1) Category 11 emissions are not included, as products use energy indirectly.

Our emissions have been calculated following the GHG Protocol's standard, with all seven Kyoto gases reported in tonnes of carbon dioxide equivalent ("tCO_2e"). Where available, country-specific emissions factors have been utilised and residual emissions factors have been used for non-renewable energy reported under market-based calculations.

Our Environmental Policy identifies three goals related to energy and carbon:

- Reduce energy usage. In 2024, we saw an increase in the amount of energy used, with increases in our electricity and natural gas consumption for production. However, our use of other fuels reduced, due to initiatives such as those highlighted in the spotlight on energy usage.
- Reduce our use of non-renewable energy sources. In 2024, our renewable energy use continued its steady increase – from 41.5% to 41.6% – remaining on track to reach our target of 45% by 2030.
- Reduce carbon emissions throughout the supply chain. 2024 saw a 17% decrease in Scope 3 carbon emissions, primarily due to a reduction in emissions associated with purchased goods and services (category 1). Our operational emissions remained very similar to 2023, as increases in residual emissions factors offset efficiencies achieved. Overall, our Scope 1 and 2 emissions increased by 2.1%. More details can be found in our Carbon Balance Sheet Report, published on our website at steladplc.com/sustainability/driving-better-environmental-performance/.

Packaging

Packaging is an essential part of our offering, as our products are heavy and bulky and can be damaged if packaged incorrectly. We continue to develop our understanding of the packaging that we use and have expanded the coverage of our data in 2024.

This data helps us to identify the potential for improvements to the packaging we use. Our primary aims are:

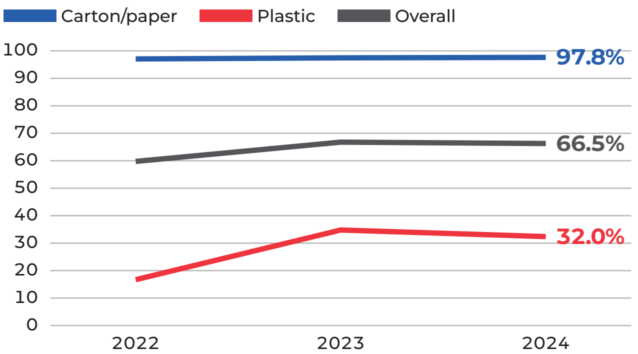
- to reduce our use of packaging;
- where packaging is essential, transition away from single-use plastics to alternative materials; and
- to support the circular economy by increasing the recycled content and improving recyclability.

These aims are supported by our key metrics of plastic packaging intensity and the recycled content of packaging.

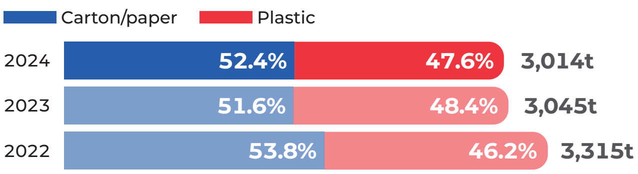
In 2024, our absolute use of packaging decreased, and we made some progress in pursuit of our goals. The weight of plastic reduced by 38 tonnes and our plastic packaging intensity reduced by 0.1%. We expect this to reduce further in 2025 as we remove bubble wrap and polystyrene from some products. We have also identified several opportunities to increase the recycled content of our packaging.

Although there exist opportunities for improvement, there are many positive aspects of our packaging use. The charts below show an improving trend in the proportion of packaging provided by plastic, the recycled content and the recyclability of our packaging. In 2024, we used 3,014 tonnes of packaging material, down 1.0% from 2023.

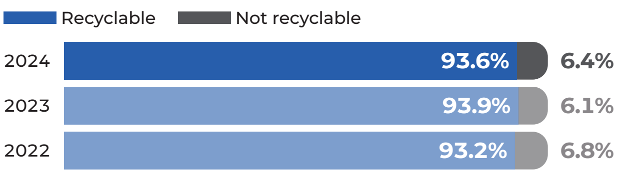
Recycled content



Packaging weight



Recyclability



Upstream lifecycle impacts

Our emissions analysis on page 05 demonstrates the huge impact that our sourcing has on our carbon emissions, with purchased goods and services accounting for 91% of our emissions. Addressing this will rely on our relationships with suppliers and our approach to procurement.

Our Sustainable Procurement Policy assists us in achieving the best combination of whole-life costs and benefits by considering appropriate environmental, social and economic factors in all purchasing decisions. The policy outlines our objectives in the areas of human rights, labour standards, the environment, materials, and resources, including proactively tackling labour exploitation, protecting nature, reducing the energy use in our supply chain, seeking reductions in materials consumption, and reducing the use of single-use plastic.

The most important element of our sourcing activities relates to steel, as steel makes up c.96% of the weight of our products. We faced some challenges on this during 2024 as we were forced to move away from a major supplier of steel. This is explored in the spotlight on supply chains.

Spotlight on supply chains

During 2024, Tata Steel, a key, long-term supplier of ours, announced that it was planning to invest in state-of-the-art electric arc furnace steel making in South Wales. This is a key step in decarbonising the UK steel industry and could result in a c.90% reduction in CO_2 emissions compared to the current process. However, one associated change is the closure of the continuous annealing processing line that is key to supplying the type of steel that we use. We therefore needed to find alternative supply.

Over recent years, we have maintained relationships with alternative suppliers, meaning we were able to switch relatively easily, including finding alternative supply for the low-carbon steel used in our Green Compact range. Our strong relationship with Tata Steel also ensured that we were able to maintain supply during a transitional period in 2024. We recently signed a contract to ensure that we have security of supply into the future, and we look forward to strengthening our relationships with our chosen suppliers even further.

Enabling an exceptional workforce

Our people are fundamental to the success of our business, and we are passionate about providing a workplace environment where everybody can thrive and contribute to our future growth. We support all areas of our workforce, with particular focus in the areas of employee engagement, training and development, wellbeing, and equality, diversity and inclusion.

Our people

Our geographical footprint is shown on page 3 of the Annual Report 2024. Across the Group, we have a total of 1,436 employees, with 1,240 of those outside the UK. The table below shows the make-up of our workforce by contract type, showing that the majority of our workers are permanent, full-time staff.

Headcount at 31 December	2024	2023
Number of employees	**1,436**	1,414
Number of permanent employees	**1,426**	1,413
Number of temporary/ zero hours employees	**10**	1
Number of non-employee workers	**55**	50
Number of full-time employees	**1,405**	1,379
Number of part-time employees	**31**	35

Our geographic span gives us a diversity of cultural norms as well as a breadth of differing statutory requirements. Our culture, with its emphasis on respect, integrity, service, stewardship and excellence, bridges these different cultures. Our strategy of local-led implementation ensures we are delivering for our employees in each country and our flat management structure assists us in maintaining close working relationships across the Group.

Training and development

We have a highly skilled and experienced workforce with a deep understanding of our industry. We offer a wide range of training and development opportunities and target the provision of at least two days of training per employee each year. The number of training days provided in 2024 was lower than in 2023, but remained 26% above this target.

As a manufacturing-led business, the majority of our workforce are operatives, and we provide opportunities for people to develop their skills with extensive on the job training. Each site maintains a competency matrix which identifies the range of skills required for each task within the manufacturing process and individuals are developed across this matrix through a detailed programme of training and assessment. This is complemented by external market insight, technical skills and knowledge development received through partnerships with various suppliers and subject matter experts. This is all supported by extensive sharing of best practice across the Group. Underpinning this is our commitment to supporting all employees with a continuous health and safety training programme, with 12% of training provided being related to health and safety.

Spotlight on alternative employment routes

Across the Group, we are constantly looking to evolve our approach to attracting new talent. In the UK, we work with The Work-wise Foundation on its sector routeways programme for engineering and manufacturing. This supports job seekers from a mixture of age groups who want to change the direction of their career – wanting either an apprenticeship or a job within manufacturing and warehousing. The programme provides information on local opportunities, and interested attendees can then access a short-term work placement.

Similarly, Radiators SpA has engaged and enthused the local community by partnering with other local businesses and employment agencies to present the business and the opportunities that exist, and to screen a selection of people interested in technical roles.

Leadership is developed at several levels in the organisation. For example, Continental Radiators followed up on the leadership class of 2023 with a second course, further developing seven team leaders with an advanced class, and expanding the training to 28 new participants.

We also foster multiple relationships with local education facilities to encourage enthusiasm and engagement in technical and manufacturing skills among current students. There are many examples of these partnerships, including:

- hosting work experience and shadowing events at our sites;
- informing local teachers in the Netherlands about operations and mechanical professions, enabling better information for students considering further education;
- providing scholarships to local students; and
- participating in schemes such as Procestechniek & Maintenance Limburg ("PML") that promote enrolment in technical training courses.

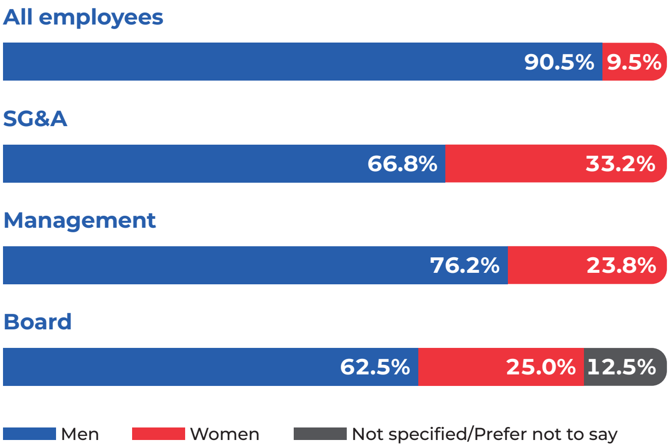
Equality, diversity and inclusion

As an international group, we recognise and enjoy the benefits of working with a diverse group of colleagues. We are committed to providing an environment where everyone feels valued and respected, and this commitment is encapsulated by our Group Equality, Diversity and Inclusion Policy. This policy sets out our aim to:

- prevent discrimination;
- eliminate prejudice;
- promote inclusion;
- celebrate diversity; and
- ensure that equality, diversity and inclusion are embedded in everything that we do.

We report on the composition of the Board and Executive Management in relation to gender and ethnicity on page 72 of the Annual Report 2024. In addition, we voluntarily report on gender pay statistics in the UK, with a report available on our website.

We are consistent with the wider manufacturing sector in that the majority of our workforce is male. We recognise that further increasing the number of women in our business and in leadership roles is important to our future success, and we continue to do all we can to promote female representation in all roles. We have chosen to focus on the proportion of women in management roles as one of our key sustainability metrics as a key driver for wider representation.



Employee engagement

Our approach to employee engagement is decentralised and tailored to local workforces. We listen to and communicate with our employees through multiple approaches, including feedback schemes, team meetings, magazines and employee dinners. The focus across our locations is on establishing ongoing two-way dialogue with all employees. This is reinforced through formal employee representation partnerships, and we have well-established, positive relationships with trade union partners across our sites. A more detailed review of employee engagement at Board level is shown on page 94 of the Annual Report 2024.

We conducted a follow-up engagement survey in the UK. All UK employees were invited to participate on a voluntary basis, and we were delighted to achieve a response rate of 87%, with a 76% positive rating for the questions overall.

Wellbeing

We continued to develop our health and wellbeing support with a focus on physical and mental wellbeing. Our approach is underpinned by detailed policies and resources that support employees' wellbeing, including:

- workplace physicians and nurses;
- external specialist services;
- preventative medical examinations; and
- an Employee Assistance Programme.

A significant change this year to promote increased employee wellbeing is the extension of flexible working to all employees in Italy. This has been implemented to promote better work-life balance and involved putting in place a variety of different working patterns.

76%
positive rating in UK Employee Engagement Survey

Spotlight on inclusion

We actively contribute to initiatives that promote a safe, inclusive, and forward-thinking work environment. Through our affiliation with the Metalektro collective labour agreement ("CAO") in the Netherlands, we participated in a pilot project focused on enhancing social safety and exploring the role of women in technical roles. This study delivered valuable conclusions and recommendations and, by engaging in this pilot, we have reinforced our dedication to creating a workplace that values diversity, fosters safety and supports continuous development for all employees.

Conducting business responsibly

Conducting business responsibly is a key foundation in everything we do and underpins our business activities. Our approach is guided by a strong culture and a clear set of values overseen by the Board. Our strengths in corporate governance, safety, supply chain management and ethics enable our progress in other elements of sustainability and corporate strategy.

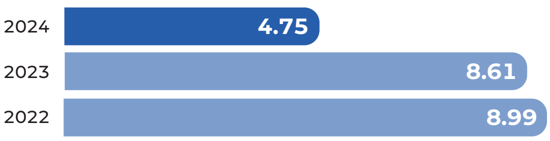
Health and safety

Our number one priority is to keep our employees and contractors safe and healthy, and we aim for zero harm across all our operations. During 2024, we had clear opportunities for improvement in Radiators SpA, where the number of safety incidents in 2023 was notably greater than at other sites. We can report significant progress on this aspect, with lost time incidents ("LTIs") falling from 14 in 2023 to five in 2024. This, along with sites in the UK, the Netherlands and Belgium all recording zero LTIs in 2024, contributed to a 44.9% reduction in the Group lost time frequency rate ("LTFR"). The number of recordable incidents also fell (by 10.5%), but our lost time severity rate increased by 28.6% due to some long-term absentees in Turkey.

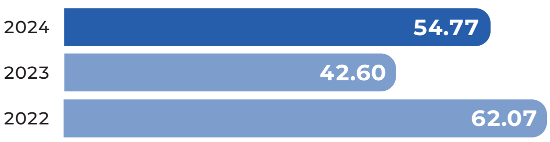
Whilst these results show positive progress on safety, we are constantly looking to improve towards our aim of zero harm. In 2024, we engaged an industry expert to conduct an independent safety audit at each of our manufacturing sites. The objective was to identify opportunities to raise standards further, and the scope included the organisation of safety, risk assessment and analysis, fire detection and protection, and site security among other aspects. A detailed report has been provided to each site, along with a comprehensive set of recommendations. The implementation of these recommendations will be a chief focus for 2025 and will be supported by additional training provision where required.

Fatality rate

Lost time frequency rate



Lost time severity rate



Total recordable incident rate

Definitions of these metrics are available on page 144 of the Annual Report 2024.

Spotlight on safety engagement

A key requirement in support of continuous improvement in safety is to ensure that all relevant employees are engaged. This was addressed by Continental Radiators through the hosting of a safety day in March 2024, which addressed all Netherlands-based employees in production, warehouse and office-based roles. The day involved training on last minute risk analysis, and also provided an opportunity for employees to broadly discuss safety, raise any thoughts, and identify any opportunities for improvement.

The result of the day was an increase in interest, knowledge and enthusiasm for safety, boosting the safety culture of the Group. The day was a success and will be repeated annually. This is also supported by the installation of on-site banners stating that "safety is enhanced when you work together".

Corporate governance and ethics

We maintain high standards, ensuring we respect fundamental principles of human rights, and comply with all applicable laws and regulations. This approach is enacted locally but supported by a range of Group policies.

During 2024, we implemented greater structure into the training of these Group policies, ensuring that all senior managers are aware of their contents. We require an annual review of all eight Group policies by our management population. This mandatory requirement is managed through an online training platform, ensuring visibility of compliance. We plan to adopt a similar approach to the provision of anti-corruption training in support of our policy, with senior and at-risk employees identified and addressed.

We also continue our use of the EcoVadis platform, with Hudevad joining our manufacturing sites in being assessed in 2024. All our sites were awarded at least a bronze medal, and Continental Radiators received a gold medal – putting it among the top 5% of companies assessed by EcoVadis in 2024.

Supply chain management

Our approach to supply chain management through regular audits of key suppliers is now well established across the Group. Audits cover a range of areas including health and safety, human rights, the environment and product quality. At the end of the year, we had completed audits on 70% of our key suppliers and we have a target of reaching and maintaining this above 75% of our key supplier base by 2030.

TCFD Report

In this report we make disclosures against the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"), including the 2021 TCFD Annex guidance. These disclosures show progress towards the TCFD recommendations and the requirements of the IFRS Sustainability Disclosure Standards. The main progress has been achieved with the completion of climate scenario analysis to assess strategy resilience. We have also expanded our climate-related targets, and aim for net zero Scope 1, 2 and 3 carbon emissions by 2050. This progress means we are now fully compliant with the UK government's Climate-related Financial Disclosures ("CFD") regulations, as stated on page 56 of the Annual Report 2024, and are consistent with each of the eleven TCFD recommended disclosures.

Our future focus is on mitigation of our climate-related risks and maximising our opportunities. We will continue to strengthen our alignment with the IFRS standards in preparation for full compliance with future UK Sustainability Reporting Standards.

Chief Executive Officer

Has overall accountability for our corporate strategy, including ensuring that this appropriately takes account of sustainability matters and climate-related risks and opportunities.

Board

Responsible for ensuring that appropriate systems and processes are in place to monitor and manage progress against our strategy and the identified climate-related risks and opportunities.

Ensures that sustainability is an essential consideration of all key decisions, alongside the section 172 requirements.

Audit & Risk Committee

Guides the Board in matters related to risk, including climate-related risk.

Responsible for overseeing the implementation of the overall risk management framework and for reviewing the Group's risk assessment capabilities and processes.

Sustainability steering group

Monitors progress on the execution of our sustainability strategy. Periodically updates the Board and the Chief Executive Officer on progress. Responsible for the initial assessment of emerging climate-related risks and for the co-ordination of identified mitigation actions.

Sustainability working group

Comprises representatives from each of the business units. Responsible for the day-to-day delivery of our sustainability strategy and co-ordination of actions within each business unit.

Operational teams

Responsible for site-level delivery of agreed initiatives and involvement in discrete projects as appropriate.

Interaction is co-ordinated by either the working group or the steering group.

Governance

The management of climate-related risks and opportunities follows the same structures as the governance of broader sustainability issues. The diagram shows the main parties involved in the governance of sustainability and their main roles and responsibilities.

Central to this governance structure is the sustainability steering group. This group comprises cross-functional leadership and operates according to defined terms of reference, which identify its responsibilities. These responsibilities include conducting a periodic review of strategy and prioritisation and communicating, co-ordinating and managing resources across the Group. These activities are led by our Group Sustainability Manager.

The terms of reference for the steering group specify its role in managing climate-related risks and opportunities. A climate-related risk and opportunity register is maintained by the Group Sustainability Manager, and emerging climate-related risks are monitored by both the working group and the steering group. These risks and opportunities are then assigned to a member of the steering group who is responsible for managing the response and updating the business on any changes relevant to the topic. The register is subject to wide review every six months, firstly by both the working group and the steering group, and then by the Audit & Risk Committee, alongside business unit registers. The Audit & Risk Committee is responsible for ensuring that the key risks and opportunities identified in the climate-related register are properly reflected in the Group risk register and that they provide appropriate context for Board decision making.

The steering group's terms of reference also outline the group's role in setting climate-related targets and ensuring sufficient reporting to monitor progress against these targets. All targets are discussed and agreed by the steering group before being communicated to the Group Board. Communication on progress is then completed monthly and shared with those involved in our sustainability efforts.

Other key activities for the steering group in 2024 include the quantification of financial impacts, climate scenario modelling and preparation for reporting in line with upcoming regulation.

Strategy

We have a clear business strategy (outlined on page 16 of the Annual Report 2024) which is supported by our core purpose: helping to heat homes sustainably. Ensuring that we position ourselves effectively for the potential impacts of decarbonisation of the heating industry forms a key part of our strategy and is strongly linked to climate-related risks and opportunities, including the risk related to alternative technologies and the opportunity for differentiation of our offering which are outlined on the following pages.

We believe that our strategy appropriately addresses the risks and opportunities arising from climate change, including our Fit for the Future sustainability framework, which is outlined on page 03. This year, we have strengthened our understanding of the impact of climate-related risks and opportunities on our strategy through the completion of scenario modelling. We have also assessed our climate-related risks and opportunities and have quantified the estimated financial impact, outlining potential changes in operating profit. This impact is shown on pages 13 and 14. Finally, development work continues on a comprehensive climate transition plan in line with the recommendations of the Transition Plan Taskforce. This plan will set out the detailed actions needed to mitigate our climate impact and to adapt to a low-carbon economy.

TCFD Report continued

Climate resilience

We have identified five principal climate-related risks and one climate-related opportunity that are material to our business because of their potential financial and strategic impact. These risks and opportunities are shown below and on pages 13 and 14. In 2024 we conducted a scenario analysis to better understand the resilience of our strategy and business model to these risks and opportunities. In doing so, we focused on specific elements of the overriding principal risks, such as considering the impact of specific regulations on the new build housing market in the UK.

In conducting this modelling, we applied widely used reference scenarios, specifically a transition scenario based on RCP1.9 and a BAU scenario using RCP8.5. The transition pathway limits global warming to a 1.5°C increase, which is the aspirational goal of the Paris Agreement. The BAU pathway assumes that emissions continue to rise throughout the 21st century and represents a worst-case scenario where physical climate change-related events will be more severe and frequent, which results in an increased likelihood of impact on our business. Physical impacts also exist under the transition pathway, but these will be lower. Instead, the main aspect of this pathway is the increase in transition risks and opportunities, driven by earlier and more aggressive policy action, regulation and market scrutiny.

In applying these scenarios, we used two timescales – evaluating transition risks and opportunities in 2035, and physical risks in 2050. These time horizons were chosen to give the best balance between allowing for sufficient differentiation between the scenarios and not allowing uncertainties to overwhelm useful analysis. The conclusion from this scenario analysis is that the current strategy and business model is resilient across a range of climate scenarios.

Transition scenario (1.5°C)	**BAU (4°C)**
Increasing expectations of stakeholders (T)	
There is an increased focus on sustainability, including purchase decisions directly related to sustainability performance. Acting unsustainably comes with increased costs.	Stakeholder expectations do not increase significantly, and customers deprioritise sustainability considerations.
Increased climate-related legislation increases costs (T)	
Frequent legislation introductions affect our markets, supply chains and production. Costs for key materials and energy increase and increased product development is necessary to maintain revenue.	Announced legislation (such as CBAM) is introduced as planned but further legislation is not implemented. The impact of carbon pricing reduces.
Increasingly stringent regulatory requirements (T)	
Reporting requirements and product standards consistently evolve and get more onerous.	Reporting requirements increase as already announced but no further expansion is seen.
An increase in the use of alternative technology (T)	
Radiators will maintain a strong position but may face increasing competition from technologies specifically targeted at low-carbon heating systems.	Radiators will maintain the strong position they hold in our key markets, with no significant changes in market considerations.
Opportunity for differentiation of our product and service offering (O)	
Increased uptake of lower-carbon heating systems alters the demand for heating products, favouring more differentiated products such as those with increased heat output.	Market demand stays similar to the present, with no large growth in alternative products.
Increased severity and frequency of extreme weather events (P)	
The frequency and severity of impacts increase, but only to a mild degree, and stay within our capability to adjust using the Group's flexibility.	Direct impacts on our production are limited but increased disruptions to supply chains lead to increased impacts.

Key

The circles show the extent of the financial impact under each scenario.

Highest risk/ lowest opportunity — **Lowest risk/ greatest opportunity**

T Transition risk
O Opportunity
P Physical risk

Risk management

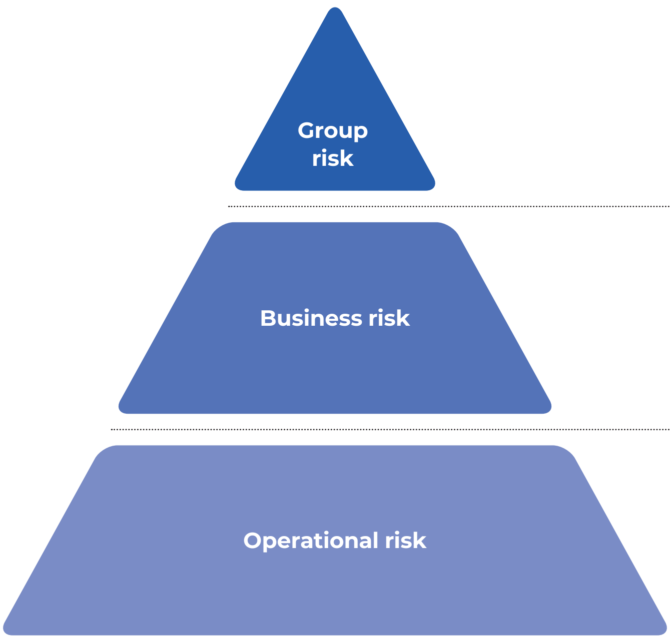
Our wider risk management processes are explained in detail on pages 48 to 54 of the Annual Report 2024. Climate change is included as a principal risk for the Group. Climate-related risks and our planned responses are reviewed and updated twice a year, along with all principal risks, using the climate-related risk and opportunity register. This ensures that significant emerging or evolving climate risks are reviewed and assessed by the Audit & Risk Committee on an ongoing basis.

The climate register captures the transitional risks associated with adapting to a lower-carbon economy, the physical risks associated with climatic temperature increases and any opportunities that may arise and from which we may gain commercial advantage. Climate-related risks and opportunities are managed and mitigated by our operational management team, with a member of senior management being assigned as the risk owner and being responsible for implementing the chosen response.

Our climate-related risks and opportunities are assessed in terms of the likelihood of the risk arising over three different time periods. Short term covers the next financial year (2025), medium term covers up to five years (to 2030) and long term considers the impacts beyond this. These time periods are consistent with the recommendations outlined in the European Sustainability Reporting Standards ("ESRS"). The likelihood of occurrence is expressed in levels from one to three, with level one meaning that the risk or opportunity is unlikely to occur in the period and level three suggesting that the risk is more likely than not to happen.

The likelihood is assessed in conjunction with the potential impact if a risk does occur. This impact is defined based on the likely financial or reputational damage or gain that could result, with the highest impact relating to events that could halt our ability to service our customers for a period.

Climate-related risk integration into ERM framework



Responsibility: Board, Audit & Risk Committee

- Climate change identified as a principal risk
- Climate change evaluated in context with other risks and the Group risk appetite
- Control processes related to climate risk reviewed in line with the wider risk management process

Responsibility: steering group

- Climate-related risk and opportunity register developed and managed by the Group Sustainability Manager
- The status of key climate-related risks is regularly communicated to the Board and the Audit & Risk Committee

Responsibility: steering group, working group

- Climate-related risks are identified at the operational level and assessed for their potential impact and likelihood
- Response actions are identified and implemented at local level, co-ordinated by the sustainability steering group

Metrics and targets

The key metrics we use to monitor our strategically material sustainability issues are shown on page 02, and further metrics are included on page 15. These metrics address our material issues and relate to identified risks enabling us to identify potential areas of targeted action.

Our key metrics include Scope 1, 2 and 3 emissions for the full Group, measured in accordance with the Greenhouse Gas Protocol. This is shown on page 05 and is also available on our website. Category 11 emissions are excluded from the Scope 3 data due to energy use being indirect, and our inability to materially impact these emissions through our actions. We have specific targets related to these carbon emissions, also shown on page 02. We aim to reduce our Scope 1 and 2 emissions intensity by 45% from 2021 levels by 2030 across our whole Group and to reduce our absolute carbon emissions to net zero by 2050, including limited use of carbon offsetting.

These targets are in line with the reductions needed to fulfil the Paris Agreement and we will assess the potential value in having these targets verified over the coming years. These metrics and targets address the first three transition risks shown on page 13 as they track our progress on reducing carbon emissions, in line with stakeholder expectations and legislation.

In addition to our carbon targets, we have a target to source 45% of our energy from renewable sources by 2030 and to promote the circular economy and reduce waste by targeting at least 65% of our packaging material to be from recycled sources. The target related to recycled content of packaging is also included in the executive remuneration scheme as shown on page 87 of the Annual Report 2024, with 5% of potential annual bonus linked to climate considerations.

Our priority over the coming years is to extend our reporting of climate-related metrics to cover all material cross-industry and industry-specific metrics recommended in the TCFD Annex.

TCFD Report continued

Climate-related risks and opportunities

Increasing expectations of stakeholders related to sustainability

Category	Timeframe	Financial impact
Transition risk	Medium, Long	**Medium**

Description	Impact	Our response
There is a growing awareness and focus from stakeholders, including customers, investors and regulators, of a company's sustainability performance, especially around climate and achieving carbon reductions. There is a risk that these increasing expectations are not met.	• A poor sustainability reputation may lead to customers switching their business to competitors. • Stelrad's access to capital may worsen, making it more difficult or costly to invest. • Regulators may increase regulation or take action against the Company.	An appropriate governance structure exists to ensure that sustainability matters are prioritised according to materiality and that we meet stakeholders' climate expectations. This includes engaging with major stakeholders, ensuring that perceptions are accurate.

Increased levels of climate-related legislation leading to increased costs

Category	Timeframe	Financial impact
Transition risk	Short, Medium, Long	**High**

Description	Impact	Our response
Many nations and regions are introducing legislation to encourage companies to reduce their climate impacts, including introducing carbon pricing through emissions trading schemes or border adjustment mechanisms. This legislation may increase the costs of materials by adding costs to suppliers or through funding the investment in lower-carbon alternatives.	• Procurement costs for raw materials may increase. • The relative competitiveness of products may change due to price restructuring. • Increased prices may reduce demand.	We actively monitor and assess all legislation, developing appropriate responses. Our existing governance structure allows us to identify any issues that may arise and ensure that the appropriate skills and resources are deployed.

Increasingly stringent and new regulatory requirements

Category	Timeframe	Financial impact
Transition risk	Short, Medium, Long	**Medium**

Description	Impact	Our response
Regulators are increasing the level of sustainability-related regulation, including regulation on reporting sustainability performance as well as product standards. Entry into new markets or products may also expose Stelrad to new requirements.	• The cost of compliance may increase, for example due to investing in processes or people. • Non-compliance may also bring financial penalties or a loss of reputation.	Governance processes exist to identify and assess regulatory requirements, which are analysed and understood. Remaining compliant is an ongoing priority and this is done efficiently and effectively.

An increase in the use of alternative technology

Category	Timeframe	Financial impact
Transition risk	Medium / Long	**High**

Description	Impact	Our response
The drive to reduce carbon in heating may lead to new heat emitting technology entering the market, or an increase in market share of existing competing technology. This could be driven by consumer behaviour and could be intensified by policy or legislation. This also gives rise to an opportunity for differentiation (see below).	• Any increase in the presence of competing technologies may reduce the relative share of radiators and may impact on Stelrad's market share and profitability.	We continue to monitor legislative changes and assess these for their likely impact on product choices. We maintain strong relationships with customers and specifiers to ensure the positive attributes of radiators are understood and incorporated. Where appropriate, alternative technologies will continue to be brought to market as part of our offering.

Differentiation of Stelrad's product and service offering

Category	Timeframe	Financial impact
Opportunity	Medium / Long	**Medium**

Description	Impact	Our response
The drive to reduce carbon in heating may also lead to changes that could benefit us, including an increasing demand for higher output products. There is also the opportunity to bring new technology to market as part of our offering. The buying decision on heating products is likely to encompass broader considerations, leading to greater opportunity for differentiation.	• Opportunities for development of our product and service offering. • Diversified or increased revenue streams through growing market share and from new products.	Realising this opportunity requires that we have an offering that meets the changing demands of customers. To this end, we will continue to focus on increasing our technical capability, as well as adapting and optimising our product offering, such as the launch of the low-carbon Green Compact.

Increased severity and frequency of extreme weather events

Category	Timeframe	Financial impact
Physical risk	Medium / Long	**Medium**

Description	Impact	Our response
The severity and frequency of extreme events with the capability to cause damage are increasing. These events include intense rainfall, flooding, heatwaves and droughts.	• Damage or disruption to our production facilities may reduce our ability to fulfil customer demand. • Disruption to global supply chains may reduce our ability to move product and materials. • Extreme heat may necessitate changes to working practices to maintain worker welfare, which may impact on productivity or cost. • Prolonged periods of heat may create drought conditions, reducing access to water in our operations.	All facilities have reactionary processes in place to adapt to acute events. Proactive defences (such as fire prevention or flood defences) are regularly assessed for adequacy. Production volume can be flexed across the Group if specific facilities have issues. Many inputs are sourced from multiple suppliers across different regions, reducing the risk if specific supply routes are disrupted.

Sustainability metrics table

The below table shows our wider set of sustainability metrics, referring to Sustainability Accounting Standards Board ("SASB") metrics where relevant. Some historical data has been recalculated due to changes in scope or methodology. These changes are described on page 02.

	Unit of measure	SASB reference	2024	2023	2022
Energy and carbon					
Total energy consumed	GJ	CG-BF-130a.1	**323,238**	319,657	376,349
Grid energy	%	CG-BF-130a.1	**58.4%**	58.5%	60.5%
Renewable energy	%	CG-BF-130a.1	**41.6%**	41.5%	39.5%
Energy consumed from renewable sources	MWh	n/a	**37,388**	36,889	41,273
Fuel consumed from renewable sources	MWh	n/a	**—**	—	—
Purchased electricity from renewable sources	MWh	n/a	**35,630**	34,942	39,084
Self-generated renewable energy	MWh	n/a	**1,758**	1,947	2,189
Global Scope 1 emissions	$kgCO_2e$	EM-IS-110a.1	**8,212,882**	8,072,896	9,660,097
Global market-based Scope 2 emissions	$kgCO_2e$	n/a	**4,168,925**	4,049,320	5,166,732
Global location-based Scope 2 emissions	$kgCO_2e$	n/a	**13,636,631**	13,928,224	17,041,370
Global Scope 3 emissions	$kgCO_2e$	n/a	**368,654**	445,516	531,456
Market-based Scope 1 and 2 emissions intensity per tonne	$kgCO_2e$/tonne	n/a	**103**	99	106
Market-based Scope 1 and 2 emissions intensity per net revenue	$kgCO_2e$/£m	n/a	**42,611**	39,333	42,041

Driving better environmental performance

Energy consumption and operational carbon emissions increased, driven by increased production in Turkey. The proportion of energy from renewable sources also increased, despite reductions in the amount of energy generated.

	Unit of measure	SASB reference	2024	2023	2022
Water and waste					
Total water withdrawn	m^3	EM-IS-140a.1	**83,484**	101,298	109,044
Water usage in areas of water stress	%	EM-IS-140a.1	**37.9%**	37.2%	36.8%
Water intensity per tonne	l/tonne	n/a	**696**	823	781
Water intensity per net revenue	l/£m	n/a	**287**	329	309
Total waste generated	tonnes	EM-IS-150a.1	**7,515**	7,547	8,687
Waste intensity	kg/tonne	n/a	**62.6**	61.3	62.2
Waste sent to landfill	%	n/a	**2.1%**	2.3%	1.2%

Water usage and intensity reduced significantly, reflecting changes in production mix.
The amount of waste produced also reduced, reflecting reduced production. The proportion of waste sent to landfill remains very small.

	Unit of measure	SASB reference	2024	2023	2022
Materials					
Low-gauge steel purchased	%	n/a	**9.9%**	17.8%	16.3%
Packaging material used	tonnes	n/a	**3,014**	3,045	3,315
Plastic packaging material	%	n/a	**47.6%**	48.4%	46.2%
Plastic packaging intensity	kg/tonne	n/a	**12.0**	12.0	11.0
Recycled content of packaging material used	%	n/a	**66.5%**	67.0%	60.1%

Our purchases of low-gauge steel reduced, reflecting changes in our supplier mix. Our use of packaging also decreased, with our use of plastic reducing more than other materials.

		Unit of measure	SASB reference	2024	2023	2022
	Training and development					
	Training days per person	days	n/a	**2.5**	2.9	2.6
	Training provision reduced from 2023 but remains 26% higher than our target of two days per employee.					
	Labour practices					
	Voluntary employee turnover	headcount	n/a	**108**	92	98
	Employee turnover rate	%	n/a	**7.8%**	6.6%	6.3%
	Absence rates	%	n/a	**5.3%**	5.3%	7.4%
	Voluntary turnover increased from 2023 but remained below our target of 9.9%. Turnover in Turkey was above target, reflecting extensive recruitment in that unit. Turnover from all other sites was significantly better than target.					
Enabling an exceptional workforce	**Workforce characteristics**					
	Total employees at period end	headcount	n/a	**1,436**	1,414	1,454
	Permanent employees at period end	headcount	n/a	**1,426**	1,413	1,440
	Temporary employees at period end	headcount	n/a	**10**	1	14
	Full time employees at period end	headcount	n/a	**1,405**	1,379	1,416
	Part time employees at period end	headcount	n/a	**31**	35	38
	All employees – female	%	n/a	**9.5%**	10.5%	11.1%
	All employees – male	%	n/a	**90.5%**	89.5%	88.9%
	Management – female	%	n/a	**23.8%**	22.2%	18.9%
	Management – male	%	n/a	**76.2%**	77.8%	81.1%
	Health and safety					
	Workers covered by ISO 45001 certified management systems	%	n/a	**77.2%**	73.5%	74.6%
	Lost time frequency rate	rate	n/a	**4.75**	8.61	8.99
	Lost time severity rate	rate	n/a	**54.8**	42.6	62.1
	Total days lost	days	n/a	**750**	569	898
	Total recordable incidents	number	n/a	**68**	76	82
	Total recordable incident rate	rate	EM-IS-320a.1	**5.0**	5.7	5.7
	Total fatalities	number	n/a	**—**	—	—
	Fatality rate	rate	EM-IS-320a.1	**—**	—	—
Conducting business responsibly	Significant reductions in lost time and recordable incidents were achieved in 2024.					
	Business and supply chain ethics					
	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	£m	RT-EE-510a.2	**—**	—	—
	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	£m	RT-EE-510a.3	**—**	—	—
	% of key suppliers with up-to-date audits	%	n/a	**70.1%**	64.3%	19.7%

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