



SUSTAINABLE GOVERNANCE

We recognise that, to play a positive role in society over the long term activities, we need to act responsibly in all our activities, not just towards our people, whose health, wellbeing, and career aspirations are important; or the environment, both in the resources that we use and the products and services that we offer; but also to wider society.

CLIMATE RISKS TO OUR BUSINESS: TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD')

Why does it matter?

We recognise that climate change is a pressing global issue and as a company we are committed to promoting a sustainable environment and providing updates on our progress in doing so. To that end, we are pleased to issue our first report in response to the Task Force on Climate-related Financial Disclosures.

What have we done?

The TCFD recommendations encourage companies to disclose information on their financial risks and opportunities due to climate change, and how they are being managed. During 2021, we developed and implemented an approach to assess the impact of climate change on our business operations, strategy, and financial planning.

How do we ensure good governance?

The Board views oversight and effective management of environmental, social and governance related risks as essential to the Group's ability to execute its strategy and achieve long term sustainable growth. The PLC Board receives quarterly updates on progress around ESG focus areas including climate related risks and opportunities. The Audit Committee is responsible for overseeing the management of climate related risks and opportunities and associated metrics and targets. In addition, the Risk Committee is responsible for identifying and assessing climate related risks and opportunities and during the year we developed and implemented an approach to support this assessment.

PLC Board

- Responsible for approving and overseeing the Group's ESG targets
- Receives quarterly updates on ESG progress from the ESG Committee
- Has oversight of TCFD reporting and disclosures (through the Audit Committee & Risk Committee)

ESG Committee

- Responsible for defining and delivering the Group's ESG approach and 2040 goals
- Formed in 2021, meeting every six weeks to review and oversee progress against ESG targets
- Use of 3rd party specialists to provide additional insight and training (including climate change issues)
- Members include Group CEO, Group CFO, Group CPO, Group Company Secretary, Group Head of Sustainability (started February 2022) & other senior management

Risk Committee

- Responsible for the methodology to identify and assess climate related risks and opportunities
- Agrees TCFD metrics and targets with ESG Committee
- Reports significant climate related risks & opportunities and corresponding mitigation plans to the Audit Committee for consideration
- Further details about the Risk Committee can be found on pages 56 to 57



WHAT IS THE IMPACT OF CLIMATE RELATED RISKS AND OPPORTUNITIES ON OUR STRATEGY?

To understand the impact that climate could have on our business, we performed a high-level assessment based on a range of climate change scenarios. The selected scenarios represent a range of government policy interventions from very low (4°C) to significant (2°C), to aggressive (1.5°C). The timeframes were selected after consideration of the likely timing of transition risks, such as carbon pricing, and when significant physical climate changes are expected to materialise:

Scenario	"Global Net Zero by 2050"	Announced pledges	Higher warming
Overview	Global warming is limited to 1.5°C as the world reaches global net zero emissions by 2050. Transition risks more prevalent.	Forecasts to what extent announced ambitions & targets are on path to deliver global net zero.	High-emissions scenario, consistent with a future with no policy changes to reduce emissions. Physical risks more prevalent.
Temperature increase	~1.5°C	~2°C	~4°C
Timeframes	2025 & 2030		2030 & 2040

A risk assessment workshop was held with PwC to determine which risks could have a material impact after considering both potential financial impact and likelihood. The assessment of climate-related transition risks and opportunities was completed on a sub-divisional and geographic basis, with physical climate risk vulnerability analysis completed for 67 operational sites. The assessment of transitional risk considered emerging regulatory requirements, such as carbon pricing.

The output of this assessment has enabled us to identify the material impacts on our business arising from each of these selected scenarios. The impacts were assessed without considering any actions that we might take to mitigate or adapt to these future climate change scenarios. The main impacts of the scenarios are outlined below and on the following page:

Global warming scenario: 1.5°C and 2°C Risk

As the global economy transitions to a low carbon state, we have identified a number of potential risks and opportunities for the Group:

- The introduction of carbon pricing across our key geographies increases both our manufacturing costs and the costs of raw materials
- Increased demand for renewable energy may lead to reduced supply of renewable energy or an increase in the cost of purchasing renewable energy
- Potential opportunities for the Group given the existing focus on sustainable infrastructure products, for example galvanizing and certain composite applications. Further innovation in new products and services, in line with our purpose, will present further growth opportunities. See case studies on page 49.

Other risks identified, but not considered material, include the availability of greener technology to adapt to lower emissions and the reputational damage to the Group's brand due to climate inaction or negative climate impact from production/supply chain.

Impact analysis

Under both scenarios operating costs, particularly relating to carbon pricing, could increase if they are not proactively mitigated. We have therefore assessed the potential financial impact of carbon pricing relating to our current Scope 1 and Scope 2 emissions.

Carbon Pricing* Gross Risk Impact (Scope 1 & 2)

Annual Impact by 2025	1.5°C	2.0°C
Average annual operating cost increase assuming no proactive carbon reduction plans are undertaken based on 2021 emissions	£6.1m Based on \$130 per tonne	£5.6m Based on \$120 per tonne
Annual Impact by 2030	1.5°C	2.0°C
Average annual operating cost increase assuming no proactive carbon reduction plans are undertaken based on 2021 emissions	£9.6m Based on \$205 per tonne	£8m Based on \$170 per tonne

* Carbon pricing assumptions based on PwC's estimates for advanced economies in 1.5°C and 2°C scenarios.

The Group is committed to reducing greenhouse gases as demonstrated by our 2040 net zero ambition, which will substantially mitigate the gross risk exposure to carbon pricing. The financial impact of carbon pricing has been considered as part of the costed plan relating to our net zero ambition. The impact of a potential increase in the cost of renewable energy is not considered material based on the Group's current renewable energy consumption. As the Group's adoption of renewable energy increases, future exposure to renewable energy pricing will be partly offset by self-generated energy.

We will start to assess our Scope 3 emissions during 2022 with a view to disclosing them in our 2023 Annual Report in accordance with the SBTi target.

Transition Risk (TCFD, 2017):

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.

Physical Risk (TCFD, 2017):

Physical risks resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption.



SUSTAINABLE GOVERNANCE

CONTINUED



WHAT IS THE IMPACT OF CLIMATE RELATED RISKS AND OPPORTUNITIES ON OUR STRATEGY?

CONTINUED

Global warming scenario: 4°C Risk

Under this scenario, we expect to see an increase in the frequency and magnitude of extreme weather events across our global operations. This could present multiple challenges for the Group including:

- Damage to operations from extreme weather events
- Operational downtime due to severe weather conditions
- Difficult working conditions, e.g. extreme temperature could have the potential to lead to an increase in absenteeism
- Potential for an increase in the number of injuries or accidents when conducting operations

There are also potential growth opportunities relating to Group products and services, which provide solutions for extreme weather. See case studies opposite for more details.

Impact analysis

This scenario may include costs relating to increased volatility, business discontinuity and needed resilience investments for addressing more severe and frequent natural disasters that would occur under a warming of 4°C. Working alongside PwC, we have analysed the Group's exposure to climate hazards at our 67 sites. A summary of the results is as follows:

Hazard	Sites at higher risk**			
	2021 No of sites	2021 % total sites	2040 No of sites	2040 % total sites
Flood	3	4%	5	7%
Precipitation	5	7%	6	9%
Wind	3	4%	3	4%
Heat	6	9%	9	13%
Hail/Thunderstorms	4	6%	4	6%
Drought	3	4%	7	10%
Wildfire	2	3%	2	3%
Total unique sites with one or more high risk hazards	13	19%	23	34%

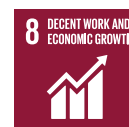
** PwC's climate analysis tool assigned each site, for each hazard, an absolute hazard score from 1 to 100. Sites with hazard scores greater than 75 were deemed high risk.

Based on the above analysis, by 2040, heat is the most significant threat to the Group (13% of sites), with drought seeing the most significant increase in risk from 2021 to 2040 (4% of sites increasing to 10% of sites). A smaller proportion of sites could be exposed to extreme precipitation (9% of sites) or flood (7% of sites) by 2040. Overall, 34% of sites have been identified to be at higher risk from one or more climate hazards by 2040, which represents c.24% of Group revenues. During 2022 we will work with the relevant operating companies to further understand their specific exposure relating to these risks to ensure that robust business continuity measures are in place to mitigate these climate related risks and that the necessary insurance cover is in place. These risks will also be added to their local risk registers as per our established risk management process.

The results of this analysis indicate the importance of taking action to reduce greenhouse gas emissions to minimise transition related risks. It also suggests that, while physical climate change presents a relatively low risk to our future business operations, it may present opportunities for the Group. Given our focus on sustainable infrastructure, some of our operating companies already provide products and solutions to address extreme weather conditions, and we see this as an opportunity for future growth.

How do we manage risk?

The Risk Committee is responsible for identifying, assessing, and managing Climate related risks and opportunities and reporting significant risks to the Board. This includes consideration of emerging regulatory requirements, such as carbon pricing.



Based on the scenario analysis and impact assessment outlined above, the Board do not currently consider the impact sufficiently material over the next five years to be deemed a Group Principal risk, however we are considering climate change as an emerging risk and will monitor accordingly.

The impact assessment has however identified that some of our operating companies may be more severely impacted by future climate change scenarios. The Risk Committee is responsible for actively working with our operating companies to ensure

that appropriate mitigation strategies are in place using our established risk management process (refer to pages 56 to 59 for further details).

How will we measure progress? – Group metrics and targets

The Group has set the following metrics and targets to assess and manage climate related risks and opportunities:

- We have signed up to the Science Based Targets initiative and our goal is to reduce our Scope 1 and Scope 2 CO₂ emissions

to achieve net zero by 2040. In the near term, we are measuring progress through reduction in our CO₂ intensity ratio. Refer to page 37 for further details of progress to date.

- In 2022, we will be undertaking an initiative to establish our baseline Scope 3 CO₂ emissions. The result of this will help inform the reduction targets. In addition, we currently measure water usage, waste management and we are continuing to look at ways of minimising the environmental impact.

TCFD Elements	TCFD Recommended Disclosures	Compliant	Next Steps
Governance	a. Board oversight	●	Continue
	b. Management's role	●	Continue
Strategy	c. Climate related risks & opportunities	●	Develop
	d. Impact of climate related risks & opportunities	●	Develop
	e. Resilience of the organisation's strategy in climate scenarios	●	Develop
Risk Management	f. Risk identification & assessment	●	Develop
	g. Managing climate related risks	●	Develop
	h. Integration into overall risk management process	●	Commence
Metrics & Targets	i. Metrics for climate related risks & opportunities	●	Continue
	j1. Scope 1 & 2 GHG metrics	●	Continue
	j2. Scope 3 GHG metrics	●	Commence
	k1. Climate related targets – Scope 1 & 2	●	Continue
	k2. Climate related targets – Scope 3	●	Commence

CASE STUDIES



Utility Pole Storm Resilience – Creative Composite Group, US

StormStrong fiber reinforced polymer (FRP) poles enhance infrastructure reliability and can absorb 10 times the energy of a steel pole. The properties of FRP are such that it can return to its original size and shape following deformation. Unlike legacy utility poles that are susceptible to rust, rot and the damaging effects of extreme weather, StormStrong poles are designed and engineered to withstand Category 5 hurricane winds of 130 mph.



Seawall Erosion Protection – Creative Composite Group, US

The SuperPile, SuperLoc and SuperWale FRP products offer a range of sea wall erosion protection solutions to shield against the impact of severe weather. The decay-proof alternative to traditional retaining walls delivers a high strength-to-weight ratio and a more resilient system. The lightweight composite material allows for quick installation, has zero maintenance and a life of up to 75 years.



Rail Track Flood Resilience – Asset International Structures, UK

The "Asset BaFix" track ballast shoulder retention system adds stability to rail tracks and provides flood resilience to ensure remote areas of rail networks are not cut off during flooding and extreme weather.



HVAC vibration isolation systems – Novia, US

Novia's vibration isolation roof curbs are designed to withstand significant weather events, such as hurricanes, to protect Heating, Ventilation, and Air Conditioning ('HVAC') systems and ensure life and safety critical facilities remain open and operational. Such facilities include hospitals, police and fire stations, data centres and educational centres.