

Sustainability continued

Environment



Material issue 1: Waste and packaging

In this area, our target is to divert 100% of our waste from landfills. To support this goal, we continue to prioritise the reduction, reuse and recycling of materials across our operations.

In addition to working with our suppliers to minimise unnecessary packaging, we are also reviewing and improving our own practices.

Example during the year:

In our Plumbing and Heating division, we **replaced plastic tape with paper tape** incorporating the company logo, removing the need for separate plastic branding stickers and traditional plastic tape. This has reduced overall plastic use and generated labour efficiencies.

Our Merchandising division signed a contract to **consolidate waste collection under a single provider**. This initiative will enable improved oversight and management of waste streams and contractually guarantees 100% diversion from landfill. To support this transition, targeted training sessions will be delivered to colleagues, reinforcing correct waste handling practices and promoting waste minimisation.

As a result of our efforts, a further 16.3% reduction in Scope 3 emissions from waste was achieved in FY25.



Material issue 2: Energy usage

Energy use is a key contributor to our Scope 1 and Scope 2 emissions. We continue to prioritise opportunities to improve energy efficiency, minimise waste, and expand the use of renewable sources, including investment in on-site generation. These measures reinforce our ongoing commitment to achieving net zero and support more efficient, resilient operations (see page 28). This section includes the Streamlined Energy and Carbon Reporting (SECR) disclosures on page 27, detailing our energy usage and efficiency initiatives.

Reporting methodology

We calculate and report our greenhouse gas (GHG) emissions in line with HM Government's Environmental Reporting Guidelines and the GHG Protocol. Emissions are reported using the financial control boundary, ensuring that all entities over which the Group has operational and financial control are included. Our methodology aligns with the Department for Environment, Food and Rural Affairs' (Defra) Environmental Reporting Guidelines and applies to the Government's annual GHG reporting conversion factors to quantify emissions and energy consumption.

Under the GHG Protocol:

- › Scope 1 covers direct emissions from building operations and company-controlled sources, including gas boilers, plant equipment and company vehicles
- › Scope 2 covers indirect emissions associated with the consumption of purchased electricity
- › Scope 3 covers other indirect emissions not included in Scope 2

Data coverage and estimates

Our analysis covers all companies within the Group, including CMO which was acquired in June 2025 and Ultimate Renewables acquired in October 2024. For vehicle-related emissions, we use fuel consumption data to calculate baseline energy use and associated CO₂e emissions. Electricity and gas consumption are based on metered kWh usage.

Within Scope 1, emissions from air conditioning and refrigeration units are excluded as data is not currently available. There are no process emissions within the business' operations.



16.3%

decrease on waste emissions (Scope 3)

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Environment



Material issue 2: Energy usage continued

Our energy use and greenhouse gas emissions

Our carbon emissions intensity improved again in FY25, decreasing by 3.9% year on year to 124 tCO₂e per £1.0m of revenue and by 11.4% against our 2022 baseline of 140 tCO₂e. Emissions per employee also fell by 6.7% compared with FY24 and are now 22.2% below the 2022 baseline. These improvements reflect the continued impact of our energy efficiency programmes and decarbonisation initiatives across the Group.

Our absolute emissions rose to 58,854 tCO₂e in FY25, up from 56,299 tCO₂e in FY24. This reflects the expansion of the Group during the year, including the acquisition of CMO in June 2025, Ultimate Renewables in October 2024, and the opening of new branches – all of which brought additional energy consumption into our reporting boundary. Overall, our emissions efficiency continued to improve.

	2025		2024		Change (2024 to 2025)		2022 (baseline)	
	Energy consumption kWh	Emissions tonnes CO ₂ e	Energy consumption kWh	Emissions tonnes CO ₂ e	Energy consumption kWh	Emissions tonnes CO ₂ e	Energy consumption kWh	Emissions tonnes CO ₂ e
Scope 1	21,352,476	5,179	19,907,912	5,104	1,444,564	75	22,676,546	5,811
Scope 2	3,046,410	554	2,733,491	623	312,919	(69)	1,924,139	373
Scope 3		53,121		50,572		2,549		56,969
Total		58,854		56,299		2,555		63,153
Intensity ratios								
Tonnes CO ₂ e per employee		56		60		(4)		72
Tonnes CO ₂ e per £m of turnover		124		129		(5)		140

Increase driven by the opening of three new branches and incorporation of CMO emissions from June 2025 to the Lords Group emissions.

Within Scope 1, emissions from air conditioning and refrigeration units are excluded as consumption data is not currently available across all sites. We are working to collect this data and expect to include it in future reporting periods. We estimate these emissions to be immaterial relative to our total.

Intensity ratios are calculated as follows:

- › Emissions per employee: total Scope 1 and Scope 2 emissions (tCO₂e) ÷ average full-time equivalent headcount for the year
- › Emissions per £1.0m of revenue: total Scope 1 and Scope 2 emissions (tCO₂e) ÷ total Group revenue (£m)

The 2022 baseline figures have not been restated for acquisitions made since that year.

Our commitment to decarbonisation

Our targets are to reduce Scope 1 and Scope 2 emissions by 90% by 2035 and Scope 3 emissions by 90% by 2050. These targets align with the Science Based Targets initiative requirements, which call for organisations to reduce Scope 1, 2 and 3 emissions to zero or to a residual level consistent with achieving net zero.

We have set 2022 as our baseline year, with the associated carbon emissions shown in the table above. In that year, Scope 3 emissions represented 91.5% of our total footprint, underscoring the significance of our supply chain in achieving long-term reductions.

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Material issue 2: Energy usage continued

Our commitment to decarbonisation continued

The chart below outlines our decarbonisation pathway, including our medium and long-term targets. These include improvements in energy efficiency, investment in renewable energy, expansion of our low-carbon product offering, operational efficiency measures, reductions in waste and packaging, and diversion of waste from landfill.

The operational actions underpinning these targets are described in detail in the energy, fleet and waste sections on pages 26 to 28, while performance against these actions is reported through the metrics and targets set out on page 27.

Looking ahead, we are developing a new supplier engagement programme, scheduled to launch in early 2026.

This initiative will help us build a more accurate understanding of our Scope 3 emissions, while also providing a competitive advantage by mapping low-carbon product attributes available within our supply chain. This work will support the launch of a dedicated low-carbon product line and will include training for our sales teams on the sustainability attributes of a wide range of products that improve efficiency and reduce our and our customers' emissions.

Fleet:

Our fleet accounts for approximately 95% of our Scope 1 carbon emissions, so we are actively improving fleet efficiency and reducing emissions through several initiatives:

- › Fleet optimisation: Telematics have been implemented across the Group to maximise utilisation and identify efficiency and fuel-saving opportunities
- › The P&H division implemented Podfather, an application designed to improve route planning and delivery efficiency
- › Company car policy: Our policy encourages the replacement of passenger vehicles with hybrid or fully electric models. As of 31 December 2025, 92% of our vehicles were hybrid or electric
- › Low-emission fuels: Piloting the use of hydrotreated vegetable oil (HVO) in suitable vehicles
- › Forklift electrification: Diesel forklifts are being replaced with electric models as leases are renewed. 100% of forklifts in our P&H and Digital divisions are already powered by electricity or battery
- › Electric truck trial: We are negotiating and designing specifications for a trial with Volvo, aiming to finalise agreements and begin the trial in 2026
- › Making available a salary sacrifice scheme, allowing colleagues to lease their own electric or hybrid cars cost effectively

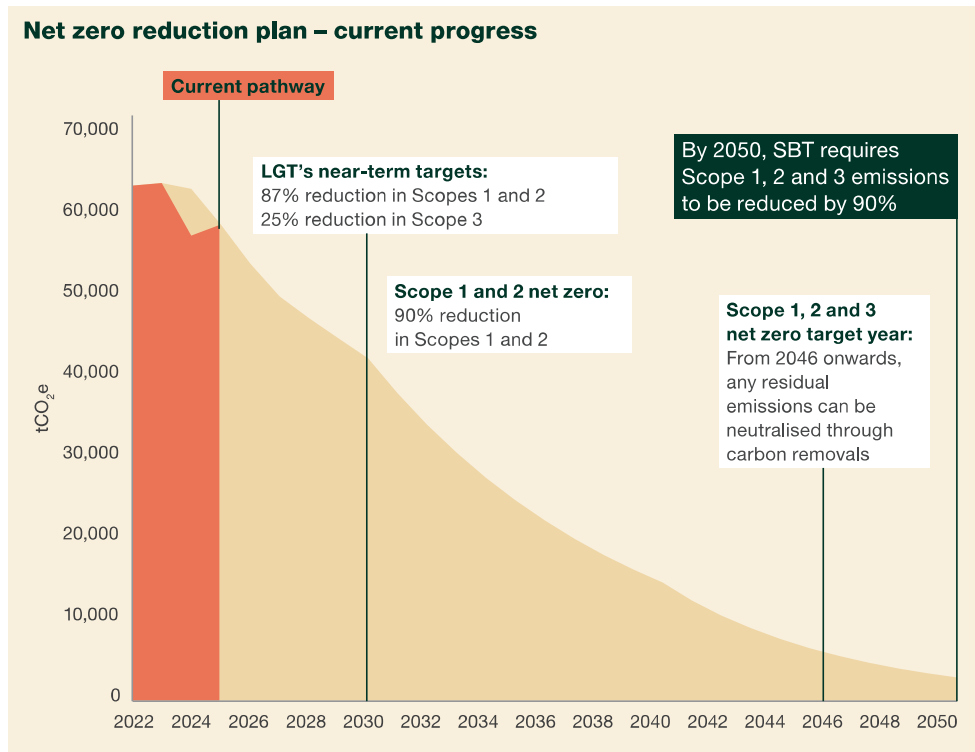
Our actions to reduce our emissions:

Premises:

Backed by energy audits, we identified opportunities to reduce electricity usage through operational improvements and behavioural changes, which we are now implementing across the Group.

While we are focusing on energy efficiency and savings, we are also advancing our transition to renewable energy. This includes evaluating the economic feasibility of switching to green electricity and expanding on-site solar generation. Currently, solar panels are installed in 14% of our locations and feasibility studies have been commissioned for all sites, where possible. As part of our ongoing plan, we aim to install solar panels at a minimum of two additional suitable locations each year.

To improve energy monitoring and management, smart meters have been installed at 60% of our sites, with a target of reaching 100% coverage by the end of Q1 2026. We continue the replacement of lamps to LED lighting across all premises and gas boilers for alternative solutions.



Increase driven by the opening of three new branches and incorporation of CMO emissions from June 2025 to the Lords Group emissions.