

ESG Report continued

Task Force on Climate-related Financial Disclosures (TCFD)

Our Boards and divisions recognise the substantial commitment required within the construction industry, as well as our own responsibility as a manufacturer, to produce an expanded range of climate-resilient building products. Alumasc has evolved to become a leading provider of water management and sustainable building products.

Our primary objective is to deliver the most environmentally friendly products possible to our customers and through our distribution channels. To support us in this endeavour, we have engaged the services of Green Element. We have agreed to utilise *OneClick*, a software system, to provide Environmental Product Declarations (EPDs) for our manufactured products. By adopting the climate reporting frameworks of both the TCFD (Task Force on Climate-related Financial Disclosures) and SBTi (Science Based Targets initiative), we aim to provide our stakeholders with deeper insights into the progress of our climate change mitigation strategy.

In the previous year, we voluntarily disclosed our approach through the TCFD, and this year we dedicated time to assess climate change risks and conduct workshops with our business partners to shape our approach. The workshops were instrumental in identifying key risks and evaluating corresponding opportunities ranked against the risks. We also ensured alignment of climate change risks with our Group's risk framework by incorporating them into our overall risk management approach. Furthermore, Alumasc has developed scenario analyses for specific risks.

Outlined below is a summary of our achievements during the 2022-23 period and our plans for the upcoming year.

TCFD element and disclosure

Governance	
(a) Describe the Board's oversight of climate-related risks and opportunities	<p>Current approach: The Board oversees climate change-related risks and opportunities as part of its risks reviews and strategy meetings which encompass ESG considerations as well as innovation and ESG practices in the built environment. Each of the divisions has a lead for ESG or a designated head of sustainability, whose role is to focus on ESG targets and to ensure metrics are reported to the divisional boards.</p> <p>Future plans: Reportable metrics are to be discussed at the Board together with a reporting cycle as part of the rolling agenda.</p> <p>→ See pages 41 to 44, and 56</p>
(b) Describe management's role in assessing and managing climate-related change risks and opportunities	<p>Current approach: Climate-related matters are considered as part of our business continuity planning.</p> <p>Our progress on greenhouse gas (GHG) monitoring is already tracked as part of our Streamlined Energy and Carbon Reporting (SECR) reporting obligations. This ensures we have a systematic approach to measuring and reporting our GHG emissions annually. This year, we with our new partner Green Element, have adopted a more sophisticated approach and methodology for this reporting.</p> <p>Future plans: As part of our plans, reportable metrics related to climate risk will be presented and discussed at Board meetings. These reporting metrics will be part of our reporting cycle and part of our rolling agenda. We will have a regular structured consideration and consideration at Board and divisional Board meetings. Climate change-related risk is discussed as part of the risk management process together with transitional risks and regulatory policy and compliance risks are captured as part of the risk management process, non-financial disclosures, and annual reporting.</p> <p>→ See page 56</p>

At Alumasc, we have a profound understanding of the climate risks that affect both people and our planet. We firmly recognise our responsibility to mitigate these risks by driving reductions in our business processes and practices. In addition, we are highly focused on fostering innovation and developing sustainable products that directly combat climate change.

Strategy

(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term

Current approach:

As part of our comprehensive approach, we have conducted cross-departmental training and workshops involving business units and leadership. In these sessions we have successfully identified climate-related risk over our short, medium and long-term horizons (one, five and ten years). This assessment encompasses a detailed list of transitional, acute physical and chronic physical risks.

We have identified climate-related opportunities that align with our core business model, which revolves around the design and provision of sustainable and climate-resilient building products. Our aim is to enable our customers and stakeholders to thrive in a changing climate and to support the transition to net-zero homes. The risks and opportunities are listed in the table on pages 41 to 44.

Future plans:

We will refine our business plans, continually revisit and improve the evaluation of the risks so far identified, and commence assessing the financial burden of each risk in more depth. We will implement further risk workshops to communicate these improvements and changes with each of the divisions with their sustainability leads to ensure that the Company's overarching climate-related risk strategy is known at all levels.

Progress:

During the year we developed our climate-related risk register with our divisional representatives and considered transitional, acute and chronic risks.

→ See Strategic Report pages 3, 22 to 23, and 41 to 44

(b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning

Current approach:

Following our workshops, we have begun to identify the potential impact of climate-related risks and opportunities. The pace of action needs to be swift to avoid any impact on our reputation and to reflect the speed of the development of new approaches in the built environment, the expectations of our customers, and stakeholders. The Board recognises the pace of change required to respond to climate change and requests of our shareholders, stakeholders and to be part of the transition to a low carbon future. Alumasc's business model is designed to provide products to enable our customers to have sustainable and low-carbon products that enable them to also make the transition.

Future plans:

The timescales of climate-related risk, the impact, and mitigating measures will need to be reviewed and scheduled as part of the Board's rolling agenda.

→ See Strategic Report pages 22 to 44 → See Risk Management page 56

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Strategy continued	
<p>(c) Describe the organisation's strategy, taking into consideration different climate-related scenarios, including 2°C or lower</p>	<p>Current approach: We have identified various scenarios following workshops. To enhance our risk assessments, we have evaluated the resilience of climate risks identified under three plausible climate-related scenarios: 1.5°C, 2°C, and 3°C. This assessment was conducted with our partners, Green Element, to ensure a comprehensive analysis of our risk landscape.</p> <p>Future plans: Following our initial approach to TCFD, business continuity plans have been reviewed to ensure they consider these plausible risks, and that the climate change risk is reflected in each business plan.</p> <p>→ See Scenarios page 50</p>
Risk Management	
<p>(a) Describe the organisation's approach for identifying and assessing climate-change related risks</p>	<p>Current approach: The Board is responsible for overseeing climate-related risk and opportunities. With our business sustainability partners, Green Element, we initiated a workshop and liaised with each business to identify climate change risk. As part of the overall risk management process this will be provided to the Board. Internally, senior management reviews climate-related risks and opportunities.</p> <p>Future plans: During the next year, the Group will implement ways to monitor and implement processes to accompany the overall risk management process. It will include reviews of short, medium and long-term risk and ensure that climate change risk is also included as part of any M&A opportunities.</p> <p>→ See ESG metrics and targets page 56</p>
<p>(b) Describe the organisation's processes for managing climate-related risks</p>	<p>Current approach: Following the identification of climate-related risks and opportunities in 2022, Alumasc has identified as part of the Energy Saving Opportunities Scheme, ways to reduce its emissions, either as part of manufacturing processes or in fleet initiatives with electric vehicles. The process involved the review and development of initiatives with individual business units.</p> <p>Future plans: Following the quantification of climate-related risk in 2022/23, the assessment of the risk of flooding and wildfires was considered. The focus will be on transition and short-term plans as this works alongside our business model. We will also consider our products and strategy in light of these changes.</p> <p>→ See climate-related material risks and opportunities pages 41 to 44, and 56</p>
<p>(c) Describe how processes for identifying and assessing, and managing climate-related risks are integrated into the organisation's overall risk-management</p>	<p>Current approach: Climate change risk is a principal risk and is evaluated as part of our risk-management framework, business continuity planning and our internal controls process. Risks are discussed by management teams, divisional boards and then provided to the main plc Board. Climate-related risks are managed in the same ways as other risks (e.g., cyber, people, etc).</p> <p>Future plans: We are planning to ensure that briefings and training accompanies information on climate change risk scenarios provided to our people. We will continue to seamlessly incorporate reporting on climate change risks into our current processes.</p> <p>→ See Risk Management page 56</p>

Metrics and targets	
<p>(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in-line with its strategy and risk management process</p>	<p>Current approach: We have agreed to use science-based targets, and these will be as follows: Scopes 1 & 2 – a reduction of 42% in emissions by 2030. Our baseline year is 2016/17.</p> <p>Future plans: We will expand our targets to assess climate risks and opportunities. Once the work to assess Scope 3 has been complete there will be an opportunity to consider a science-based Scope 3 emissions reduction near-term target.</p> <p>→ See ESG targets page 31</p>
<p>(b) Disclose Scope 1, Scope 2 and if appropriate Scope 3 GHG and related risks</p>	<p>Current approach: We have disclosed Scopes 1, 2 (and limited Scope 3) in prior years in our SECR report (see pages 34 to 35). We are currently completing an assessment for a full Scope 3 emissions and a target for reduction will be set. Our climate-related risks are listed in our material risks and opportunities register on pages 41 to 44.</p> <p>Future plans: The methodology for calculating Scope 1, 2 and 3 emissions will be refined, and we will establish a faster way to track and report on this.</p> <p>→ See pages 34 to 35</p>
<p>(c) Describe the targets used by the organisation to manage climate-related risks and opportunities</p>	<p>Current approach: We will set a target to reduce our Scope 1 and 2 emissions by 42% by 2030; once we have established our total Scope 3 emissions we will also set a target for reduction. We expected to have gathered all our Scope 3 data later on this year.</p> <p>Future plans: Our Board and management teams will look for further actions that can be taken to add to our decarbonisation plans.</p> <p>→ See pages 34 to 35</p>

Strategy

Alumasc is exposed to risks and opportunities from climate change. Our purpose – to create building products for a sustainable future – clarifies our position in terms of opportunities, as a provider of climate change adaptation solutions. Alumasc seeks to mitigate the physical and financial risks. Solutions/products to mitigate climate-related risk are part of our core business to help others manage their transitional risks. While Alumasc is focused primarily on the UK, the business also exports goods abroad and will plan to grow global markets for key products that help manage some of the built environment challenges from climate change.

Climate-related risk has been assessed over three different time horizons, and we have as a start focused on shorter-term mitigation strategies as everyone seeks to implement plans and mitigations to reduce climate-related risk in a move to keep climate change to 1.5° Celsius or below.

The assessment of risk was guided by risk scenarios discussed with the business and those risk scenarios available from outside agencies (Met Office UKCP18). We looked at three climate change scenarios, incorporating both physical and transitional risks, one from 1.5° to 3°C.

For the summary of climate-related material risks and opportunities see pages 41 to 44.

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		Potential materiality			Strategic response and mitigations
		2023-30 (short term)	2031-40 (medium term)	2041-50 (long term)	
Scenario 1 - 1.5° C	Some changes have taken place and to achieve this goal there has been an unprecedented change in behaviour.	25% 	50% 	50% 	<p>Strategic response developed in the roadmap and developing a data strategy for metric reporting. Data on water use being collected.</p> <p>Renewable energy in place together with a plan to reduce energy use being developed.</p> <p>Using machinery using lower energy use, understanding Scope 3 to develop reduction targets. Target of enhancing our sustainable product portfolio to be developed by 2024/25 and putting in place EDPs for product categories during 2024. Our adoption of <i>OneClick</i> will support this aim.</p> <p>Continued investment in new manufacturing machinery and processes, including a focus on reduction.</p>
Scenario 1.5 - 2° C	Some challenges to mitigate.	0% 	50% 	75% 	<p>Continued investment in R&D to develop new products and to research potential new materials for use in the built environment.</p>
Scenario 2 - 3° C	High degree of challenges to mitigation.	0% 	50% 	75% 	<p>Further development of new products and innovation to provide resilience to cope with the changing environment.</p>

Consideration has been given to IEA scenarios and RCP2.5 and RCP 8.5, and the financial impacts are deemed to be the same.

easyHotel, Cardiff

Environmentally focused solution

Extreme weather events are now the new normal, says the World Meteorological Organisation. Our rainfall patterns are becoming increasingly unpredictable, and we must plan accordingly to adapt the built environment to help alleviate flood risk.

The solution used was an Alumasc BluRoof technical specification, project design, and support service for stormwater management. The products used were: 400m² Derbigum BluRoof built-up system with 150mm thermal insulation.



Priorities for 2023/24

Priorities for 2023	How these have been/will be delivered	References
Revisiting the list of perceived risks and opportunities: We will provide more data on these and integrate these concerns more with our strategic plans and financial analysis.	An initial workshop and review of the risks has taken place. We propose to have follow-up workshops and to integrate our climate-related risk process with the Group-wide risk registers process.	See pages 46, 56
Climate-related scenario risks: There will be a further review of these with the businesses with further focus on the acute and chronic risks and this will have further attention within the combined risk approach for our new product innovation plans.	We are planning further calls with our Sustainability leads across the business and we will be incorporating climate-related risk reporting into our risk management process.	See pages 41 to 44
Supply chain resilience: We are training and providing additional know-how on improving resilience and enhancing our supplier questionnaires to evaluate sector exposure and resilience.	Sustainability leads in the business and procurement personnel have joined the Supply chain School of Sustainability.	See pages 54 to 55
Impact assessments and scenario analysis: These will be further developed in 2023.	We are comfortable that the impact assessments reflect the climate-related risks, however, this will be refined in 2023/24 as part of our Sustainability and reporting plans.	See page 50

Priorities for 2024	Our plans
Horizon scanning for future risks and opportunities	We will ensure that our climate-related plans and risks are incorporated into the Board’s rolling agenda, our divisional Board meetings and the information is shared top-down.
Metrics and targets	Once we have collected and analysed the full Scope 3 emissions data, we will set reduction targets for all our businesses.

Our suppliers

Our partnership with suppliers plays an important part in our business, and we expect them to act ethically and share in our sustainability journey. Given a proportion of our Scope 3 emissions will come from our suppliers, we have been collecting data from them to determine our Scope 3 baseline emissions inventory. We will continue to work with them to ensure that they use recognised Environmental, Social and Governance standards. We continue to ensure that our suppliers support our aim of recognition under the SDGs and support our ESG journey.

How this aligns with our Sustainable Development Goals

