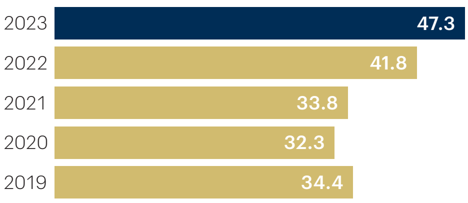
Record revenue and underlying operating profit and a strong financial position.

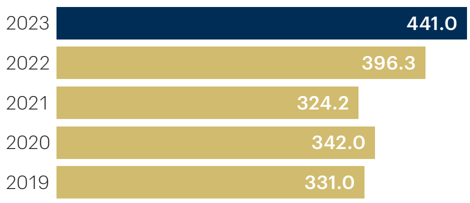
Underlying operating profit £m

£47.3m +13.2%



Total revenue £m

£441.0m +1.5%[1]



1 On a constant currency like for like basis after adjusting for Grant Westfield, acquired 31 May 2022.

Year to 31 March 2023 highlights

- Resilience of the Group's business model in challenging market conditions
- Strong execution of strategy
- Record full year revenue of £441.0m (2022: £396.3m), 11.3% higher than prior year on a reported basis and 1.5% higher on a constant currency like for like basis after adjusting for Grant Westfield
- Record underlying operating profit[2] of £47.3m, 13.2% higher than prior year (2022: £41.8m)
- Operating profit of £27.5m (2022: £36.2m) after acquisition related costs and exceptional items
- Underlying net debt[2] of £49.9m (2022: net cash of £8.6m)
- Underlying ROCE[2] of 18.5% (2022: 23.9%)
- Diluted underlying EPS[2] of 37.4p (2022: 38.2p)
- Progressive dividend at 10.2p for the year (2022: 10.0p)
- The acquisition of Grant Westfield completed in May 2022, successfully integrated and performing strongly

Current trading

- Group revenue in the two months to the end of May 2023 was 1.3% ahead of the strong prior year comparator on a reported basis and 3.6% below on a constant currency like for like[3] basis (UK +1.3%, SA -12.7%) with South Africa impacted by electricity supply interruptions, which are being actively managed. Market conditions are likely to remain uncertain. However, the Board is confident that our market leading brands and strong execution of strategy will continue to deliver outperformance, leading to further progress and market share gains in line with its expectations in the year ahead.

2 Definitions and reconciliations of alternative performance measures are provided in note 8 to the financial statements.

3 Adjusted for Grant Westfield and Norcros Adhesives.

Key messages

- Our record performance is a testament to our proven business model and the dedication of our employees
- The Group has delivered record revenue and underlying operating profit
- UK – a strong performance benefiting from the contribution from Grant Westfield, the breadth of distribution channels, stock availability and market leading service levels
- SA – a robust performance reflecting leading positions, stock availability and enhanced product offer against challenging market conditions in the second half
- The Group has extended its £130m multicurrency revolving credit facility for a further year until October 2026
- We remain confident that the Group's proven business model, leading customer service proposition, leading brands and highly experienced management teams will continue to deliver market share gains in the year ahead

Why we outperform?
It's in our DNA.

We have a clear investment case and a resilient business model; we are well positioned for future growth.

1

Focused operating model

A leading supplier of bathroom and kitchen products in selected geographies.

2

Experienced management team

Our management team has considerable years of experience of successfully operating in our markets and segments.

3

Leading market positions and brands

Our brands and products hold market leading positions or have a significant share of the markets we operate in.

4

Group-scale advantages versus smaller competitors

A well-developed and leading supply chain infrastructure, joint product development sharing costs and strong balance sheet to support business growth.

5

Balanced and diversified business portfolio

Multi-product, broad channel coverage, wide market positioning and geographical diversification.

7

Innovation and new product development

We constantly invest in innovation and developing our product portfolio to better meet our customer requirements and refresh our offering.

6

Flexible and capital light model

Focusing investment where our expertise achieves the best return for investors.

8

Clear and focused strategy

£600m revenue by 2025, 50% of revenues derived from overseas and sustainable ROCE of >15%.

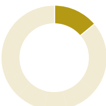
A portfolio of market leading businesses with strong brands.

UK

In the UK we offer a wide range of quality bathroom and kitchen products both for domestic and commercial applications. Our portfolio of businesses is well established, services a broad customer base and benefits from leading market positions and strong brands.

Market leader in the manufacture and marketing of showers in the UK

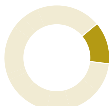
£63.7m
revenue FY 2023



14%
of Group revenue

The UK and Ireland's number one supplier of shower enclosures and trays to the residential, commercial and hospitality sectors

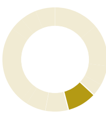
£57.5m
revenue FY 2023



13%
of Group revenue

Grant Westfield is a leading manufacturer of high end waterproof bathroom wall panels

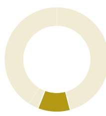
£39.5m
revenue FY 2023



9%
of Group revenue

Leading manufacturer and supplier of taps, mixer showers, bathroom accessories and valves

£42.3m
revenue FY 2023

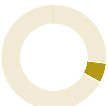


10%
of Group revenue

Read more about our UK businesses
on pages 24 to 31

Market leading, innovative designer, manufacturer and distributor of high quality bathroom furnishings and accessories

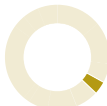
£25.5m
revenue FY 2023



6%
of Group revenue

Leading niche designer and distributor of high quality kitchen taps, bathroom taps and kitchen sinks

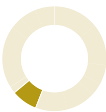
£17.7m
revenue FY 2023



4%
of Group revenue

Leading manufacturer and supplier of ceramic tiles in the UK

£35.3m
revenue FY 2023



8%
of Group revenue

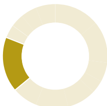
South Africa

Our complementary businesses in South Africa operate principally from a shared manufacturing and administrative site near Johannesburg, allowing them to maximise operational, revenue and cost synergies.

Read more about our South African businesses on **pages 32 to 34**

Leading chain of retail stores focused on tiles, and associated products, such as sanitaryware, showers and adhesives

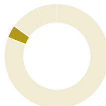
£75.5m
revenue FY 2023



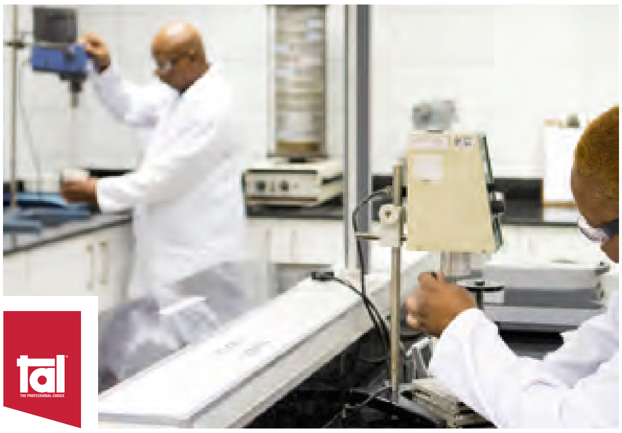
17%
of Group revenue

Leading manufacturer of ceramic and porcelain tiles

£17.9m
revenue FY 2023

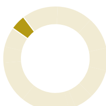


4%
of Group revenue

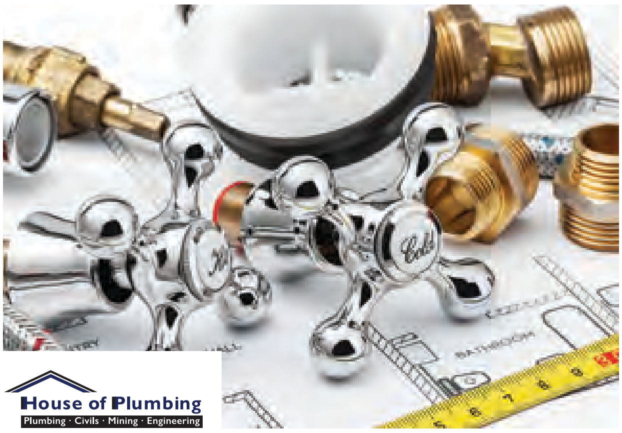


Leading manufacturer of ceramic and building adhesives

£22.5m
revenue FY 2023

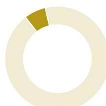


5%
of Group revenue



Market leading supplier of specialist plumbing materials focused on the specification and commercial sectors

£29.3m
revenue FY 2023



7%
of Group revenue

ABODE

TAKING ECO-CONSCIOUS CHIC TO THE NEXT LEVEL

The new Industria 3 IN 1 Steaming Hot Water Tap serves the growing demand for industrial style kitchens while reducing energy and water wastage.

Abode's Pronteau offers a range of WRAS approved steaming hot water taps, regulated and approved under the Water Regulatory Advisory Scheme, to provide assurance that the products are rigorously tested for safe use. All components are also WRAS approved.

The new Pronteau Industria 3 IN 1 delivers domestic cold, hot and filtered steaming hot water via a specially designed dual-stage handle for optimum safety.

It is also part of the free of charge Abode filter recycle scheme. Users can return expired filters to Abode, via Royal Mail, at no cost and for added peace of mind, the new Industria 3 IN 1 Steaming Hot Water Tap is covered by a five-year warranty.

Opportunities to grow share in all markets.

Key market drivers

UK and South Africa market demand is dependent on:
- New building activity
- Repair, maintenance and improvement (RMI) activity

Influenced by macroeconomic factors:
- Consumer confidence
- Economic growth
- Interest and inflation rates
- Government expenditure

The Group offers a wide range of quality bathroom and kitchen products for both domestic and commercial applications across the UK, Ireland, South Africa and a number of export markets.

The UK overall bathroom market is large and mature and is highly fragmented with no dominant or global player across all product categories. Many of the market product category sub-segments are also highly fragmented with no one company serving all segments and channels. Shower enclosures, bathroom furniture and accessories sub-markets are particularly fragmented, characterised by a significant number of SME players.

The South African overall bathroom market is large although more concentrated than in the UK, albeit selected market segments (e.g. plumbing) are regionally fragmented with limited national players. Both Norcros and the other market leader deploy integrated business models from production to retail to reach all segments and channels.

In both the UK and South Africa, market demand is dependent on new building activity and RMI activity in both the public and private sectors. This is in turn influenced by macroeconomic factors, such as GDP, interest rate fluctuations, inflation rates, availability of credit, equity market conditions, unemployment rates, consumer confidence, changes in government policy and housing shortages.

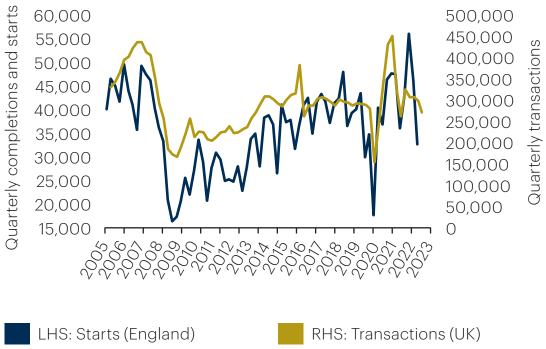
Merlyn: Arysto by Merlyn's Wall Hinge Shower Door with Inline Panel and Side Panel is perfect for emulating the stylish designs associated with designer bathrooms. Featuring toughened safety glass with Mershield Stayclear easy clean protected glass, together with a lifetime guarantee.

UK

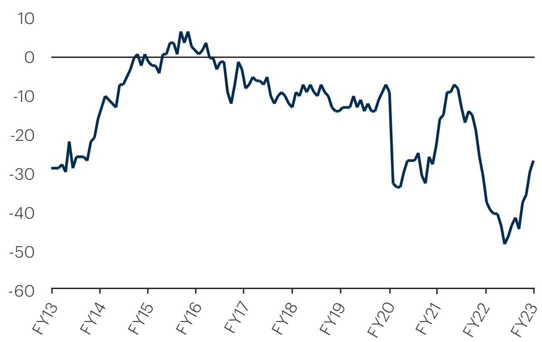
Large fragmented market
Significant consolidation opportunity

- Large target market – c. £2.1bn @ MSP[1]
- Shortage of housing
- Fragmented by product and channel
- Norcros market leading positions
- No overall dominant or global player
- No one company serving all segments and channels
- Complementary kitchen market segments
- Further opportunity to grow market share

Quarterly housing completions and transactions
Sources: GOV.UK (March 2023) and HMRC – (Q1 2023)



UK GfK consumer confidence
Source: Growth for Knowledge – May 2023

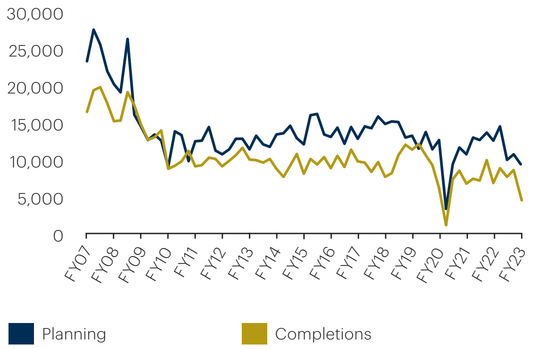


South Africa

Medium-term potential
Market leading positions

- Sizeable target market – c. £1.6bn @ MSP[1]
- Supportive dynamics:
  - Shortage of housing
  - Construction levels are still less than half 2007 peak
  - Favourable long-term socio-economic demographics
- Integrated business models – Norcros market leading positions
- Complementary sub-markets alternative coverings
- Further opportunity to grow market share

Quarterly – dwellings completed and plans passed
Source: SA Stats – Q1 2023



FNB/BER consumer confidence index
Source: FNB/BER – Q1 2023

1 MSP = manufacturer's selling price.

Another record performance, reflecting the resilience of the Norcros business model.

> The Group has outperformed in its markets against a backdrop of challenging market conditions. This is a testament to our strategy and importantly our team and their commitment to delivering on our strategic priorities."

David McKeith
Acting Board Chair

Overview

I am pleased to report another record performance for the Group with results at the top end of market expectations. Norcros has continued to demonstrate resilience and growth in our markets despite challenging conditions. The Group's business model and strategy have proven to be highly effective through a sustained period of macroeconomic uncertainty.

Group revenue for the year was £441.0m (2022: £396.3m), 11.3% higher than the prior year on a reported basis and 1.5% higher on a constant currency like for like basis.

Underlying operating profit was at a record level of £47.3m (2022: £41.8m), 13.2% ahead of the prior year reflecting the contribution from Grant Westfield and further market share gains.

The Group finished the year with net debt of £49.9m (2022: net cash of £8.6m), the year on year movement reflecting the successful acquisition of Grant Westfield, partially offset by strong cash generation in the period.

Strategy

Notwithstanding the macro challenges in recent years of Brexit, COVID-19, the war in Ukraine and the UK "mini budget" in September 2022, we have made strong strategic progress and our focused growth strategy continues to be valid and relevant. Our performance during the period demonstrates our focus upon sustaining a pre-tax return on underlying capital employed of 15% over the economic cycle and this continues to be key in how we evaluate opportunities and deploy capital. We made the decision to close our UK Adhesives business during the year, and whilst this was a difficult decision, it will improve the Group's financial performance going forward. Our business model, strategy and core capabilities including sustainable product design and innovation, well developed sourcing partnerships, and market leading customer service have again delivered excellent results. The business will continue to drive market share growth in our existing businesses while taking advantage of further acquisition opportunities in what remain fragmented markets.

Dividend

For the year ended 31 March 2023, the Board is recommending a final dividend of 6.8p (2022: 6.9p) per share. When combined with the interim dividend of 3.4p (2022: 3.1p) per share, which was paid on 10 January 2023, this will make a total dividend for the year of 10.2p (2022: 10.0p) per share, a 2.0% increase on the previous year whilst maintaining a prudent level of dividend cover.

Environmental, social and governance (ESG)

The Board is committed to embedding sustainability within our business strategy. We are proud of our history of environmental and social leadership, our achievements in setting industry leading standards in our products, and the support we provide to the communities in which we live and work.

I am pleased we have made significant progress this year. We have extensively updated our ESG strategy around eight priority ESG themes which are commented on in detail later in the report, finalised a 2040 Net Zero Transition Plan and made enhancements to our emissions and energy data collection process. We are pleased to have further developed our report aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which outlines our approach to managing climate-related risks and opportunities across the Group.

Pension scheme

The net position relating to our UK defined benefit pension scheme (as calculated under IAS 19R) remains in a surplus of £14.9m at 31 March 2023 (2022: £19.6m). Deficit repair contributions were £3.8m in the year.

The pension scheme is mature, with an average member age of 78, and experienced a reduction in member numbers in the year from 6,002 to 5,641. We remain confident that our pension obligations continue to be appropriately funded and well managed. The Group recognises that the pension scheme is a key stakeholder and the Group and the Trustee continue to work constructively together.

Board changes and senior management appointments

In January 2023, I was appointed Acting Board Chair until the Group appoints a new Non-executive Director as Board Chair and we are pleased to confirm that, as announced, Steve Good will be appointed a Director from 1 July 2023 and will become Board Chair Designate from that date. Steve Good will be seeking election at the AGM and if elected he will assume the Board Chair role at the conclusion of the AGM. I will not be seeking re-election at the AGM.

Thomas Willcocks was appointed to the Board as Chief Executive Officer with effect from 1 April 2023 following Nick Kelsall's retirement. Thomas joined Norcros in 2006 and was promoted to Managing Director of Norcros South Africa in 2009 and has overseen the sustained and profitable growth of our South African business. On 1 August 2021, Thomas became our Group Business Director – UK before joining the Board. I have worked closely with both Nick and Thomas as we have developed and grown the Norcros business, and it has been a pleasure to be able to stand back and recognise the success achieved. I would like to thank Nick for his focused and determined leadership over this time and wish him and his family the very best in his retirement. Nick has handed over to an experienced team led by Thomas and James Eyre (CFO), which is testament to his development of the Norcros business and team throughout his tenure.

Stefan Allanson was appointed to the Board on 1 January 2023 as a Non-executive Director and Chair (Designate) of the Audit and Risk Committee. Stefan is the Chief Financial Officer of MJ Gleeson plc and has held senior finance roles at Keepmoat Ltd, Tianhe Chemicals Ltd, The Vita Group Ltd and Honda Motor Company.

The Board composition can be found on pages 82 and 83.

The Group Executive Committee comprises our CEO (Thomas Willcocks), CFO (James Eyre) and Group Counsel and Company Secretary (Richard Collins). The search for a replacement Group Business Director – UK, who will also join the Executive Committee, is well advanced.

OBITUARY

Gary Kennedy, former Chair

With great sadness, Norcros announced that Gary Kennedy, the Board Chair and a Non-executive Director of Norcros plc, passed away on 13 February 2023. The Board of Directors on behalf of the entire Group expresses its sincere condolences to Gary's family and many friends.

Gary joined the Board as Non-executive Chair on 8 December 2021. Gary had a remarkable career with extensive executive experience, along with a wealth of non-executive director experience. He was also non-executive chair at Greencore Group plc, where he assumed the role of executive chair from 31 March 2022 until the appointment of the new CEO. Gary was chair of Goodbody Stockbrokers (Ireland) and also served as chair of Connect Group plc and on the boards of Green REIT plc, Elan plc, Allied Irish Bank, Friends First Holdings and the IDA Ireland. He was also government appointed director of Irish Bank Resolution Corporation.

Gary also made a major contribution, achieving great results in promoting women at senior levels. He strongly believed in using all the talent available and understood that diversity of views and experience enhanced and enriched the overall effectiveness and decision making process in companies.

Nick Kelsall, former Chief Executive Officer, praised Gary for his contribution to the goals of the Group and was moved by the number of people who expressed sadness at Gary's passing.

"Although Gary was with us for only a short period of time, he quickly got to know our business and our people. His engagement was always warm, trusting and genuine and he swiftly gained the respect of the Board and the people that worked closely with him. A very fine person that we will all miss."

Governance

As Acting Board Chair, one of my primary responsibilities is ensuring that the Group continues to operate to the highest standards in all governance and risk management aspects. Our aim at Norcros has always been to operate in line with our values and the "Norcros DNA" which sets us apart from our competitors while ensuring that proper operating procedures and internal controls are always maintained. Transparency is central to this objective, and you will find more detail about our approach and further progress over the last year in the Corporate Governance section on pages 84 to 87.

"

I would like to thank the Group's employees for their dedication and contribution over the last twelve months."

David McKeith
Acting Board Chair

People

Our employees are our most valuable asset. Given our entrepreneurial, design and service led business model, the Group remains committed to ensuring a safe and positive working environment within an open, transparent and entrepreneurial culture and de-centralised operating model. On behalf of the Board, I would like to specifically thank the teams in each of our businesses who have helped to deliver on the Group's strategic objectives over the last twelve months. Recognising the central part that our people at all levels play, I am pleased to announce that we have also created the position of Chief People Officer. The position will help accelerate the Group and individual businesses' development of our internal talent and future recruitment. In further developing our talented team, we remain committed to being the employer of choice in our markets, including increasing our focus on ensuring that our businesses attract and retain diverse and inclusive teams.

Current trading

Group revenue in the two months to the end of May 2023 was 1.3% ahead of the strong prior year comparator on a reported basis and 3.6% below on a constant currency like for like basis (UK +1.3%, SA -12.7%) with South Africa impacted by electricity supply interruptions, which are being actively managed.

Summary

The Group has delivered another record performance despite the ongoing economic challenges. The Board remains confident that our highly experienced management teams, leading customer service propositions and strong financial position, will drive further market share growth in line with its expectations in the year ahead.

David McKeith
Acting Board Chair
14 June 2023

Record Group performance reflects the strength of our entrepreneurial design led business model.

"Norcros has again grown market share and I am pleased to report record levels of revenue and underlying operating profit."

Thomas Willcocks
Chief Executive Officer

Overview

I was delighted to join the Board from 1 April 2023 and would like to thank my predecessor, Nick Kelsall, for his outstanding commitment and leadership over a Norcros career spanning 30 years. This well managed transition comes at a time when the business is financially sound and has once again delivered record levels of revenue and underlying operating profit.

Norcros has continued to build on the progress of recent years. The performance in the current year reflects the strength of our leading brands, supply chain infrastructure, stock availability, and financial strength.

Group revenue at £441.0m (2022: £396.3m) increased by 11.3% on a reported basis and by 1.5% on a constant currency like for like basis. The strong trading performance in the first half of the year continued into the second half with further revenue growth in the UK and a robust full year performance in South Africa.

Group underlying operating profit for the year increased by 13.2% to a record level of £47.3m (2022: £41.8m) reflecting the increased revenue in the year and an operating margin slightly ahead of last year at 10.7% (2022: 10.5%).

UK

Revenue in the UK was £295.8m for the year (2022: £256.7m), 15.2% higher than the prior year on a reported basis and broadly in line on a like for like basis. A resilient trade sector in the period offset softer demand in the retail sector, which was particularly impacted by customer destocking in the first half of the year.

All businesses, other than the UK Adhesives division, performed well in the year with particularly strong performances at Triton and Merlyn. Our UK businesses continued to capitalise on their strong market positions and excellent customer service. We have successfully developed our portfolio in the year. On 31 May 2022, we completed the acquisition of 100% of the share capital of Granfit Holdings Limited and its subsidiaries including Grant Westfield Limited, trading as Multipanel. Grant Westfield is a quality business with a strong track record of profitability and cash generation. Since the acquisition, the business has been successfully integrated and made a strong contribution to the Group through its complementary range of waterproof bathroom panels. In addition, we have also taken decisive action at our UK Adhesives division, announcing the closure of this small but loss making business. Against a backdrop of lower current and uncertain short-term demand for our locally produced tiles, we have made the decision to impair the carrying value of the assets at Johnson Tiles. Further detail can be found in the Chief Financial Officer's Report on page 35.

UK underlying operating profit for the year was another record at £37.2m (2022: £30.9m) with an improved underlying operating margin of 12.6% (2022: 12.0%). Underlying operating profit growth was supported by the contribution from Grant Westfield.

Operating cash flow was higher than the prior year driven by the increased level of operating profit and higher underlying operating cash conversion supported by our continued focus on working capital.

South Africa

Revenue in South Africa increased by 4.7% on prior year on a constant currency basis, and by 4.0% on a Sterling reported basis, to £145.2m (2022: £139.6m). All divisions delivered revenue growth on the prior year.

This revenue growth was mainly driven by robust demand in the housebuilding sector and the full year impact of the expansion of our House of Plumbing branch portfolio. An exceptional performance over the first half was diluted by heightened levels of loadshedding (electricity rationing), especially in the fourth quarter and we continue to manage this in the current year. The breadth of our revenue channels once again benefited our performance.

South African underlying operating profit for the year was robust at £10.1m (2022: £10.9m), reflecting our market leading positions and share growth in a difficult market, particularly in the second half of the year. Underlying operating margin was 7.0% (2022: 7.8%). We are accustomed to the higher levels of variability in this developing market and have a proven experienced team with a track record in this region.

Operating cash flow was lower than prior year largely as a result of continued investment into working capital (primarily inventory) to support our service levels and stock availability.

Strong financial position

The Group continues to have a strong balance sheet with net debt of £49.9m (2022: net cash of £8.6m). The year on year movement reflects the acquisition of Grant Westfield and a planned investment into working capital in the year of £13.3m to further support business growth and customer service, with a resultant underlying operating cash inflow of £44.8m (2022: £28.6m) in the year.

The Group has extended its £130m multicurrency revolving credit facility (RCF) for a further year. The facility has a three year and seven-month term to October 2026, with a further year extension available. It also includes the option for an uncommitted accordion facility of £70m. The Group therefore remains well positioned to progress its growth strategy.

Following the acquisition of Grant Westfield in May 2022, leverage at the 2023 year end is circa 1.0x EBITDA on a pre-IFRS 16 basis.

Strategy

In April 2018 the business launched a refreshed strategy for growth and a 2023 vision for the Group, including an updated set of strategic targets which were: to increase Group revenue to £600m by 2023; to maintain revenue derived outside of the UK at approximately 50% of Group revenue; and to sustain a pre-tax return on underlying capital employed of more than 15% over the economic cycle. The previous timescale of 2023 was extended to 2025 reflecting the COVID-19 disruption. This growth strategy has delivered strong organic and acquisition driven growth at above targeted returns:

- Group revenue increased by 11.3% to £441.0m, supported by the acquisition of Grant Westfield on 31 May 2022.
- On a Sterling reported basis, Group revenue derived outside of the UK was 40.6%.
- Group underlying return on capital employed was 18.5% on a pre-IFRS 16 basis.

The Group's strong performance and the decisive response to the inflationary and supply chain challenges and market conditions continue to demonstrate the resilience of our business model and the effectiveness of our strategy.

Norcros has a strong and scalable position in the bathroom and kitchen product markets. The markets in our existing and adjacent geographies remain highly fragmented with significant consolidation opportunities to either broaden our product portfolio or further consolidate our current offerings. The significant strength of the balance sheet means the business is well placed to take advantage of further acquisitions or organic growth opportunities as they arise. Norcros' proven record of growing existing and carefully selected acquired businesses remains a core business strength.

Sustained investment in our in-house new product development programmes will continue to drive organic growth alongside our market leading brands, customer service and best in class quality. Our product vitality rate (the percentage of revenue in the period derived from new products launched in the last three years) remained high at 24% (2022: 29%) but short of our demanding target of 30% mainly due to the COVID-19 related disruption to supply chains. Our vitality rates are nonetheless market leading and we continue to invest in our pipeline as new product launches return to pre-COVID-19 levels.

ESG

Sustainability is a key priority for the Group and we continue to work closely with our businesses to drive progress in line with our previously mentioned updated ESG strategy.

Further progress was made in the year as we continue the journey to net zero. For the first time, we have set scope 1, 2 and 3 carbon emissions targets. Data collection, measurement and visibility will continue to be developed internally and with our partners. Further details of our ESG strategy can be found on pages 20 to 21.

Our well developed social and governance programs are detailed later in the report, with a notable example being our SAFE bathrooms initiative in underprivileged South African schools.

Summary and outlook

Norcros has made excellent progress in our markets despite the challenging conditions and again delivered record results. Our Group performance demonstrates the strength of our business model and the calibre and support of all our employees. Our businesses, both in the UK and South Africa, continue to make strong progress, gain market share and benefit from the ongoing development of our leading brands, supply chain infrastructure and stock availability. Grant Westfield has been an excellent addition to our portfolio and has performed well in the year.

Our UK businesses performed well with strong second half growth year on year. The market leading positions and continuing excellent service levels, ensured that key retail customers were retained with new account wins. The trade and specification sector demonstrated ongoing resilience and continues to represent an important opportunity for the group, including the recently acquired Grant Westfield business, going forward.

Our South African business has continued to deliver revenue growth, notwithstanding the challenging market conditions experienced in the second half of the year. The business remains in a strong competitive position to grow market share, particularly in bathrooms.

The markets in which we operate in the UK and South Africa remain fragmented and attractive for organic and acquisitive growth opportunities. Our acquisition in the year of Grant Westfield demonstrates the Group's ability to capitalise on growth opportunities and leverage off the existing Group businesses, and especially our broad and well established distribution channels.

In summary, we have ended the year strongly, outperforming our markets and, once again, delivered record levels of revenue and underlying operating profit. While market conditions remain uncertain, especially in South Africa, the Board believes that the Group's proven business model and highly experienced management teams will continue to deliver market share growth in line with its expectations in the year to 31 March 2024.

Thomas Willcocks
Chief Executive Officer
14 June 2023

Nick Kelsall, former CEO

After 30 years of service with the Norcros Group, Nick Kelsall, Chief Executive Officer, notified the Board of his intention to retire with effect from 31 March 2023.

Nick was appointed CEO in April 2011 and over the last twelve years has transformed the Group through the successful execution of a focused growth strategy into a highly profitable and resilient market leading business with strong brands. The Group has delivered an enviable track record of sustained domestic and international growth during Nick's leadership, through his strategic vision and business acumen.

Nick previously served as the Group's Chief Financial Officer from October 1996, having joined Norcros in 1993. To ensure a smooth and effective handover, Nick will remain an employee until 31 January 2024.

Commenting on these changes, David McKeith, Acting Board Chair, said: "Nick has devoted the majority of his career to Norcros and has converted it into the resilient, profitable and market leading business it is today. I know that all Norcros shareholders, Directors and staff will join me in thanking him profusely for everything he has done for the Group. We all wish him well for the future."

Nick Kelsall commented: "It has been both a privilege and an honour to lead the Norcros business which has been a huge part of my life. Norcros has been transformed and is unrecognisable from the business that I joined 30 years ago. The business is in great shape with huge opportunities, and I am immensely grateful for the support of the very talented colleagues that I have worked with right across our business globally. I wish them every success for the future."

Maximising shareholder value through continuous investment.

We have a well-established, successful track record of serving consumers, architects, designers, developers, retailers and wholesalers. Our emphasis is on strong branding, contemporary designs, trusted quality, outstanding service, innovation and breadth of product range.

Our key inputs

We are focused on providing sustainable value creation whilst being committed to operating in an ethical, entrepreneurial and responsible manner with the highest standards of corporate governance.

People

- Providing our employees with a safe and positive working environment
- Open, transparent and entrepreneurial culture and de-centralised operating model
- Strong cultural values aligned to our "Norcros DNA"

Products

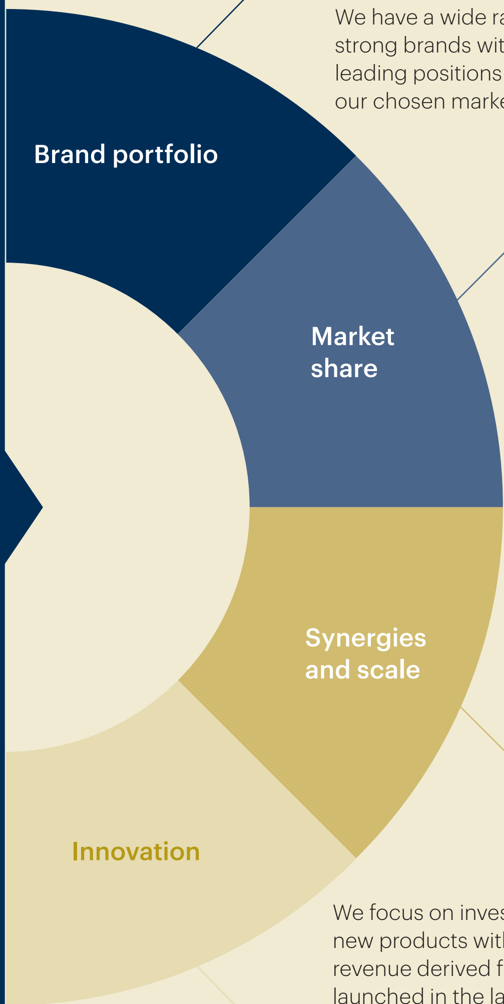
- Strong brands, contemporary designs, trusted quality, innovation and a wide product range
- Continuous NPD programme driving organic market share growth

Process

- Customer centric approach
- Committed to operating in an ethical and responsible manner
- Upholding the highest levels of corporate responsibility and governance
- Minimising our negative impact on the environment

How we do business

We invest significantly and continuously in our people, brands, product development and processes and we aim to develop our business in both the quality of our products and the scale of our activities.



We have a wide range of strong brands with market leading positions across our chosen markets.

We serve consumers, architects, designers, developers, retailers and wholesalers offering outstanding customer service, bespoke solutions and unrivalled technical support.

We benefit from economies of scale and shared synergies across our complementary businesses.

We focus on investment in new products with 24% of 2023 revenue derived from products launched in the last three years.

What makes us different

We base our business on understanding our customers' needs. Norcros is a substantial and growing international Group with consistent, high quality standards and considerable resources.

- **Design**
  We design great products that are of high quality and desirable for customers.

- **Sourcing**
  Our products are sourced and manufactured to the highest standards and are quality monitored at each stage of the supply chain.

- **Customer service**
  Building customer relationships, providing outstanding service and unrivalled technical support.

- **Market leading brands**
  Our broad brand positioning facilitates channel development and acquisition of new accounts.

- **Complementary products, channels and regions**
  Our complementary and extensive product range provides a one-stop-shop to our existing customer base and is important in attracting new customers.

- **Successful acquisition strategy**
  We target acquisitions in complementary product, market and industry segments exhibiting attractive returns on capital.

The value we create

The key areas of value creation across our stakeholder base are below:

Shareholders

- Progressive and resilient return of value to shareholders
- Continued execution of growth strategy with strong pipeline of opportunities
- Strong financial position with robust cash-generative businesses
- Return on capital employed maintained above strategic target

Customers

- Over 7,500 business customers supplied during the year with innovative high quality branded products
- Continued innovation and deployment of technology to service our customers
- Sustained investment in our leading brands to ensure longevity
- Customer-focused approach delivering outstanding customer service and unrivalled technical support

Employees

- Nearly 2,400 employees around the world
- Focus on training and development
- Experienced, devolved management teams and well-established local trading relationships
- Empowering culture to enable our people to meet their aspirations

Society

- Playing a key role in the communities we serve by supporting local businesses, schools and colleges, through education and training schemes
- Supporting the local communities with a range of charitable events

Environment

- Committed to monitoring and minimising our environmental impacts and encouraging our suppliers to do the same
- Committed to adapting our business to changing consumer demands for our products

A focused growth strategy delivering strong sustainable results.

About our strategy

The Board believes the execution of this growth strategy will enhance shareholder value. The strategy is balanced between organic growth and building on our proven acquisition track record.

Organic growth will continue to be driven by capitalising on our leading market positions in the UK, South Africa and new export markets. Our organic growth initiatives are focused on continued development of our market leading, design led brands and market positions. We will reinforce our in-house design capability, building on our sustainability credentials, while accelerating cross-selling synergies and the development of our Group operating efficiencies. Increased investment in our team and systems will underpin our current and future growth plans.

Acquisitions are an area where our team has a proven track record. We have a well developed acquisition pipeline and will continue targeting complementary market and regional segments exhibiting attractive returns on capital. Our focus is on complementary bathroom and kitchen product categories with strong exposure to commercial and specification segments. Our robust financial position allows us to move forward with confidence as we continue to consolidate increasingly fragmented markets following a sustained period of economic headwinds. We will simultaneously continue managing our existing portfolio to ensure the best possible returns as demonstrated by the closure of the loss making UK Adhesives business this year. The successful acquisition and integration of Grant Westfield, Vado, Croydex, Abode, Merlyn and the House of Plumbing businesses all demonstrate our ability to drive profitable growth through acquisitions.

1

Portfolio Development

Continue to target acquisitions in complementary product markets with attractive returns on capital

Progress in 2023

- Successful acquisition and integration of Grant Westfield – a leading UK designer and supplier of waterproof bathroom wall panels, operating under the renowned Multipanel brand
- Closure of Norcros Adhesives – reallocating capital for the long-term benefit of our businesses and shareholders

Priorities for 2024

- Progressing our well-developed acquisition pipeline
- Broadening our portfolio of brands and product categories to offer a "one-stop-shop" for bathrooms
- Further developing our international pipeline
- Driving scale based operational efficiencies
- Maintaining our disciplined approach to leverage and capital allocation

2

Organic Growth

Accelerating organic growth through cross-selling, new product development and customer relationships

Progress in 2023

- UK and SA market share growth during challenging year, particularly in Triton, Merlyn, Abode and Tile Africa
- Further development of cross-selling synergies across our business portfolio
- New key accounts added, especially in the trade and specification channels
- Grant Westfield introduced to, and growing, significant new accounts

Priorities for 2024

- Drive increased revenue synergies through cross-selling opportunities, including in the export market
- Driving further progress in our overall customer proposition
- Investment in NPD
- Further investment in key account management
- Building on our head start as an engaged supplier through our ESG strategy to grow share

3

ESG

Develop already high standards of corporate governance and social responsibility, while placing sustainability at the heart of our business

Progress in 2023

- Updated ESG strategy, confirming 8 ESG Priority Themes and associated KPIs
- Reported against Task Force on Climate-related Financial Disclosures (TCFD)
- Developed 2040 Net Zero Transition Plan including targets for scope 1, 2 and 3 carbon emissions
- Triton, Abode and Vado achieved Carbon Neutral status

Priorities for 2024

- Validation of our Carbon Targets by SBTi
- Delivery against our Net Zero Transition Plan
- Disclose through CDP for the first time
- Building on our social agenda with a specific focus on D&I credentials
- Increased focus on health and safety, facilities and wellbeing to enhance employee value proposition

4

Operational Excellence

Driving efficiency and effectiveness though Group synergies and increased investment in operating systems and facilities

Progress in 2023

- Significant freight benefits through Group wide collaboration
- Modernisation of financial, operating and digital platforms with increased divisional alignment and standardisation
- TAF's successful introduction of Nuvo bathroom ranges utilising Group supply chain
- Cross divisional collaboration on channel specific product range design, especially colour matching

Priorities for 2024

- Scale cross-selling synergies
- Margin development by further leveraging Group sourcing and logistics scale opportunities
- Increased investment in simplifying and modernising our systems to drive operational efficiency and engagement
- Group forums continue to drive accelerated group wide adoption of best practices
- Increase alignment in our new product development programs

5

Talent

Our teams are the key differentiator in our decentralised business model

Progress in 2023

- Chief People Officer role created to increase alignment and accelerate development of our teams
- Reviewed talent plans to ensure that we can successfully deliver our strategy
- Excellent further progress made in SA, addressing historical racial and gender imbalances
- Flick online training platform launched across the UK businesses

Priorities for 2024

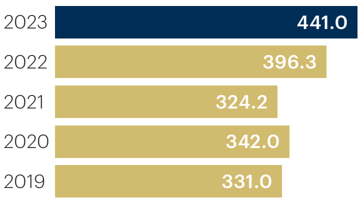
- Group people strategy to be refreshed and relaunched
- Centrally coordinate accelerated progress in our D&I programme
- Embed new group wide approach to learning and development
- Continue to actively address team wellbeing challenges that have been exacerbated by COVID-19 and geo-political related pressures

Measuring our progress.

We use the following key performance indicators (KPIs) to measure our progress against our strategic priorities.

Total revenue £m

£441.0m +11.3%



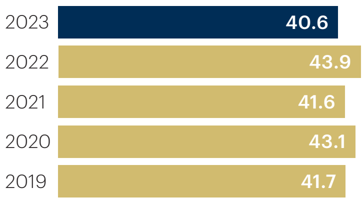
Link to strategy 1 2 3 4 5

Definition Reported Group revenue for the year.

Performance Total revenue for the year increased by 11.3% on a reported basis and by 1.5% on a constant currency like for like basis.

Group revenue outside the UK %

40.6% -330bps



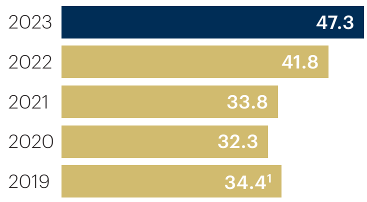
Link to strategy 1 2 3 4 5

Definition Revenue from the Group's South African operating segment plus export revenue from the Group's UK operating segment.

Performance Group revenue outside the UK has decreased in the year to 40.6%, reflecting the acquisition of Grant Westfield in the year. In constant currency terms from when the targets were set we are more closely in line with the strategic target (of 50%) at 43.8% (2022: 47.0%).

Underlying operating profit £m

£47.3m +13.2%



Link to strategy 1 2 3 4 5

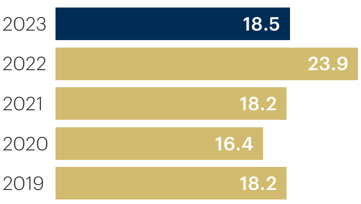
Definition Reported operating profit as adjusted for IAS 19R administrative expenses, acquisition related costs and exceptional operating items, as defined in note 8 to the financial statements.

Performance Underlying operating profit increased by £5.5m (+13.2%). This reflected the contribution from Grant Westfield and a strong trading performance in the UK and in South Africa.

1 On a pre-IFRS 16 basis.

Underlying return on capital employed %

18.5% -540bps



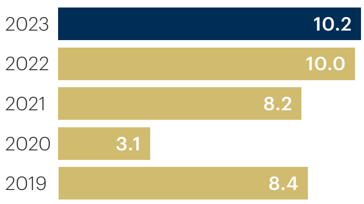
Link to strategy 1 2 3 4 5

Definition Underlying operating profit on a pre-IFRS 16 basis expressed as a percentage of the average of opening and closing underlying capital employed (as defined in note 8 to the financial statements).

Performance Underlying ROCE remained above the strategic target of 15% over the economic cycle.

Dividend per share p

10.2p +2.0%



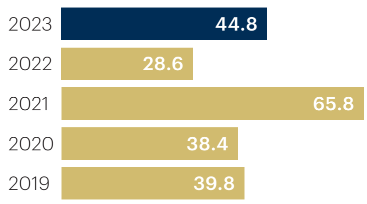
Link to strategy 1 2 3 4 5

Definition The total of the interim dividend and the proposed final dividend for the financial year.

Performance In line with the Board's progressive albeit prudent dividend policy, the dividend per share increased 2.0% to 10.2p per share from 10.0p per share.

Underlying operating cash flow £m

£44.8m +56.6%



Link to strategy 1 2 3 4 5

Definition Cash generated from continuing operations adjusted for cash flows from exceptional items and pension fund deficit recovery contributions, as defined in note 8 to the financial statements.

Performance Underlying operating cash generation increased to £44.8m reflecting a strong trading performance and a reduced investment into working capital.

Link to strategy 1 Portfolio development 2 Organic growth 3 ESG 4 Operational excellence 5 Talent

A record performance for the Group.

	2023 £m	2022 £m
Revenue	**441.0**	396.3
Operating profit	**27.5**	36.2
IAS 19R administrative expenses	**1.6**	1.7
Acquisition related costs	**8.4**	4.8
Exceptional operating items	**9.8**	(0.9)
Underlying operating profit	**47.3**	41.8

	2023 £m	2022 £m
Revenue – UK	**295.8**	256.7
Revenue – South Africa	**145.2**	139.6
Revenue – Group	**441.0**	396.3
Underlying operating profit – UK	**37.2**	30.9
Underlying operating profit – South Africa	**10.1**	10.9
Underlying operating profit – Group	**47.3**	41.8
Underlying operating profit margin – UK	**12.6%**	12.0%
Underlying operating profit margin – South Africa	**7.0%**	7.8%
Underlying operating profit margin – Group	**10.7%**	10.5%

	2023 £m	2022 £m
Underlying operating profit	**47.3**	41.8
Depreciation of right of use assets	**4.6**	4.1
Lease costs	**(6.4)**	(5.7)
Depreciation and underlying amortisation (owned assets)	**5.0**	5.2
Underlying EBITDA (pre-IFRS 16)	**50.5**	45.4
Net working capital movement	**(13.3)**	(23.6)
IFRS 2 charge	**1.2**	1.1
Operating profit impact of IFRS 16	**1.8**	1.6
Depreciation of right of use assets	**4.6**	4.1
Underlying operating cash flow	**44.8**	28.6

	2023	2022
Basic underlying earnings per share	**38.0p**	38.9p
Diluted underlying earnings per share	**37.4p**	38.2p

The Group makes use of a number of alternative performance measures to assess business performance and provide additional useful information to shareholders. Definitions and reconciliations of these alternative performance measures are provided in note 8.

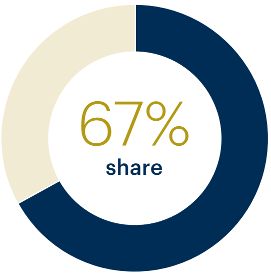
Record revenue and operating profit.

During the second half of the year, revenue grew 3.3% on a like for like basis as we benefited from our brands' leading market positions.

Highlights 2023

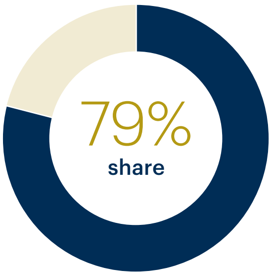
Share of Group revenue

£295.8m



Share of Group underlying operating profit

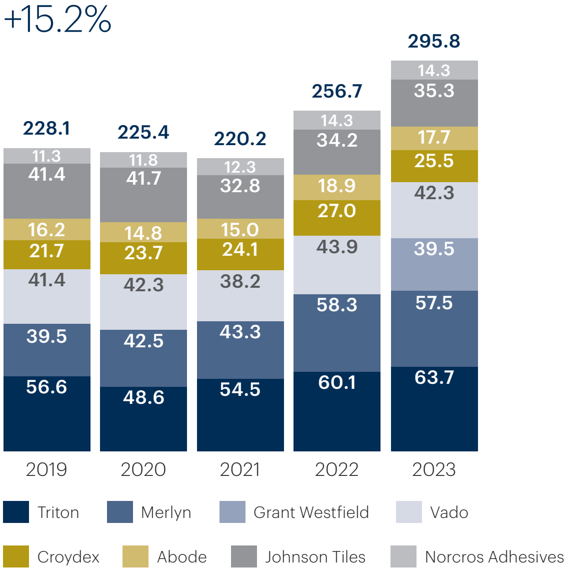
£37.2m



UK revenue £m

£295.8m

+15.2%



In the UK, full year revenue was 15.2% higher than the prior year on a reported basis at £295.8m (2022: £256.7m) reflecting the contribution from Grant Westfield, market share gains and selling price increases to recover higher input costs.

On a like for like basis, full year revenue was broadly in line with the strong prior year comparator with growth in the second half of the year of 3.3%.

Over the year, our UK businesses delivered a strong performance, benefiting from the diverse customer base and an increased focus on the trade and specification sector.

Compared to the strong prior year comparator, the retail sector was impacted by softer demand and some customer destocking in the first half. The market did improve in the second half of the year and we are well positioned to continue to grow market share.

The trade sector, where we enjoy market leading positions, proved resilient with a particularly strong fourth quarter. Sales to national and independent merchants and housebuilders were robust. Representing a smaller proportion of our revenue, export was lower year on year reflecting softer first half demand in our export markets.

New product development remains a focus at all of our UK businesses. This core in-house strength is a key driver in our strategy to grow our brands' long-term leading market positions.

Strong progress has been made on our ESG strategy with a number of businesses achieving the Environmental Management standard ISO 14001 in the year, a key milestone on the path to net zero. We have also set targets and KPIs to align our businesses to our ESG strategic priorities. Further detail is included in the ESG section.

Underlying operating profit for the year grew by £6.3m to a record level of £37.2m (2022: £30.9m) with an operating margin of 12.6% (2022: 12.0%). This increase in profitability mainly reflected the contribution from Grant Westfield and the return to profitability at Johnson Tiles in the period.

Operating cash conversion was significantly ahead of the prior year supported by our continued focus on working capital.

TRITON

TRITON LAUNCHES NEW DUELEC®

Triton's DuElec® system is the solution for homeowners wanting an efficient electric shower which doesn't compromise on style and luxury experience.

The innovative solution allows the user to easily switch between a typical handheld shower head and an additional, large overhead drencher, to enjoy a rainfall shower experience.

Triton's Amore DuElec™ offers an energy efficient way to heat and use water, for a cleaner conscience when showering. By heating instantly and on demand, it avoids unnecessary wastage without compromising on performance. An average family of four could save up to 48,000 bottles of water over a year by switching from mixer to electric, which is the equivalent of 0.31 tonnes of carbon.

Triton

Revenue at Triton, the UK's market leader in showers, was £63.7m (2022: £60.1m), 6.0% higher than the prior year reflecting market share gains in the period driven by our market leading sustainability programme.

Triton has benefited from strong retail sales over the last three years by ensuring excellent product availability and maintaining high customer service levels. Second half retail revenue was particularly strong after experiencing some destocking in the first half from larger retail customers. Full year retail sector revenue was up by 4.6% compared to the prior year.

Trade sector revenue was 11.7% higher than the prior year, reflecting the strengthening of our team in this market segment, with growth continuing in contract business and Triton taking share in the social housing and local authority market. Export revenue also recovered in the second half albeit full year revenue was 2.5% behind the prior year reflecting first half customer destocking.

New products continue to be a key driver in maintaining Triton's long-term leading market position where ongoing investment and new product launches have proven successful. Notable revenue growth in the year was delivered from the DuElec® range of dual outlet electric showers and the introduction of new finishes.

Proud to be manufactured in Britain for almost 50 years and a member of the "Made in Britain" scheme since 2014, Triton is known as a leader in electric shower innovation with a focus on its environmental credentials. Investment in brand and marketing campaigns continued with the "Every Drop Makes a Difference" theme, raising awareness about the efficiency and sustainability benefits of electric showers. The campaign achieved a Special Recognition in Driving Behaviour Change Award from the Bathroom Manufacturers Association and was Highly Commended at the HVAC Industry Energy Savings Awards. Triton's Enrich electric shower also won the inaugural Screwfix sustainability award. During the year Triton achieved Carbon Neutral status and continued to work towards its target to be net carbon zero by the end of 2035.

Triton again delivered an underlying operating profit ahead of the prior year.

Merlyn

Merlyn, the UK and Ireland's number one supplier of shower enclosures and trays to the residential, commercial and hospitality sectors, performed strongly and recorded revenue of £57.5m (2022: £58.3m), slightly behind the strong prior year comparator. The business continued to grow its market share, leveraging its leading position in the UK through its leading design, quality product offering, stock availability and exceptional customer service.

UK revenue was in line with the prior year. The retail sector improved in the second half, driven by new customer wins and organic growth, with revenue finishing the year broadly in line with the prior year.

Trade revenue increased by 2.0% with growth across a number of existing customers, in addition to a number of new contracts including Vistry and Larkfleet, offset by slightly reduced sales to national merchants. Merlyn renewed agreements with all of the major buying groups and national merchants in the year. Exports decreased by 12.7% in the year reflecting customer destocking in Ireland and France.

New product development remains an integral component of Merlyn's growth strategy with the successful launch of the Sleek modern shower enclosure range. Further investment in Merlyn's online presence was reflected in the launch of the new Merlyn website with a new "find your perfect solution" feature. Recognising the strength of the brand, Merlyn was shortlisted at the BKU Awards for Shower Brand of the Year after winning the prestigious award plus Best Sales Representative in 2022. Merlyn has further developed its environmental credentials during the year and has now, amongst other initiatives, eliminated the use of single use plastics with fully recyclable alternatives.

Merlyn recorded underlying operating profit ahead of the prior year.

"Revenue at Triton, the UK's market leader in showers, was £63.7m (2022: £60.1m), 6.0% higher than the prior year reflecting market share gains in the period."

MERLYN PATENT

Merlyn's "one-person-fit" shower enclosures remove the struggle to assemble the frame off the tray and lift into place – often with another person's help.

The unique aspects of the design centre around two key features. Firstly, the slot and lock connection device simplifies the assembly, where traditionally several screws had to be used. Secondly, the patent incorporates the frame adjustment into the connection device; whereas before two overlapping profiles were used, it is now replaced with a single profile with the frame being adjusted and locked by an Allen key.

The patent is granted to Merlyn by the British Patent Office for the IQ/Easy quick fit system used on sliding, quadrant and corner doors – published on 1 February 2023 for up to 20 years.

VADO

RED DOT WINNER FOR PRODUCT DESIGN 2022

Arrondi, designed by the internationally renowned architects and interior designers, Conran and Partners, who collaborated with Vado to define a new aesthetic direction in a market which typically sees a strict delineation between the "traditional" and "contemporary".

With a shared commitment to sustainability, Vado and Conran and Partners have worked together to ensure Arrondi meets with each business' core environmental credentials.

- All basin mixers are fitted with industry leading H_2O eco flow regulators, delivering controlled water use at 5 litres per minute (at 1.0 bar MP) without compromising performance
- All packaging is 100% recyclable and plastic free – in line with Vado's sustainability commitment
- Circular design approach using market leading components to maximise longevity and reduce impact on the environment
- Reassuring 15-year guarantee, making Arrondi an investment range you can trust

Grant Westfield

Grant Westfield, our recently acquired market leading manufacturer of high end waterproof bathroom wall panels, recorded revenue for the ten months post-acquisition in line with expectations at £39.5m, ahead of the equivalent prior year period.

The business was successfully integrated in the first half of the year and has continued to develop, working with other Norcros businesses on several customer and channel opportunities. This collaboration has resulted in a new and developing relationship with Topps Tiles. The majority of Grant Westfield's revenue is through the trade channel with a small level of export revenue. Sales through the national merchants such as City Plumbing, Wolseley Group and Travis Perkins were strong. The online channel is growing and has performed well.

The Multipanel Tile collection, which was successfully launched post acquisition, has been well received and has reinforced the reputation of Grant Westfield for product innovation and quality. It is the only tile effect panel manufactured in the UK. The business achieved the Environmental Management standard ISO 14001 in the year.

Grant Westfield delivered an underlying profit performance in line with expectations.

Vado

Vado, our leading manufacturer of taps, mixer showers, bathroom accessories and valves, recorded revenue of £42.3m for the year (2022: £43.9m), 3.6% lower than the strong prior year comparator.

In the UK, our retail sector revenue was impacted in the period with revenue 14.7% lower than the prior year, albeit performance improved significantly in the second half of the year. The trade sector performed robustly, with revenue up 9.4% on prior year. This was driven by continuing to work with all existing key customers along with several contract wins, particularly in the second half of the year, such as The Cocoa Works, apartments at Silverstone and with Berkeley Homes. Export revenue was broadly in line with the prior year. Reduced sales in Ireland were offset by strong sales in the Middle East in the second half of the year.

Following the successful launch of the Arrondi range which was created in partnership with Conran and Partners and won a Red Dot Design award, the business continued to invest in new product development with further market leading launches in the flush plate, frames, and cistern markets.

Vado generated an underlying operating profit ahead of prior year.

Croydex

Croydex, our market leading, innovative designer, manufacturer, and distributor of high quality bathroom furnishings and accessories, recorded revenue of £25.5m (2022: £27.0m) for the period, 5.6% lower than the strong prior year comparator. Pleasingly, performance in the second half was ahead of prior year as a result of operational improvements.

Retail sector revenue in the first half of the year was significantly impacted by customer destocking and whilst the second half improved significantly, full year revenue was 22.1% behind the prior year. E-commerce sales were soft in the first half against a strong comparator of the prior year but were stronger at the end of the year including new listings with Dunelm online. The trade sector continued to perform well with strong sales across the national and independent merchants. Revenues were 16.3% ahead of the prior year. Export sales were below prior year by 7.7% largely as a result of reduced demand from the USA.

Underlying operating profit was marginally behind the prior year albeit the second half was ahead of the prior year.

"Grant Westfield, our recently acquired market leading manufacturer of high end waterproof bathroom wall panels, recorded revenue for the ten months post-acquisition in line with expectations at £39.5m, ahead of the equivalent prior year period."

JOHNSON TILES

NEW PROCESSES PROVIDE TEXTURE, STRUCTURE AND INTEREST

Johnson Tiles' launch of the Luxx range draws inspiration from striking marble patterns and on-trend animal textures, bringing a sense of glam and style, echoing the Johnson Tiles Astral range.

Luxx offers a variety of different prints available to suit any design scheme. Options range from Pinto Marble and Carbon Quartz to the four featured animal prints of Turtle, Snake, Cheetah and Zebra. These all have a distinctive and bold appearance.

Abode

Abode, our leading designer and distributor of high quality hot water taps, bathroom mixers, kitchen sinks and taps, recorded revenue of £17.7m for the year (2022: £18.9m), a 6.3% decrease on prior year largely reflecting a strong prior year comparator and the exit from some low margin business in the year.

The business continued to benefit from its strong market positions with key customers, which were further developed in the year with the launch of the loyalty scheme "Abode Accumulate". The business has continued to grow market share over the period and retail growth has been supported by MasterChef champion Shelina Permalloo who became a brand ambassador in the year. Her "Cook with Pronteau" features have increased awareness of the Abode Pronteau hot water taps helping drive market share gains in this attractive segment.

Abode celebrated its 20th anniversary in the year and achieved Carbon Neutral status as a result of its focus on developing sustainable products that provide customers with "water the way you want it", sustainably. Abode has a strong new product pipeline going into the new financial year.

Underlying operating profit was higher than prior year as a result of an improved customer mix and a strong focus on operational efficiencies.

> "Abode, our leading designer and distributor of high quality hot water taps, bathroom mixers, kitchen sinks and taps celebrated its twentieth anniversary and continued to grow market share over the period."

Johnson Tiles

Johnson Tiles, our UK market leading ceramic tile manufacturer and a market leader in the supply of both own manufactured and imported tiles, recorded revenue of £35.3m (2022: £34.2m), 3.2% higher than the prior year.

Trade sector revenue was up 14.0% on the prior year. Johnson Tiles' strong relationships with the national house developers continued, including Barratt, David Wilson, Persimmon, Charles Church, Redrow and Countryside. Major projects in the commercial and public specification sectors included Buckingham Palace and the National Portrait Gallery. Retail sector revenue was down 9.3% on the prior year, driven primarily by the continued exit of lower margin product categories. Export revenue, a small contributor to the overall business, was 25.0% below prior year due to reduced revenues on low margin products in the Middle East and France.

Johnson Tiles has developed a market leading position on sustainability over many years focusing strongly on recycling energy, water, and waste. The business achieved Gold status at the Supply Chain Sustainability School and became the first tile factory in the world to achieve BES 6001 (Responsible Sourcing in Construction).

The business returned to profitability in the year after incurring a significant energy related loss in the prior year, testament to the experience and focus of our team's early intervention. However, against a backdrop of uncertain and potentially lower demand for our locally produced tiles, a decision has been taken to impair the carrying value of the associated assets. Further detail can be found in the Chief Financial Officer's Report on page 35.

Norcros Adhesives

Norcros Adhesives, our UK manufacturer and supplier of tile and stone adhesives and ancillary products recorded revenue of £14.3m (2022: £14.3m), in line with prior year.

As mentioned earlier, we have taken the difficult but necessary decision to close the business. The revenue of £14.3m (2022: £14.3m) and the loss in the year of £2.7m have been included in the underlying results for the current and prior year. An exceptional restructuring cost of £4.8m has also been recognised in the year in relation to the costs associated with the closure. Further detail can be found in the Chief Financial Officer's Report on page 35.

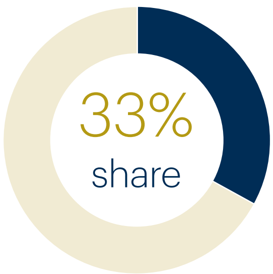
Market share gains.

The strong start to the year was offset by energy disruptions, especially in the fourth quarter. The business continued to take market share.

Highlights 2023

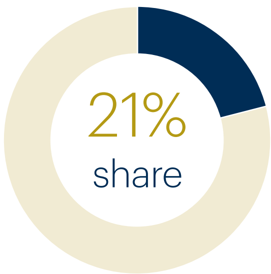
Share of Group revenue

£145.2m



Share of Group underlying operating profit

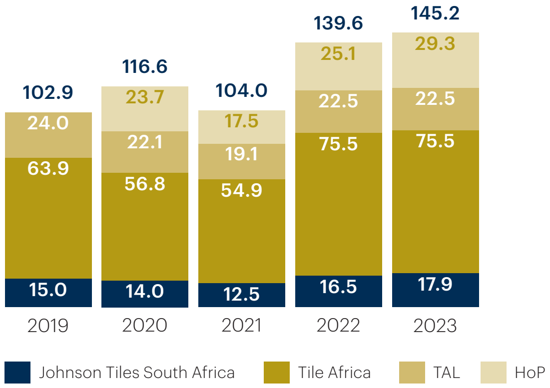
£10.1m



South Africa revenue £m

£145.2m

+4.7%[1]



1 On a constant currency basis.

Revenue for the year increased by 4.7% on prior year on a constant currency basis and increased by 4.0% on a Sterling reported basis to £145.2m (2022: £139.6m) compared to the strong prior year comparator.

Revenues on a constant currency basis increased year on year across all South African divisions, and the business continued to take market share by capitalising on its leading market positions and excellent customer service. Market conditions in the second half of the year were more challenging as energy supply constraints increased. The local management team have actively managed the impact of these energy interruptions. The businesses are well invested in terms of backup power generation. Market share growth continues to be driven by new product development and accelerated growth into the bathroom and plumbing channels.

Underlying operating profit for the year was £10.1m (2022: £10.9m), the reduction largely reflecting a record prior year comparator and reduced retail demand as consumer renovation spend has been replaced in the short term by domestic energy backup and saving projects. Cash generation was below prior year due to lower underlying operating profit and further investment in both working capital and capital expenditure. The business remains in a strong competitive position and is well placed to continue to gain market share in its respective markets.

"Revenue for the year increased by 4.7% on prior year on a constant currency basis."

TILE AFRICA

UNIQUE FLOOR COVERING

Tile Africa's (TAF) Commercial division has expanded its range of floor coverings to include alternative floor coverings, such as the STB Epoxy Power Trowel Flooring System, a unique floor covering made of glacial quartz and resin that has been gaining popularity.

TAF Commercial recently installed 1,850m^2 of this flooring application for the Spar group at the new Superspar in Wonderboom near Pretoria in South Africa. This flooring is ideal for high traffic areas due to its high strength, seamless appearance and slip-resistant nature, making it perfect for large retail environments. Additionally, the flooring requires little maintenance and is easy to clean, making it an excellent choice for busy spaces where downtime for cleaning is limited.

The Spar group's decision to opt for the Epoxy Power Trowel Flooring System is a testament to the quality of TAF Commercial's offering and the benefits of choosing alternative floor coverings.

SOUTH AFRICA BUSINESS REVIEW CONTINUED

Johnson Tiles South Africa

Johnson Tiles South Africa, our tile manufacturing business, recorded revenue of £17.9m (2022: £16.5m), an 8.5% increase on a reported basis and 9.1% higher on a constant currency basis.

Strong levels of manufacturing output continued during the year as productivity and efficiency initiatives delivered a good performance against a backdrop of energy and water supply challenges. Whilst demand in the retail sector has reduced in the second half of the year, this has been offset by resilient demand in the housebuilding sector, where the business holds a leading market position.

The new product development pipeline remains an important growth driver, with an increasing focus on sustainability. Products were specified and installed in leading developments across the country, including in a number of quality residential developments developed by national market leaders Central Development Properties and Balwin Properties in Johannesburg, Cape Town, and Durban.

Underlying operating profit was ahead of the prior year.

Tile Africa

Tile Africa, our leading retailer of wall and floor tiles, sanitaryware and bathroom fittings, recorded revenue of £75.5m (2022: £75.5m), in line on a reported basis and 0.5% higher on a constant currency basis.

Market share gains were driven though further improvements in operations leading to better than market stock availability. The business also continues to benefit from the focus on the bathroom sector, offering a compelling one-stop-shop for retail and commercial customers. The two private label bathroom ranges, Nuvo and Evox, continue to grow revenue at higher margins, benefiting from the international supply chain synergies. The introduction of quality bathroom furniture is performing well.

A growing number of alternative floor covering installations were completed in the year and the appeal and demand for our alternative coverings continues to grow. The larger commercial contracts sector remains subdued but we continue to make progress supplying national and regional housebuilders and growing our position as the specialist partners of choice for commercial customers in retail and hospitality.

Tile Africa currently operates from thirty-three owned stores and two franchise stores. No new Tile Africa stores were opened in the year as we focused on store upgrades (bathrooms and alternative flooring) and investing in our value for money stores under the HomeXpress sub-brand. This process has been completed with five stores moving into this category. A full upgrade of our Tile Africa Store in Nelspruit was successfully completed incorporating a full bath store within a store and alternative floor section.

Tile Africa's underlying operating profit was in line with the prior year.

TAL

TAL, our market leading adhesives business, recorded revenue of £22.5m (2022: £22.5m), in line with the prior year on a reported basis and a 0.9% increase on a constant currency basis.

TAL has retained all its key accounts albeit large commercial new build projects remained subdued, which impacted demand for TAL's high specification rapid setting adhesives and system-driven construction products. Retail sales were impacted by lower consumer confidence and considerable competitor activity, including new capacity, in the market.

Notwithstanding market conditions, TAL remains the leading brand in South Africa, with the business supplying market leading products and technical expertise to several construction projects during the year, including a new mall in Pretoria North, Marino Mall in Ermelo, Midlands Mall in Kwazulu-Natal, refurbishment of schools and hospitals in Mahikeng and Kwazulu-Natal and the Setari residential apartments in Cape Town.

TAL's underlying operating profit was below the prior year.

House of Plumbing

House of Plumbing, our market leading supplier of specialist plumbing materials into the specification and commercial sector, recorded full year revenue of £29.3m (2022: £25.1m), 16.7% higher than the prior year on a reported basis and 17.7% higher on a constant currency basis.

The business has leveraged its increased national footprint to deliver revenue growth despite the softer commercial projects sector. House of Plumbing now operates eight branches with focus on providing expert technical advice and consistent stock availability with the business planning to continue to extend its geographical footprint.

During the year, House of Plumbing supplied several landmark projects, including Unilim Student Housing in Mankweng, Coca Cola Factory in Durban, Ekangala Housing Project, Frimax Factory in Tongaat and the University of Venda.

House of Plumbing's underlying operating profit was marginally lower than the prior year.

Underlying operating profit increased by 13.2% to £47.3m, a new record for the Group.

- Group revenue increased by 11.3% to £441.0m (2022: £396.3m)
- Group underlying operating profit increased by 13.2% to £47.3m (2022: £41.8m)
- Group operating profit was £27.5m (2022: £36.2m)
- Group underlying profit before tax was £41.8m (2022: £39.3m)
- Group profit before tax was £21.7m (2022: £33.0m)
- Underlying operating cash flow of £44.8m (2022: £28.6m), 89% of underlying EBITDA (2022: 63%)
- Net debt of £49.9m (2022: net cash of £8.6m)
- Pension scheme in a surplus position of £14.9m (2022: £19.6m)

"The Group is in a strong financial position and is well placed to further progress its strategic priorities."

James Eyre
Chief Financial Officer

Financial overview

	2023 £m	2022 £m
Revenue	**441.0**	396.3
Underlying operating profit	**47.3**	41.8
IAS 19R administrative expenses	**(1.6)**	(1.7)
Acquisition related costs	**(8.4)**	(4.8)
Exceptional operating items	**(9.8)**	0.9
Operating profit	**27.5**	36.2
Net finance costs	**(5.8)**	(3.2)
Profit before taxation	**21.7**	33.0
Taxation	**(4.9)**	(7.3)
Profit for the year	**16.8**	25.7

Revenue
Group revenue at £441.0m (2022: £396.3m) increased by 11.3% on a reported basis and by 1.5% on a constant currency like for like basis after adjusting for Grant Westfield, acquired on 31 May 2022.

Underlying operating profit
Underlying operating profit increased by 13.2% to £47.3m (2022: £41.8m). Our UK businesses recorded an underlying operating profit of £37.2m (2022: £30.9m), and our South African businesses recorded an underlying operating profit of £10.1m (2022: £10.9m). Group underlying operating profit margin was 10.7% (2022: 10.5%).

IAS 19R administrative costs
These costs represent the costs incurred by the Trustee of administering the UK defined benefit pension scheme and are reflected in the Income Statement under IAS 19R. Costs of £1.6m are lower than the prior year (2022: £1.7m) largely as a result of the additional fees incurred in the prior year relating to the triennial actuarial valuation.

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Acquisition related costs

A cost of £8.4m (2022: £4.8m) has been recognised in the year and is analysed as follows:

	2023 £m	2022 £m
Intangible asset amortisation	**6.2**	3.7
Advisory fees	**1.4**	1.1
Deferred remuneration	**0.8**	—
	8.4	4.8

Intangible asset amortisation has increased from £3.7m to £6.2m following the acquisition of Grant Westfield.

The advisory fees relate to the costs incurred in relation to acquisition activity.

In accordance with IFRS 3, a proportion of the contingent consideration is treated as remuneration, and, accordingly, is expensed to the Income Statement as incurred. In the current year this represents a cost of £0.8m in relation to the Grant Westfield acquisition.

Exceptional operating items

An exceptional operating charge of £9.8m (2022: credit of £0.9m) has been recognised in the year.

	2023 £m	2022 £m
Restructuring costs	**4.8**	—
Impairment	**5.0**	—
Release of UK property provision	**—**	(0.9)
	9.8	(0.9)

Norcros Adhesives

The exceptional restructuring cost charge of £4.8m was incurred in relation to the aforementioned restructuring programme implemented at Norcros Adhesives. £4.8m (of which circa £2m represents the gross cash cost) represents a provision for the costs associated with closure including the write down of current and non-current asset values and costs such as redundancy. As a result of realisations on assets, the net impact on cash is not expected to be material.

The revenue of £14.3m, representing approximately 3% of Group revenue (2022: £14.3m) and the loss in the year of £2.7m (following a small loss in the prior year) have been included in the underlying results for the current and prior year.

Johnson Tiles

The Group reviews all cash-generating units to determine whether any of the assets related to our operations are impaired. These reviews are performed by comparing the estimated future cash flows generated by the divisions with the carrying value of the assets generating those cash flows. The future cash flows are sensitised for items including reduced margins, increasing energy costs and working capital variances to illustrate a value in use for the business. As a result of these reviews and a reduction in demand for our locally produced tiles, tangible and right of use assets within the Johnson Tiles UK business have been impaired with a non-cash impairment charge of £5.0m recognised as an exceptional item in the Income Statement.

During the prior year, the release of UK property provision related to the settlement of a legacy onerous property lease and the release of the surplus provision.

Finance costs

	2023 £m	2022 £m
Interest payable on bank borrowings	**3.7**	0.8
Interest on lease liabilities	**1.8**	1.7
Amortisation of costs of raising debt finance	**0.3**	0.2
Discounting of contingent consideration	**0.6**	—
Discounting of property lease provisions	**—**	0.1
Finance costs	**6.4**	2.8
IAS 19R finance (credit)/cost	**(0.6)**	0.4
Net finance costs	**5.8**	3.2

Net finance costs for the year of £5.8m compares to £3.2m in 2022. This movement is mainly due to the increase in the level of borrowings in the year relating to the Grant Westfield acquisition and the increase in Bank of England base rates in the UK.

The Group has recognised a £0.6m IAS 19R interest credit in respect of the UK defined benefit pension scheme surplus (2022: cost of £0.4m) due to the surplus throughout the year.

Underlying profit before tax

Underlying profit before tax was £41.8m (2022: £39.3m), mainly reflecting the increase in underlying operating profit noted above, partially offset by the increased interest costs.

Taxation

The tax charge for the year of £4.9m (2022: £7.3m) represents an effective tax rate for the year of 22.6% (2022: 22.1%). The increase in the effective tax rate mainly relates to the increase in non-deductible acquisition related costs in 2023.

The standard rates of corporation tax in the UK, South Africa and Ireland in the period were 19% (2022: 19%), 28% (2022: 28%) and 12.5% (2022: 12.5%) respectively.

Dividends

In light of the strong performance in the year, the Board recommends a final dividend of 6.8p per share (2022: 6.9p). This, combined with the interim dividend of 3.4p per share (2022: 3.1p), results in a total dividend of 10.2p per share (2022: 10.0p). The total dividend is equivalent to a dividend cover of 3.7 times, broadly in line with the year ended 31 March 2022 (3.8 times). The cash cost of the total dividend is £9.1m.

This final dividend, if approved at the Annual General Meeting, will be payable on 4 August 2023 to shareholders on the register on 30 June 2023. The shares will be quoted ex-dividend on 29 June 2023. Norcros plc operates a Dividend Reinvestment Plan (DRIP). If a shareholder wishes to use the DRIP the latest date to elect for this in respect of this final dividend is 14 July 2023.

Balance Sheet

The Group's Balance Sheet is summarised below.

	2023 £m	2022 £m
Property, plant and equipment	**24.8**	29.0
Right of use assets	**20.0**	19.9
Goodwill and intangible assets	**167.1**	90.3
Deferred tax	**(15.0)**	(9.4)
Net current assets excluding cash and borrowings	**80.6**	68.2
Pension scheme surplus	**14.9**	19.6
Lease liabilities	**(24.7)**	(24.0)
Other non-current assets and liabilities	**(7.4)**	(1.9)
Net (debt)/cash	**(49.9)**	8.6
Net assets	**210.4**	200.3

Total net assets increased by £10.1m to £210.4m (2022: £200.3m). Net current assets increased by £12.4m largely reflecting the cash investment into working capital to support business growth.

Property, plant and equipment decreased by £4.2m to £24.8m and included additions of £5.4m (2022: £5.3m) and acquired assets of £1.1m. The Group recognised an impairment charge of £4.1m (2022: £nil), the depreciation charge was £4.9m (2022: £5.1m) and foreign exchange losses were £1.7m (2022: gain of £0.8m) relating to assets held in South Africa.

Right of use assets increased by £0.1m to £20.0m (2022: £19.9m), reflecting the acquisition of Grant Westfield offset by the impairment of Johnson Tiles assets. Lease liabilities of £24.7m (2022: £24.0m) increased by £0.7m.

The deferred tax liability increased by £5.6m to a liability of £15.0m (2022: liability of £9.4m). The increase is mainly the result of the deferred tax arising on acquired intangibles.

Pension schemes

On an IAS 19R accounting basis, the gross defined benefit pension scheme valuation of the UK scheme showed a surplus of £14.9m compared to a surplus of £19.6m last year. The present value of scheme liabilities decreased by £83.3m primarily due to an increase in the discount rate to 4.90% (31 March 2022: 2.75%) and benefit payments made in the period. The value of scheme assets decreased by £88.0m largely due to benefit payments made in the period and reduced asset valuations.

As agreed at the 2021 triennial valuation, deficit repair contributions are £3.8m per annum from 1 April 2022 to March 2027 (increasing with CPI, capped at 5%, each year).

The Group's contributions to its defined contribution pension schemes were £4.0m (2022: £3.7m).

Cash flow and net debt

Underlying operating cash flow was £16.2m higher than in the prior year at £44.8m (2022: £28.6m).

	2023 £m	2022 £m
Underlying operating profit	**47.3**	41.8
Depreciation and underlying amortisation (owned assets)	**5.0**	5.2
Depreciation of right of use assets	**4.6**	4.1
Lease costs	**(6.4)**	(5.7)
Underlying EBITDA (pre-IFRS 16)	**50.5**	45.4
Net working capital movement	**(13.3)**	(23.6)
IFRS 2 charge add-back	**1.2**	1.1
Lease costs	**6.4**	5.7
Underlying operating cash flow	**44.8**	28.6
Underlying operating cash conversion	**89%**	63%

The main drivers of the improvement in underlying operating cash flow were the increased level of underlying operating profit and a continued focus on working capital. Underlying operating cash conversion in the year was 89% of underlying EBITDA (2022: 63%).

	2023 £m	2022 £m
Underlying operating cash flow	**44.8**	28.6
Cash flows from exceptional items and acquisition related costs	**(3.3)**	(1.7)
Pension fund deficit recovery contributions	**(3.8)**	(3.3)
Cash flow generated from operations	**37.7**	23.6
Net interest paid	**(5.5)**	(2.5)
Taxation	**(7.7)**	(6.5)
Net cash generated from operating activities	**24.5**	14.6
Acquisition of subsidiary undertaking (net of cash acquired)	**(78.3)**	—
Capital expenditure	**(6.0)**	(5.4)
Dividends	**(9.2)**	(9.1)
Share transactions	**18.1**	0.1
Principal element of lease payments	**(4.6)**	(4.7)
Exchange movement	**(2.9)**	1.6
Movement in costs of raising finance	**(0.1)**	1.0
Net cash movement	**(58.5)**	(1.9)
Opening net cash	**8.6**	10.5
Closing net (debt)/cash (pre-IFRS 16)	**(49.9)**	8.6

Cash generated from operating activities was £9.9m higher than the prior year at £24.5m, largely due to the £16.2m increase in underlying operating cash flows, partially offset by higher interest payments.

Cash flows from exceptional items and acquisition related costs in the current year primarily relate to the advisory fees for the acquisition of Grant Westfield.

CHIEF FINANCIAL OFFICER'S REPORT CONTINUED

Cash flow and net debt continued

Capital expenditure at £6.0m (2022: £5.4m) includes investment in new product programmes, store upgrades, IT systems and manufacturing facilities.

The Group ended the year with net debt of £49.9m (2022: net cash of £8.6m) on a pre-IFRS 16 basis after a net cash outflow of £58.5m. Net debt inclusive of IFRS 16 lease liabilities was £74.6m (2022: £15.4m).

Funding and liquidity

The Group extended its multicurrency revolving credit facility by a further year in the period. The Group has committed banking facilities of £130m (plus a £70m uncommitted accordion) with a maturity date of the facility of October 2026 with a further year extension available.

James Eyre
Chief Financial Officer
14 June 2023

	Average rate vs £	
	2023	2022
South African Rand	**20.40**	20.28
Euro	**1.16**	1.18
US Dollar	**1.21**	1.37

	Closing rate vs £	
	2023	2022
South African Rand	**21.94**	19.20
Euro	**1.14**	1.19
US Dollar	**1.24**	1.31

	2023	2022	Change
Revenue (£m)	**441.0**	396.3	11.3%
Underlying operating profit (£m)	**47.3**	41.8	13.2%
Underlying profit before tax (£m)	**41.8**	39.3	6.4%
Underlying diluted earnings per share (pence)	**37.4**	38.2	(2.1%)
Underlying return on capital employed (%)	**18.5**	23.9	(540bps)
Underlying operating cash flow (£m)	**44.8**	28.6	56.6%
Net (debt)/cash (£m)	**(49.9)**	8.6	(58.5m)

Supporting sustainable business objectives through embedded risk management.

Risk management remains a priority for the Group to help sustain the success of the business in the future. There is a range of potential risks and uncertainties which could have a material impact on the Group's performance. The objective of our risk management framework is to support the business in meeting its strategic and operational objectives through the identification, monitoring and mitigation of risks within clearly defined risk appetite levels for each risk category.

Risk management framework

How we manage risk

Our risk management activities form part of a flexible and robust governance framework, which is owned by the Board, overseen by the Audit and Risk Committee and embedded at operational level. It consists of the following key elements:

Defined risk responsibilities:

Board – Overall responsibility for risk management. Defines the Group's Risk Management Policy, sets risk appetite levels for each risk category and provides leadership on the Group's risk culture

Audit and Risk Committee – Provides oversight, challenge and independent assurance on the risk management framework

Management – Day to day operational management of risk following Group policies and embedded reporting procedures

Defined risk policies and reporting procedures:

- Formal Board-approved Group Risk Management Policy
- Defined risk appetite levels for each category of risk
- Standardised, regular risk reviews and embedded risk reporting
- Divisional support from Head of Group Internal Audit and Risk Assurance

Integrated top-down and bottom-up risk management process

Group Audit and Risk Committee
Risk management framework oversight and challenge
Review management of top risks

Group Internal Audit and Risk Assurance
Provide independent, objective assurance
Facilitate business risk reviews
Reporting on principal risks and uncertainties

Group and business units
Risk monitoring
Regular review and updating of risk registers

Group
Strategic risk management
Identification, review and management of Group risks

Business units
Operational risk management
Update and maintain risk registers reflecting key risks identified and mitigating actions taken

What we monitor

Risk landscape

Current risks:
Risks that could affect our business, customers, supply chain, employees and other stakeholders and impact the achievement of our strategic goals

Emerging risks:
"New" risks with relatively unclear potential future impact or likelihood, identified through the embedded internal risk assessment process

Risk categories

- Strategic
- Commercial
- Operational
- Financial
- People
- Regulatory and legal
- Fraud
- Health and safety
- Information technology and cyber
- Environmental, social and governance (includes climate change)

What we assess

Risk appetite: Acceptable level of risk, defined by the Board, for each category of risk
Risk ownership: Each risk has a named owner
Risk scoring: Each risk is assessed in terms of its financial and reputational impact, and its likelihood, using a standard scoring scale
Inherent (gross) risk score: Assessment before mitigating controls or actions are applied or taken
Residual (net) risk score: Assessment after mitigating controls or actions are applied or taken
Actions: Required actions to address risks that exceed risk appetite, including defined timelines

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties

Our risk management framework identifies the principal risks and uncertainties that we consider may threaten the Group's business model, future performance, solvency or liquidity. These are explained in further detail in the table below, including how they are being managed. The Board has carried out a robust assessment of the principal risks and taken them into consideration when assessing the long-term viability of the Group and Company on page 45. The list does not comprise all the risks that the Group may face, and they are not listed in any order of priority.

During the past three years, many of our existing principal risks were affected by the COVID-19 global pandemic. The perceived risks from COVID-19 have now diminished to such an extent that the World Health Organization has officially declared an end to the global COVID-19 emergency. However, we remain of the opinion that uncertainty resulting from pandemics more widely, including new or mutated strains of COVID-19, is likely to remain a potentially significant risk for the foreseeable future; we therefore continue to identify pandemics as a principal risk and uncertainty.

Strategic risks

Pandemics (including COVID-19)

Risk movement

Reducing

Description

The ongoing effects of the COVID-19 pandemic have reduced to such an extent that the World Health Organization has declared an end to the global COVID-19 emergency. While measures such as travel restrictions, social lockdowns and business closures are no longer in place, we recognise that there remains a risk that a global pandemic, including a resurgence of the COVID-19 virus, or a variant of it, could continue to be a source of uncertainty in the short term.

Failure to adapt quickly and respond to the impacts of future pandemics, and their implications in the markets in which we operate, may result in disruption to our supply chain, affect employee attendance and physical or mental health, and could adversely impact our operations and financial results.

Impact

While the Group performed robustly throughout the global COVID-19 pandemic, the mid- to long-term financial impact of the pandemic, and any other future pandemics, on our main markets remains uncertain.

Outbreaks of new, novel viruses, COVID-19 variants that are vaccine resistant, or vaccine supply issues that impact the rollout of vaccinations in some of our key markets could lead to the reintroduction of restrictions or other impacts that could be detrimental to our trading in the short term.

Mitigation

We demonstrated, during the COVID-19 pandemic, that our business continuity plans enabled us to quickly safeguard our employees and limit the financial impact on the business through a range of measures including the temporary suspension of operations, bringing forward planned factory maintenance shutdowns and reducing discretionary expenditure. We ensured that those employees who could continue to do their jobs from home were technologically enabled to do so securely, and we provided safe systems of work for those who could not practically work from home.

We could reintroduce any or all of these measures again should the need arise.

We continue to monitor global developments related to pandemics, including COVID-19.

Strategic risks continued

Acquisition risk

Risk movement

Stable

Description

Part of the Group's strategy is to grow through selective acquisitions.

The impact of significant global events may affect the cost, timing or availability of potential acquisitions, and the availability of equity or bank funding. However, such events may also provide additional opportunities that would not otherwise have existed.

The Group might fail to successfully integrate acquisitions into its existing business model.

Impact

The operational performance of acquired businesses may not reach expectations impacting Group profitability and cash flow, as well as affecting the Group's reputation.

Mitigation

The Group has detailed target appraisal procedures in place, including appropriate due diligence, and has senior management experienced in M&A work. The Group also has robust Board approval procedures in place to ensure independent review of proposals.

Integration plans are finalised prior to acquisitions completing to ensure newly acquired businesses are integrated efficiently and swiftly after acquisition. Group Internal Audit and Risk Assurance conducts post-integration audits to ensure operations are fully integrated. Past acquisitions provide demonstrable evidence of the Group's ability to successfully integrate new businesses and this was demonstrated again in 2022, following the acquisition of Grant Westfield and its integration into the Group.

Environmental, social and governance (ESG) risk

Risk movement

Increasing

Description

The need to develop more sustainable ways of doing business is vital. Investors, customers and a wide range of other stakeholders are increasingly wanting to form relationships with companies that have a clear plan and framework to improve their ESG credentials.

A significant part of ESG risk is related to climate change and the potential effects of both physical and transition climate-related risks. See the TCFD section on pages 68 to 77.

There is a risk from failing to meet increasing regulatory and reporting requirements.

Impact

Failure to adequately mitigate ESG risks or to satisfactorily meet reporting requirements could lead to the Group losing customers, investors or support from other stakeholders that would negatively impact our reputation, future profits or funding opportunities that could further limit future growth.

Mitigation

The Group has a history of being focused on providing sustainable value creation whilst being committed to operating in an ethical, entrepreneurial and responsible manner with the highest standards of corporate governance.

In recognition of the importance of ESG, the Group has established an ESG governance structure and continues to develop this through implementing Group policies, strengthening carbon data reporting and developing our wider ESG reporting capabilities (see the ESG section on pages 46 to 77).

People risk

Staff retention and recruitment

Risk movement

Increasing

Description

The Group currently employs 2,358 people worldwide. The Group's ability to grow and increase its market share depends significantly on its continuing ability to recruit and retain highly skilled employees in each area of its activities and to be an employer of choice in the communities where it operates.

The current employment landscape, including high levels of employment, rising inflation, increasing national minimum and living wage rates and flexible working demands, continues to present uncertainty in the recruitment and retention of appropriately skilled employees.

Impact

Future growth plans may be restricted or delayed by difficulties experienced in recruiting and retaining appropriate employees.

Mitigation

Group policy is to remunerate employees in line with market rates and practices. In addition to competitive salaries, employees are offered bonus schemes, share option schemes and other benefits.

Executive and key management are incentivised through an Approved Performance Share Plan (APSP). A grant of options under the APSP has taken place annually since 2011.

The Group offers employees appropriate training and development opportunities and has a demonstrable track record of internal promotion.

A Chief People Officer role was created in the year.

Commercial risks

Market conditions

Risk movement

Increasing

Description
Demand in our markets is dependent on new building activity and repair, maintenance and improvement (RMI) activity in both the public and private sectors. This is in turn influenced by macroeconomic factors, consumer confidence and government spending policy in our key markets.

The global economy continues to recover slowly with a range of negative factors affecting its recovery from the unprecedented impact of the COVID-19 pandemic. These include inflation and the increased cost of living, and the ongoing conflict in Ukraine affecting energy and food prices during the year. On the positive side, freight costs and the shipping container issues experienced previously have eased during the year.

The disposable income of consumers may be adversely impacted by rising inflation especially in food, household energy bills and fuel and transport costs.

Impact
Demand for our products remains robust despite the current macroeconomic pressures. However, demand could still weaken in the short to medium term as consumer spending patterns change, impacting profitability and cash generation.

In the short to medium term, ongoing increasing inflationary pressures could lead to reduced profitability, as customers' discretionary spending reduces.

Mitigation
There are a number of mitigating factors in place that could limit the impact of potential changes in consumer spending patterns on the Group. These include the breadth of products offered, the geographical spread of our businesses, a flexible cost base and supply chain, investment in new product development and the replacement cycle of several of our key products.

We maintain appropriate headroom against our borrowing facilities and covenants, maintain strong working capital and capital expenditure controls and have disciplined planning, budgeting and forecasting processes.

Our businesses actively manage their supply chains and monitor input costs whilst liaising with their customers. They mitigate risks through proactive sourcing and pricing strategies.

Loss of key customers

Risk movement

Stable

Description
While the Group has a diverse range of customers there are nevertheless certain key customers which account for higher levels of revenue.

The deterioration in market conditions noted elsewhere continues to heighten the risk that key customers could go out of business, or that they could change their business models, e.g. they may move to an online, or other alternative, model and we may miss this opportunity if we fail to adapt to such changes.

Impact
Many of the contractual arrangements with customers are short term in nature (as is common in our markets) and there exists a risk that the current performance of a business may not be maintained if such contracts were not renewed or extended or were maintained at lower volumes due to a decline in economic activity or our failure to provide goods or services in the way a customer requires us to do so.

Mitigation
The importance of relationships with key customers is recognised and managed by senior management within the Group who have direct and regular access to their counterparts at the highest levels of management.

Rebate schemes and incentive programmes help maintain these key relationships in a competitive market situation.

The Group stresses key selling points such as the continuity of supply, financial strength of the Group and level of customer service to help maintain relationships. As well as an excellent product offering, the Group is also able to assist with customers' sourcing, storage and logistics requirements.

Each of our businesses continues to develop and evolve its digital and online offering in response to the changing trading environment.

Competition

Risk movement

Stable

Description
The Group operates within a highly competitive environment in all its markets. The actions of our competitors, including their marketing strategies and new product development, could lead to them gaining competitive advantage in key products and markets.

Impact
The Group recognises that there is a risk to its results and financial condition caused by the actions of its competitors.

Mitigation
To help identify and manage such risks, the competitive environment, the specific business marketplace and the actions of particular competitors are reviewed and discussed at both Group and operating divisional Board meetings. In addition, each market is carefully monitored to identify any significant shift in policy by any competitor, any change in the routes to market, or any indication of new competitors and/or new product technology entering the market.

Operational risks

Reliance on production facilities

Risk movement

Stable

Description
The Group operates a number of facilities for the manufacture of tiles and adhesives.

Impact
If any of these facilities (including technology used to operate them) were to fail, the effect on the Group could be significant.

Mitigation
The Group has a well-established ongoing preventative maintenance programme as well as a comprehensive and flexible "annual shutdown" programme throughout its manufacturing operations.

Furthermore, the Group has experienced, globally co-ordinated product sourcing functions, which could mitigate the risk of failure.

Finished goods inventory holdings across the operations provide limited "buffer" stocks in the event of operational failure. Disaster recovery plans are in place and business continuity plans have been developed and are tested. Additionally, a business interruption insurance policy is in place to mitigate losses caused by a serious insurable event affecting manufacturing capability.

Loss of key supplier

Risk movement

Stable

Description
The Group's extended supply chain, with its dependency on interconnected third parties for manufacturing, has several potential points of failure. Raw materials, components and energy represent a significant proportion of the Group's input costs. The potential lack of availability of, or poor quality standards in, these key elements represents a significant risk.

Reliance on a single supplier within the supply chain, or on several suppliers in close geographical proximity, could lead to a failure to acquire the required quantity or quality of essential resources.

Impact
The lack of supply of raw materials such as clay or sand, components such as electronics, glass or brassware, or gas or electricity could have significant impacts on the Group's ability to manufacture product. The risk of energy supply interruption is elevated in South Africa as its utility infrastructure is less well developed than in the UK.

Mitigation
The Group manages supply chain risks through long-term relationships with key suppliers, audits of key suppliers, dual supply of critical materials or components, where considered appropriate, and holding appropriate levels of finished goods stock.

The Group maintains strict product quality standards and has dedicated procurement and quality control resource in China to ensure these standards are adhered to. The Group aims to mitigate risks on energy supply where these arise. The Group regularly reviews the geographical concentration of its supplier base and mitigates risks arising where it is commercially and economically practical to do so.

Information technology and cyber security

Risk movement

Increasing

Description
The Group relies heavily on several processes and automated systems to manage data and conduct its business. The continuing prevalence and increasing sophistication of cyber-crime and data loss incidents, along with stringent data protection legislation compliance requirements, present risks to all businesses and organisations across the globe. The risk from state-backed cyber-attacks has increased recently.

The evolution of home and remote working methods presents increased cyber security risks due to remote system access from potentially less secure working environments and unfamiliar working practices.

Impact
A major failure of systems or a successful cyber-attack could result in a temporary inability to conduct operations or a loss of commercial and/or customer data. Such an incident may result in regulatory breaches, financial loss, operating disruption or damage to the reputation of the Group.

Mitigation
During the year, the Group employed the services of a third party cyber security specialist company to carry out an independent evaluation of our cyber security maturity. The review led to improvement roadmaps being established for each of the businesses reviewed, and for the Group as a whole, which are being worked on to improve our security posture across the business.

The latest network and security protocols are deployed, updated and regularly tested. Dedicated business cyber security managers monitor services and networks in line with established policies and procedures.

Each business maintains remote backups of data. The Group undertakes annual penetration testing conducted by certified third parties and conducts ongoing vulnerability scanning, which takes place regularly throughout the year.

Data protection regulation compliance reviews are undertaken to confirm the effectiveness of the relevant processes and controls. Data protection representatives have been nominated at each business to help co-ordinate the Group's approach to data protection and provide local advice.

The Group operates an online awareness training programme with cyber security, information security and data protection training mandated for all users of IT equipment.

A third-party specialist incident response provider is retained to assist the Group with an appropriate and quick response to any cyber breach or data breach incidents that may occur.

New equipment, and security tools and methods such as virtual private networks and multi-factor authentication, are employed to mitigate remote working risks.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Financial risks

Exchange rate risk

Risk movement

Stable

Description
The Group's financial performance is subject to the effects of fluctuations in foreign exchange rates. In particular, the Group sources a significant proportion of its components and goods for resale from the Far East and Europe which are denominated in foreign currencies (primarily the US Dollar, Euro and Renminbi).

Impact
Should Sterling or the South African Rand weaken against these currencies this could result in an increase in future input costs.

Mitigation
The Group typically seeks to hedge its foreign exchange transactional flows for up to twelve months forward, which largely removes the effects of day to day exchange rate volatility on our businesses.

Regular monitoring of exchange rates and market conditions, together with frequent dialogue with suppliers, allows our businesses time to negotiate revised commercial terms with customers to mitigate the impact of longer-term changes in exchange rates.

The Group may, where it is considered appropriate, denominate some of its borrowings in other currencies to hedge translational asset risk.

Funding and liquidity risk

Risk movement

Stable

Description
The Group's ability to grow and adapt its business is dependent, in part, on its ability to source funding through bank financing facilities. Whilst the Group has committed funding until October 2026 it is possible that the Group may find it difficult to obtain financing on commercially acceptable terms in the longer term.

Impact
The inability to source adequate longer-term funding could impact our longer-term growth strategy whilst a breach of one or more of the banking covenants could result in the Group's debt becoming immediately repayable.

Mitigation
The Group completed a refinancing of its banking facilities last year. We reforecast our liquidity and funding requirements and covenant performance monthly. Senior executives and divisional management teams review, monitor and track short-term liquidity weekly and covenant performance monthly.

Pension scheme risk

Risk movement

Stable

Description
The Group's pension position is subject to a number of risks including changes in interest rates, asset values, inflation and mortality (see note 24 for more detail).

Impact
These risks could increase the assessed pension scheme liability adversely or affect the funding of the defined benefits under the scheme and consequently the Group's funding obligations.

Mitigation
The scheme was closed to new members and future accrual with effect from 1 April 2013 and replaced by an auto-enrolment compliant defined contribution scheme. Risks from rising costs of providing a final salary pension scheme have therefore been materially reduced.

All asset investments are managed by professional fund managers and a diverse asset portfolio is maintained to spread risk and return.

Executive Management regularly monitors the funding position of the scheme and is represented on the Trustee board to monitor and assess investment performance and other risks to the Group.

The Group considers each valuation (IAS 19R and technical provisions basis) and reassesses its position regarding its pension commitments in conjunction with external actuarial advice.

The Group's financial results show a net surplus in this scheme, as at 31 March 2023, of £14.9m (2022: surplus of £19.6m) assessed in accordance with the accounting standard IAS 19R. The present value of scheme liabilities decreased by £83.3m due to an increase in the discount rate to 4.90% (31 March 2022: 2.75%) and benefit payments made in the period. The assets' value reduced due to benefit payments made in the period and reduced asset valuations.

Last year, the Group reached agreement with the Trustee on the 2021 triennial actuarial valuation for the UK defined benefit scheme and on a revised deficit recovery plan. The actuarial deficit at 31 March 2021 was £35.8m (2018: £49.3m). Deficit repair contributions were agreed at £3.8m per annum from 1 April 2022 to March 2027 (increasing with CPI, capped at 5%, each year).

VIABILITY STATEMENT

In accordance with provision 31 of the 2018 revision of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a longer period than the twelve months required by the "going concern" provision. Taking into account the Group's current position and the nature of the principal risks and uncertainties it faces, the Board has decided to assess the viability of the Group over a three-year period to 31 March 2026. The Board considers this period appropriate as it believes it is not possible to credibly forecast beyond this time horizon and it is also the period over which long-term incentives are set for Executive Directors and senior management.

A viability statement financial model was developed on a bottom-up basis by taking the output of the annual budgeting process built up by individual businesses, then subjected to review and challenge by the Board and then applying conservative general and business-specific assumptions to build years two and three. The Board considers the outputs from this financial model, including the Group's cash flows, headroom under existing financial facilities, dividend cover and other key financial ratios over the three-year period. The financial model has then been stress tested by modelling the most extreme but plausible scenario, that being a global pandemic similar in nature to COVID-19, which at its peak saw a revenue reduction of 25% on the prior year over a six-month period. The Directors have considered the impact of this scenario on the Group's financial performance (specifically headroom on our financial facilities and covenants) after taking account of mitigating actions that could be made, with the result being that the Group maintains the necessary liquidity levels and complies with the facility covenants despite the impact of significant declines in revenues, earnings, cash outflows and increasing leverage.

Reverse stress testing has also been applied to the model, which represents a further decline in sales compared with the reasonable worst case. Such a scenario, and the sequence of events which could lead to it, is considered to be implausible and remote.

Therefore, the Directors have a reasonable expectation that the Group and Company will be able to continue in operation and meet their liabilities as they fall due over the period to March 2026.

VADO

New Dubai showroom

The Hydrologics Dubai showroom supports Vado's growing customer base in this key region.

The new facility provides the Export team with additional support for new and existing customers – a great base for educating architects and designers about Vado's product portfolio and brand.

Sustainability is at the centre of our strategy.

EMBEDDING SUSTAINABILITY

Why sustainability matters

At Norcros, sustainability forms a core part of our strategic planning and decision making processes and is increasingly providing a competitive advantage. We will continuously develop our environmental and societal contribution and we will continue to conduct business to the highest governance standards.

We have a history of environmental and social leadership. We also recognise that there are meaningful opportunities to accelerate our contribution to the environment and society. We are increasingly designing and supplying sustainable products that not only create commercial returns but also reduce our suppliers and customers carbon footprints, energy and water consumption and bills. Our products have a relatively low but increasing level of recycled material, as we take a more circular approach to what we do. We pride ourselves on reducing our operational environmental impact through energy saving, recycling and waste management schemes. We also play an active role in our communities.

The business has reviewed our ESG strategy, focusing on eight key issues that are highlighted in our ESG Management Information (MI) Framework. A key component in the framework is our Net Zero Transition Plan, including setting carbon emission reduction targets for the first time.

Achievements and priorities

Achievements since our last Annual Report include:

- **Development of a new ESG strategy and KPIs.** We have identified eight priority themes, each with a Norcros ambition and a series of KPIs. This is already helping us to align our business behind our ESG priorities. Our Sustainability Report is aligned to these eight priority themes.
- **We have developed our Net Zero Transition Plan.** We have set a target of achieving net zero by 2040.
- **We have set carbon emissions targets.** In addition to our Net Zero target, we have set interim targets for scope 1 and 2 and scope 3 carbon emissions for 2028. We have developed our end-to-end carbon footprint methodology, which includes a full scope 3 analysis for years ended March 2022 and March 2023. We have set targets in line with the approach outlined by SBTi.
- **The business has started the process of validating our science-based emissions targets.** We have signed a commitment letter to join the Science Based Targets initiative (SBTi) indicating that we will work to set a science-based emission reduction target aligned with the SBTi's target-setting criteria. We will work with the SBTi to validate our targets.
- **We continue to invest in carbon reduction initiatives and minimise our environmental impact across our portfolio of businesses.** Recent examples include Triton reducing gas consumption by c25% on the previous year, saving c50 tCO_2e, following the installation of a Heat Recovery and Ventilation system in January 2022. Johnson Tiles UK was awarded the "Decarbonisation in Action: Deeper Decarbonisation" award for "Paving the Way to a Sustainable Future with Barratt Zed House" project and introduced Environmental Product Declaration certificates for all products manufactured in the UK. Our Triton, Vado and Abode businesses have achieved Carbon Neutral status. Grant Westfield has achieved certification of their Environmental Management system to the ISO 14001 standard and are contributing to the circular economy with all post production being converted into biomass fuel. These specific examples provide a flavour of an authentic and broader programme covering carefully identified areas where we can make a meaningful difference, including packaging, plastics and fuel.

- **We have created the new role of Chief People Officer and started the process of developing a Group people strategy.** Recognising the critical importance of our team, especially in our decentralised business model, we have decided to improve the co-ordination of our talent, D&I, and wellbeing programmes in line with the Talent & Workforce Development and Diversity & Inclusion themes in our updated ESG strategy.
- **We continue to make progress on enhancing our supply chain practices.** We have historically strong and long serving partners who are working with us as we continue to develop our ESG strategy and related policies. A Group Supply Chain Policy will follow in 2023/24. Of note this year, Johnson Tiles UK achieved Gold status at the Supply Chain Sustainability School and became the first tile factory in the world to achieve BES6001 (Responsible Sourcing in Construction) certification.
- **We continue to innovate in the development of low carbon products.** Our businesses and products have a strong leaning to energy and water meaning that we play an increasingly meaningful role developing products that reduce and re-cycle. Triton's Enrich Electrical Shower received the Screwfix 'Most Sustainable Product' award.
- **Embedding our ESG strategy across the Norcros Decentralised Business Model.** A group wide ESG Forum, co-ordinated from the centre, has met on a monthly basis to share best practice and help us develop our baseline scope 1, 2 and 3 emissions, set our science-based targets and develop our Net Zero Transition plan. We have also updated our capital allocation criteria to make ESG impact a key factor as we prioritise new investments or expenditure, with the electrification of our vehicles being one such example.
- **We have reported against the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations** for the second time, building on our disclosure from 2022 and expanding on our risks and opportunities identified.
- **38% of the Group's electricity consumption came from renewable sources.**

Looking forward, our ESG priorities are to:

- **Continue to embed our ESG strategy across our organisation**, further developing our ESG Forum, monitoring our ESG themes & KPIs and continuing to make our ESG themes a priority in our strategic and operational decision making;
- **Continue to deliver the programme of initiatives** we have undertaken across our business units to support their staff and their communities. This covers activities across all eight of our priority ESG themes that cut across Environmental, Social and Governance impacts;
- **Further develop our Net Zero Plan.** This involves publication of our net zero transition plan aligned to the Transition Plan Taskforce (TPT) draft standards. We will also continue to deliver on the detailed underpinning initiatives that drive carbon reduction across our business;
- **Keep the KPIs reported in our MI Framework under review** as we measure and monitor them in the first year. We will specifically review the coverage of some of the KPIs we have implemented across our Group including revenue from low carbon products, waste data and percentage of packaging used from recycled materials;
- **Continue to focus on sustainability as part of our new product development programmes**, looking to increase the development of low carbon products to meet consumer demands;
- **Report against CDP** for the first time; and
- **Keep asking new questions and stretching ourselves** as we continuously develop our key ESG themes.

EMBEDDING SUSTAINABILITY CONTINUED

Sustainability governance

The Board of Norcros plc is responsible for ensuring key sustainability policies, such as the Code of Ethics and Standards of Business Conduct, are communicated, understood and observed by all Group businesses, employees and associates. Day to day responsibility for promoting and implementing these policies is delegated to business unit senior management. Last year, we established our group ESG Forum (previously divisional only) to provide more structure to our sustainability management process. Throughout the year we have held monthly ESG Forum meetings which allow us to prioritise our impact through organisational workstreams and to monitor progress against our plans across the Group. The continuity of the ESG Forum has accelerated the development of our sustainability strategy and has enabled sharing of best practice across the Group. Full details of our sustainability governance model and its responsibilities are outlined in the Taskforce on Climate-related Financial Disclosures (TCFD) Report (page 68).

Materiality assessment and ESG MI Framework

During 2023, to better align with the evolving ESG challenges and our stakeholder led materiality assessment, we have extensively revised our ESG strategy, providing structure and focus for our actions. We have used our materiality analysis results from 2022 (Annual Report 2022, page 44) to direct our ESG strategy on issues that matter most to the Group from a financial and business purpose perspective, and that impact society and our stakeholders. The material issues we identified have been developed into eight Priority ESG themes, which shape our ESG strategy, priorities and reporting and are the basis of our ESG MI Framework.

Our MI Framework enables us to monitor our ESG journey and ensure we execute our strategy. This is our first year of reporting and measurement. The Board will track our progress throughout the year. Below is a summary of the eight Priority ESG Themes and the metrics that we are using to track each theme. We are planning to set targets on these in the remainder of 2023 and as we further develop our ESG strategy we may look to expand the scope of reporting against these themes to include more metrics.

Priority ESG themes

HEALTH AND SAFETY

TALENT AND WORKFORCE DEVELOPMENT

DIVERSITY AND INCLUSION

CLIMATE CHANGE AND EMISSIONS

INNOVATIVE AND EFFICIENT PRODUCTS

PRODUCT QUALITY AND SAFETY

SUPPLY CHAIN MANAGEMENT

ETHICAL CONDUCT AND INTEGRITY

Norcros ambition	Indicator	Progress in Financial Year 2022/23	Read more
Working to be incident and injury free	1. Accident Incidence Rate (Reportable injuries per 100,000 employees)	781	Page 51
	2. Fatalities	0	Page 50
Employer of choice in the kitchens, bedrooms and bathrooms (KBB) sector	1. Average number of training hours per employee	52 hours	Page 53
	2. Total employee turnover	13.5%	Page 53
Diversity & Inclusion are at the heart of who we are; we continue to build and develop a team with a variety of backgrounds, skills and views	1. Gender diversity	Male: 68% Female: 32%	Page 55
A sustainable business, reducing our impact on the environment: • Net zero by 2040 • Minimise waste to landfill • Reduce energy and water use at our sites • Operate at or work towards Environmental Management standard ISO 14001 • Minimise toxic emissions and waste	1. Total scope 1, 2 and 3 emissions	872,497 tonnes CO_2e	Page 58
	2. Total waste	15,656 tonnes	Page 63
	3. Water withdrawal	195,266 m^3	Page 63
	4. Water consumption	135,865 m^3	Page 63
	5. Total energy consumption	295,435,941 kWh	Page 58
Be leaders in energy and water efficient processes and green products (with low embedded carbon)	1. Revenue from low carbon products and services	£9.8m	Page 64
	2. Proportion of revenue from products that have been new in last three years	24%	Page 64
	3. Percentage of packaging used from recycled materials	40%	Page 64
Design, manufacture and/or supply high quality and safe products	1. Customer products recalled due to safety issues as a proportion (%) of total products sold	0.003%	Page 65
	2. Customer products recalled due to poor product quality as a proportion (%) of total products sold	0.91%	Page 65
Ensure our supply chain operates in line with our ESG standards by applying a new Norcros Supply Chain Policy	1. Establish Supply Chain Policy in financial year 2023/24	N/A	Page 66
Operate with integrity and respect to regulations and laws in all dealings	1. Proportion (%) of eligible employees who received training on bribery and corruption	76%	Page 67
	2. Total number of reported breaches of Code of Ethics and Standards of Business Conduct in total (and those specifically relating to bribery)	14	Page 67
	3. Total number of investigated breaches of Code of Ethics and Standards of Business Conduct in total (and those specifically relating to bribery)	14	Page 67
	4. Total number of upheld breaches of Code of Ethics and Standards of Business Conduct in total (and those specifically relating to Bribery)	14	Page 67
	5. Percentage of staff disciplined or dismissed due to non-compliance with Anti-Bribery and Corruption Policy	0.37%	Page 67

HEALTH AND SAFETY

Our ambition:
Working to be incident and injury free

Link to SDGs

3 GOOD HEALTH AND WELL-BEING

Health & Safety

Compared to statistics reported by the HSE, Triton already has a lower accident rate than national averages. To maintain and improve their position a review and refresh of near miss reporting has led to the launch of their "See It, Sort It, Report It!" initiative. To increase activity of reporting simplicity was essential in the design process, all colleagues have access to the system via custom reporting slips or scanning a QR code on their smart phone. The collection of the data has provided insight into "hot spots" where risk mitigation initiatives have been launched, and also most common reported unsafe conditions where communication and training can be deployed. This activity supports Triton's value of "Working Safely & Sustainably".

Safety first

Our Group Health and Safety Policy is driven from the top of the organisation with the Board having ultimate responsibility. The policy, which covers all employees, sets out our commitment to create, maintain and continuously improve a safe and healthy working environment for employees, contractors and visitors. Our working environment is designed to prevent occupational accidents and illnesses. We monitor key health and safety KPIs at operational Board and management meetings.

Six of our business units, covering 54% of turnover, are externally certified to the Health and Safety Management System ISO 45001 standard and we are looking to expand this coverage across the Group.

Many of our employees have access to online health and safety training, which provides a range of training modules as required. In addition, where hands-on or specialist training is required, we use regular "toolbox talks" and provide more specific training where this is identified as being necessary.

Safety performance

We have a proud track record of safety performance, and we are starting to report on this as part of our ESG annual report. There were no fatalities recorded in the year (2022: nil) and there have been no fatalities recorded over the last decade when the current executive team have been in post. We record Accident Incidence Rate (AIR) monthly for each location and for the whole Group; this includes all reported accidents, however minor. We recorded a total of 18 serious reportable accidents in 2023 (2022: five, 2021: four).

> "Our working environment is designed to prevent occupational accidents and illnesses. We monitor key health and safety KPIs at operational board and management meetings."

Accident Incidence Rate (AIR) – Serious Reportable Accidents

	2023	2022	2021
AIR per 100,000 employees (Serious Reportable Accidents)	781*	232	205

We record the root cause of all accidents across the Group. Significant percentages of all accidents in 2023 were caused by exposure to a harmful substance; hitting something stationary; slips, trips and falls; or by handling, lifting or carrying. We are determined to learn safety lessons from these experiences and to improve our health and safety performance. All accident statistics and their causes are regularly reviewed by the Group Health and Safety Managers' Forum. We maintain externally managed whistleblowing reporting lines that are available to all employees where they can report confidentially, and anonymously should they want to, any concerns they may have in respect of health and safety matters.

* Improved monitoring and reporting and the addition of Grant Westfield (manufacturing).

Health and wellbeing

We treat everyone with respect and encourage them to be themselves. We promote employee wellbeing and reduce stress through several initiatives and support mechanisms. Support is provided to all UK and Ireland employees through our Employee Assistance Programme that extends to all aspects of wellbeing, including free access to various independent support helplines (e.g. stress, health, lifestyle, etc.). Across the Group, we have various other health and wellbeing initiatives which aim to improve the mental wellness of our teams. These include additional "wellness" days off, on-site welfare facilities and mental health first aid training.

Norcros SA's Wellness Centre

Norcros SA runs a well-established Wellness Program with an on-site Wellness Centre at the Olifantsfontein site, providing Primary Health Care, Occupational Health, and professional Wellness Programs and support.

Merlyn's Gut Health Day

Dr Annmarie Eustace Ryan visited Merlyn head office and gave a fascinating talk about the vital importance of gut health and gave insight into the relationship between good gut health, feeling well and preventable illnesses.

Annmarie is a Gut Health Expert and a Consultant Gastroenterologist at Tipperary University Hospital and author of the children's book, Bug of War written to explain to children and parents why eating certain foods and avoiding certain foods is the best way to feel well and to prevent illness.

TALENT AND WORKFORCE DEVELOPMENT

Our ambition:

Employer of choice in the kitchens, bedrooms and bathrooms (KBB) sector

Link to SDGs

This year we have created the role of Chief People Officer. This demonstrates Norcros' focus on becoming an employer of choice, which will help us attract, retain and develop the best talent in the sector and to ensure we are 'fit for the future'. Attracting the most talented individuals from diverse communities is key to ensuring we have the skills and capabilities we need to deliver our strategy. We are placing increased focus and emphasis upon developing, motivating and retaining our people as we seek to safeguard our ability to serve our customers for the long term. We also continue to encourage and enable collaboration across the Norcros Group through shared special interest forums and networks that enable knowledge sharing and learning and create opportunities for personal development.

As we move into 2023/24, we are starting to develop a new Group level People strategy and standardised reporting framework that will continue to focus on talent and workforce development.

Workforce engagement

We engage with employees across the Group through our divisional structure. This ensures that all communication and engagement is appropriate to each business and location. We have a very effective approach to cascading information about business changes, key issues and business performance updates through the organisation using a variety of channels including the line management structure, emails and Microsoft Teams calls.

The Board stays in touch with employees via regular meetings with divisional management and site visits to its operations, as well as regular reports on employee matters. This area of focus is led by Alison Littley as the designated Non-executive Director for workforce engagement, together with the executive team. In the course of the year Alison Littley on behalf of the Board had direct engagement with representative groups from six of our businesses, and more such meetings have and will take place in the current financial year.

Talent and career management

All of our businesses have staff training programmes that are suitable for the development of appropriate technical and people skills. We are committed to education and career development, and for those in senior leadership roles, coaching and mentoring have been offered alongside the opportunity to attend courses or other developmental activities. Coaching and mentoring is focused on the individual's unique work challenges and opportunities as well as on the individual's personal style and behaviour. We acknowledge that the world of work is changing for many, and we commit to staying relevant in our approach to careers and talent development.

We implemented our learning platform Flick in 2021 and we have continued to embed this across the business over the last year. Flick is an online awareness training platform covering three mandated training modules on Anti-Bribery and Corruption, Information Security and GDPR. There are a range of other training modules such as Cyber Security and Equality and Diversity that are also available to the Group's UK employees.

> "Attracting the most talented individuals from diverse communities is key to ensuring we have the skills and capabilities we need to deliver our strategy."

Norcros SA – investing in the future generation of skilled artisans

Norcros SA's social commitment is reflected in its recent partnership with the Steel and Engineering Industries Federation of Southern Africa (SEIFSA) to launch the Youth in Engineering apprenticeship programme. Launched in August last year, the scheme saw 20 apprentices from 6,000 applicants launch their careers as artisans. It is a three-year course that requires learners to fulfil each year's training criteria before progressing to the next academic year.

Each apprentice will have the opportunity to work at either the TAL or the Johnson Tiles plant at Olifantsfontein for three months, where they can apply their skills and gain practical experience. The ultimate goal of the programme is to train and help learners achieve their Red Seal artisan trade certification, which is proof that they have met the national standard in their trade.

Training statistics

Training time	Total
UK	
Proportion (%) of employees who received training	**>90%**
Total number of training hours	**39,507**
Average number of training hours per employee	**34**
South Africa	
Proportion (%) of employees who received training	**66%**
Total number of training hours	**86,368**
Average number of training hours per employee	**69**
Group total	
Proportion (%) of employees who received training	**71%**
Total number of training hours	**125,875**
Average number of training hours per employee	**52**

The table above outlines the Group's training statistics for 2023. As part of our ESG MI Framework and our developing People strategy, we will monitor training KPIs, consider targets and manage our business towards the optimum type of training to achieve our strategic objectives.

Labour

All our employees are entitled to a fair salary and other terms and conditions of employment, as appropriate. Our policy is to comply, at the very least, with minimum wage legislation for any job role for all employees and we seek to be competitive as is appropriate to the role and business in question. Legally required benefits such as annual leave, sick leave, maternity leave and normal working patterns and hours are of course applicable to all.

All UK and Ireland employees have access to a save as you earn scheme, which is a savings-related share scheme where employees can buy shares with their savings at a fixed price. Employees are encouraged to be involved in the Company's performance through employee share schemes, and other means of incentivisation and reward. As per UK regulation, all our UK employees have the option to enrol in our workplace pension scheme.

Employee turnover

	Employee turnover
UK	**15.6%**
South Africa	**11.6%**
Total	**13.5%**

Whilst we have always recorded employee turnover within our business units, we have started to record this KPI on a standard basis across our Group. With our increasing focus on staff retention we will continue to monitor this KPI and our businesses will take appropriate actions.

DIVERSITY AND INCLUSION

Our ambition:

Diversity & Inclusion are at the heart of who we are; we continue to build and develop a team with a variety of backgrounds, skills and views

Link to SDGs

5 GENDER EQUALITY

We believe that a diverse and inclusive organisation promotes greater innovation and more effective decision making. Our Code of Ethics and Standards of Business Conduct sets out our overall approach, in which all employees are encouraged to advance within the Group and have equal opportunities to do so subject to their possessing the necessary skills and aptitudes. The Board is committed to gender equality, which includes equality of pay between men and women. The Board is satisfied that there is no pay inequality at Norcros, where men and women are paid equally for equal work.

Norcros is committed to not discriminating in the employment of any person due to race, colour, national origin, family responsibility, trade union membership, sex or gender identity, sexual orientation, age, religion or belief, disability status or any other category protected under applicable legislation in any jurisdiction in which it operates. This commitment applies to all personnel actions including hiring, promotion, termination, transfer and compensation/benefits. We maintain external independent whistleblowing reporting lines where employees can report any concerns they may have in respect of discrimination confidentially and anonymously should they wish to.

In the event of existing employees becoming disabled, every effort is made to ensure that their employment with the Group continues, and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of an able-bodied person.

The Group promotes diversity and inclusion through several initiatives and support mechanisms. For our UK businesses, diversity and inclusion training has been included in our Flick platform for 2023, which included aspects such as unconscious bias and preventing bullying and harassment. In Norcros South Africa, we have women's forums in each division and have carried out diversity and inclusion surveys to evaluate employee outlook in relation to diversity. The different divisions also have varying special leave policies including compassionate leave, carer leave and study leave, which help employees balance the demands of domestic and work responsibilities at times of either urgent or unforeseen need.

We already deliver a range of D&I initiatives across our business. As we further develop our D&I programme, we are introducing more Group-wide co-ordination, increasing focus on how D&I can contribute to our employee value proposition and improve employee engagement, and we will introduce new KPIs and targets including ethnicity.

Number of staff by year by region

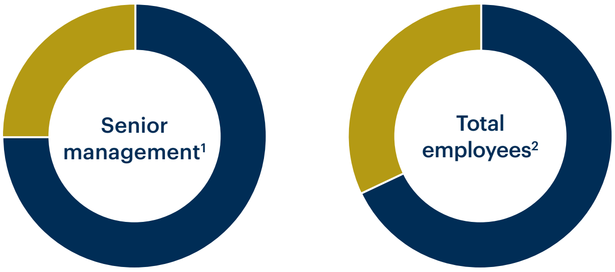
	2023	2022	2021
UK	**1,092**	1,002	983
South Africa	**1,266**	1,194	1,072
Total	**2,358**	2,196	2,055

Norcros SA empowers women in plumbing with the WIP Programme

House of Plumbing is proud to empower women in the plumbing industry by launching the Women in Plumbing (WIP) Programme. It aims to bridge the gap for trained and qualified women plumbers and to provide them with more career opportunities. Out of over 4,000 applicants, 20 female apprentices were selected to participate in the three-year programme.

The programme is fully sponsored by Norcros SA and House of Plumbing, with the apprentices receiving theoretical and practical training in college and on site. They also have the opportunity to learn more about plumbing products, industry practices and various career avenues from House of Plumbing suppliers during weekly training sessions.

Gender diversity statistics[1]



■ Male: 46 (2022: 37)
■ Female: 15 (2022: 11)

■ Male: 1,596 (2022: 1,489)
■ Female: 762 (2022: 707)

1 Table outlines senior manager and employee numbers and gender split as required under the Companies Act. Senior manager is defined in line with the Companies Act as a person who — (a) has responsibility for planning, directing or controlling the activities of the Company, or a strategically significant part of the Company, and (b) is an employee of the Company. These figures are accurate as of 31 March 2023.

2 Total employee figures include Senior Management and Directors as of 31 March 2023.

Community partnerships

Our commitment to the society in which we operate is deep. All Group businesses have programmes of social engagement, including many charitable activities, and will have a positive impact on the local communities in which they operate. We empower our businesses to support local charities and community projects, and provide local employment. Given our de-centralised structure, business units in the Group are encouraged to become involved in and support local initiatives where possible. The Executive Management of the Group supports this commitment to our society and reviews each business' activities monthly.

Norcros SA employment equity committees

Each of our South African divisions has employment equity committees which are there to ensure that the business promotes equity in the workplace and ensure that all receive equal opportunities. Divisional meetings take place once a quarter and discussion points include identifying barriers to equality and monitoring compliance against employment equity targets.

Norcros South Africa invests in communities with CSI Programme

Norcros South Africa's Corporate Social Investment (CSI) Programme has a mission to invest in the wider community by participating in a country-wide project to provide safe and clean toilets in schools. Its aim is to change the lives of at least 3,000 learners in the next five years by converting a minimum of five schools from pit latrines to safe and healthy ablution facilities.

The company has already made significant progress towards this objective with the successful completion of the 2022 project at Mohlaletse Secondary School in Sekhukhune District, Limpopo. The project is part of the South African Government's Sanitation Appropriate for Education (SAFE) initiative, aimed at eliminating pit latrines at schools.

CLIMATE CHANGE AND EMISSIONS

Our ambition:

A sustainable business, reducing our impact on the environment

Our environmental goals:

- Net zero by 2040
- Minimise waste to landfill
- Reduce energy and water use at our sites
- Operate at or work towards Environmental Management standard ISO 14001
- Minimise toxic emissions and waste

Link to SDGs

We are committed to minimising the environmental impact of our operations, products and services wherever possible. Making progress in improving our energy efficiency and reducing carbon emissions, waste and water use are important for our customers, our staff and our stakeholders. At this stage, our initiatives are delivered within our business units and include action in the following key areas.

Managing environmental performance

Our individual business units track and monitor their environmental impacts. The main vehicles for compliance and improvement across sites are our environmental management systems. Seven of our businesses, covering 61% of turnover, are certified to the Environmental Management ISO 14001 standard and our businesses report regularly on any environmental issues that arise. Amongst other issues, our ISO 14001 certified management system includes our handling of waste and hazardous materials. The Group has not had any environmental fines in the last twelve months (2022: none). This year the Group has been working on a new Environmental Policy which outlines our position on key environmental issues and this will be developed further next year.

Abode achieves Carbon Neutral status through Planet Mark

In March 2022 Abode achieved the Planet Mark Carbon Neutrality Certification. Abode's achievement of Carbon Neutral status is the first stepping stone on the journey towards net zero carbon and in November 2022, Abode invested in the installation of solar panels at its Barnsley head office. The installation consisted of 125 solar photovoltaic panels with a combined output of 50kWh. These PV panels should generate enough electricity for all of Abode's current site requirements and Abode will also benefit from being able to sell the excess energy generated in the summer months back to the grid.

Further improvements Abode has made throughout the year include all office lighting being converted to LED and sensor installations to reduce the usage of electric lighting. To support Abode's target of electrification of the company fleet, there are also plans to install further EV charging points which will benefit from energy generated from the solar panel installation.

Energy management and greenhouse gas emissions

Climate change is one of the biggest challenges of our time and the transition to a low carbon economy has the potential to significantly impact our business as well as our clients and suppliers. Norcros aims to minimise our impact on climate change by reducing our carbon emissions across all operations.

We engaged with CEN-ESG to undertake a review of our carbon management practices in each of our business units. The findings of this review have helped us to determine the carbon hotspots in our operations which led us to develop business unit carbon reduction roadmaps that will result in the Group reducing emissions in line with our emissions reduction targets.

Energy efficiency initiatives

We have a range of initiatives underway across the Group to reduce our carbon footprint and energy consumption. Below are some initiatives that have occurred across the Group during the year:

- Triton has rolled out the first electric vans in its fleet of vehicles (EVs), with 5 of their service engineers now using the electric vehicles to visit and service customers' showers. Triton also utilises 100% certified renewable electricity across the Nuneaton manufacturing site and a new HVAC/heat recovery system installation has helped reduce consumption of gas on the Nuneaton head site by 25% in 2023.
- Abode has increased the number of EVs in their fleet as well as installing two new EV chargers.
- Grant Westfield has upgraded all lighting to LED, installed a solar array on the roof and purchased two EV chargers as well as implementing a policy which requires all company cars to be hybrid or electric.
- Johnson Tiles UK has installed six EV chargers and retrofitted one area of its factory with LED lighting. Johnson Tiles UK also uses 100% certified renewable electricity across its business.
- Merlyn has switched its head office and warehouse operations to 100% renewable electricity.
- Johnson Tiles SA has completed the replacement of 90% of outside lighting with LED lighting and all air conditioning that needs replacing gets changed with more energy efficient inverter conditioning units.
- Tile Africa has converted most of its diesel forklift fleet to electric forklifts and uses evaporative coolers in its new and upgraded CX stores which are significantly more efficient and cost effective than the cassette air conditioning units.
- TAL's supply chain department has embarked on a carbon footprint and efficiency drive by moving towards high capacity trucks that reduce the carbon footprint per kg of product shipped to our customers.

Carbon emissions

The tables on page 58 have been prepared for the reporting period of 1 April 2022 to 31 March 2023 using the reporting period of 1 April 2021 to 31 March 2022 for comparison.

The Group has defined its organisational boundary using an operational control approach. GHG emissions are in CO_2e, including GHGs in addition to carbon dioxide and include our head office and all divisions excluding Norcros Adhesives, which is excluded on the basis of immateriality (below 0.5% of total footprint) and in view of the announced closure. Scope 1 and 2 data has been calculated from monthly measured data (e.g., fuel and electricity use) using the appropriate conversion factors in accordance with the principles and requirements of the World Resources Institute (WRI) GHG Protocol: A Corporate Accounting and Reporting Standard (revised version) and Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019). We are reporting our scope 3 emissions for the first time this year, with guidance from the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard and the GHG Protocol Technical Guidance for Calculating Scope 3 Emissions, as required.

In line with the Greenhouse Gas Protocol, we continue to review our reporting in light of any changes in business structure, calculation methodology and the accuracy or availability of data. As a result, we have restated 2022 emissions data to reflect changes in methodology and data. Due to recognised inherent uncertainties in calculating scope 3, we have adopted a continuous improvement approach. We will continue to review our processes and disclose any restatements in a timely and transparent manner.

Absolute scope 1 and 2 emissions increased 20% and absolute energy consumption increased 21% year on year. This is in part due to the purchase of Grant Westfield but principally due to an increased manufacturing output in our South African divisions, more normalised operating conditions after the lifting of remaining restrictions of COVID-19 and ongoing growth in headcount. The Group's UK divisions' scope 1 and 2 emissions have decreased year on year by 11% which is a result of the energy efficiency initiatives discussed above. Absolute scope 3 emissions have decreased 9% year on year due to a lower spend rate on purchases in 2023 in comparison to 2022, when our divisions restocked raw materials post-COVID-19.

CLIMATE CHANGE AND EMISSIONS CONTINUED

Carbon emissions continued

	FY 2023			FY 2022		
	UK	Global (excl. UK)	Group Total	UK	Global (excl. UK)	Group Total
Intensity measure						
Group turnover (£m)			**426.7**[1]			396.3
GHG emissions (tCO_2e)						
Total scope 1 (tCO_2e)	**13,898**	**32,253**	**46,151**	15,787	22,997	38,784
Scope 2 location based (tCO_2e)	**3,424**	**22,885**	**26,309**	3,389	18,378	21,767
Scope 2 market based (tCO_2e)	**256**	**22,872**	**23,128**	191	18,372	18,563
Total scope 1 + 2 location based (tCO_2e)	**17,322**	**55,138**	**72,460**	19,176	41,375	60,551
Total scope 1 + 2 market based (tCO_2e)	**14,154**	**55,125**	**69,279**	15,978	41,369	57,347
Upstream scope 3 (tCO_2e)			**245,478**			281,075
Downstream scope 3 (tCO_2e)			**557,741**			597,804
Total scope 3 (tCO_2e)			**803,219**			878,879
Total scope 1, 2 and 3 location based (tCO_2e)			**875,679**			939,430
Total scope 1, 2 and 3 market based (tCO_2e)			**872,498**			936,226
Scope 1 and 2 GHG emissions intensity ratio (per Group turnover) (£m)			**162.4**			144.7
Energy consumption (kWh)						
Total renewable fuels consumption (kWh)	**—**	**—**	**—**	—	—	—
Diesel	**4,401,649**	**4,190,959**	**8,592,608**	1,743,587	3,250,046	4,993,633
Natural gas	**71,142,461**	**170,474,133**	**241,616,594**	82,422,653	120,975,550	203,398,203
Petrol	**940,479**	**158,429**	**1,098,908**	671,877	46,209	718,085
LPG	**520,201**	**—**	**520,201**	551,548	—	551,548
Oil (gas oil)	**289,511**	**—**	**289,511**	217,106	—	217,106
Total non-renewable fuels consumption (kWh)	**77,294,301**	**174,823,521**	**252,117,822**	85,606,770	124,271,805	209,878,575
Total fuels consumption (kWh)	**77,294,301**	**174,823,521**	**252,117,822**	85,606,770	124,271,805	209,878,575
Consumption of purchased or acquired electricity renewable (kWh)	**16,474,873**	**52,629**	**16,527,502**	16,784,330	—	16,784,330
Consumption of self-generated non-fuel renewable energy (solar) (kWh)	**36,788**	**—**	**36,788**	—	—	—
Consumption of purchased or acquired electricity non-renewable (kWh)	**1,188,498**	**25,565,331**	**26,753,829**	611,775	19,883,954	20,495,729
Total electricity consumption (kWh)	**17,700,159**	**25,617,960**	**43,318,119**	17,396,105	19,883,954	37,280,059
Consumption of purchased or acquired heating (kWh)	**—**	**—**	**—**	—	—	—
Total renewable energy consumption (kWh)	**16,511,661**	**52,629**	**16,564,290**	16,784,330	—	16,784,330
Total non-renewable energy consumption (kWh)	**78,482,800**	**200,388,851**	**278,871,651**	86,218,545	144,155,759	230,374,304
Total energy consumption (kWh)	**94,994,461**	**200,441,480**	**295,435,941**	103,002,875	144,155,759	247,158,634
% renewable electricity from total electricity	**93%**	**0%**	**38%**	96%	0%	45%
% grid electricity from total electricity	**100%**	**100%**	**100%**	100%	100%	100%
Energy intensity ratio (per Group turnover) (£m)			**692,374**			623,665

1 Excludes Norcros Adhesives.

Scope 3 emissions

During the year we conducted our first full assessment of our value chain emissions, using data from 2022 and then updating our footprint for this year across our eleven business units and Head Office, with the exclusion of Norcros Adhesives. Our evaluation confirmed that our value chain emissions are significantly greater than our operational carbon footprint, with our scope 3 emissions accounting for 92% of our total emissions.

We calculated all applicable scope 3 categories for our carbon footprint with four categories not applicable to our business. The calculation of emissions for our key scope 3 sources is:

- **Use of sold products** – we calculate the lifetime energy use for representative products of our key product ranges, using our annual sales volume, average power use per product and estimated hours in use over life. Emissions factors for our key sales regions are applied to this data.
- **Purchased goods and services** – we use purchase data by quantity or number of raw materials or components and apply life cycle assessment based emissions factors directly against our purchase data or against representative raw materials within each component category. Spend-based analysis is used for any services. We include no primary data from suppliers.
- **Upstream transportation and distribution** – all inbound, intra-Group and outbound logistics the Group pays for are mapped against the transportation mode, weight and distance travelled to calculate emissions on a wheel-to-well basis.

Category	Status	2023 tCO_2e	2022 tCO_2e
1. Purchased goods and services	Relevant, included	**200,971**	235,716
2. Capital goods	Relevant, included	**1,502**	1,158
3. Fuel-and-energy-related activities (not included in scope 1 or 2)	Relevant, included	**16,587**	13,543
4. Upstream transportation and distribution	Relevant, included	**22,168**	27,143
5. Waste generated in operations	Relevant, included	**264**	511
6. Business travel	Relevant, included	**1,661**	1,124
7. Employee commuting	Relevant, included	**2,306**	1,853
8. Upstream leased assets	Relevant, included	**19**	27
Total upstream scope 3		**245,478**	281,075
9. Downstream transportation and distribution	Relevant, included	**7,747**	6,323
10. Processing of sold products	Not applicable	**N/A**	N/A
11. Use of sold products	Relevant, included	**548,553**	589,863
12. End-of-life treatment of sold products	Relevant, included	**1,441**	1,618
13. Downstream leased assets	Not applicable	**N/A**	N/A
14. Franchises	Not applicable	**N/A**	N/A
15. Investments	Not applicable	**N/A**	N/A
Total downstream scope 3		**557,741**	597,804
Total scope 3		**803,219**	878,879

CLIMATE CHANGE AND EMISSIONS CONTINUED

Our emissions targets and Net Zero Plan

Recognising the urgent need to address climate change and reduce greenhouse gas emissions, this year we have developed ambitious net zero targets and a high level decarbonisation pathway to manage our value chain emissions going forward. This aligns with our strategic objective of placing sustainability at the heart of our business.

Targets

We have set science-based targets across scopes 1, 2 and 3 which affirm our long-term commitment to net zero by 2040, and we introduce interim targets for 2028. Our targets have yet to be validated by the Science Based Targets Initiative (SBTi), but they provide a path for significant reduction in our emissions through to 2028 and beyond.

By 2028, we have set the following targets:

- reduce absolute scopes 1 & 2 GHG emissions by 33.6%, from a 2023 base year; and
- reduce absolute scope 3 GHG emissions by 20.0%, from a 2023 base year.

By 2040, our target is to reach net zero GHG emissions across the value chain.

Our emissions profile

Despite the diverse nature of the Group, our emissions profile is concentrated in a handful of categories and within those, certain business units often dominate. This helps focus on areas for action, but it can also limit the number of levers to meaningfully reduce total emissions.

Most of our scope 1 emissions (94%) relate to natural gas used in the kilns of our tile manufacturing businesses in both UK and South Africa. Our scope 1 also includes emissions related to heating, HFCs and fleet emissions across all business units. A number of our UK-based business units already generate or source renewable electricity, which means our scope 2 emissions from purchased electricity are largely derived from our sites in South Africa.

Our scope 3 emissions are significantly greater than our operational carbon footprint. Our largest exposure is Use of Sold Products (63% of our total emissions). This category is dominated by the lifetime use phase of electricity related emissions from the Triton and House of Plumbing product ranges, with minor contribution from electrical items sold by Abode and Croydex. Purchased Goods and Services (23%) represents the embedded carbon within our raw materials and purchased items and is spread across all business units. Upstream and Downstream Transportation and Distribution emissions (3% and 1% respectively) represent inbound, outbound company-paid logistics, and outbound third-party paid logistics, largely by road and sea, and are also common to all business units.

Our transition plan

We have developed our first Group-level transition plan aligned to our science-based targets which outlines our decarbonisation roadmap. This is underpinned by specific targets for all our business units.

Our near-term targets for scopes 1, 2 and 3 are achievable through currently available technologies and are based on projects we have already assessed and other potentially available projects. Our long-term plan includes the high level drivers for how we can achieve our ultimate net zero target.

There are significant risks to the delivery of our targets. We have explored these further in our TCFD Report. Some of the risks include:

- input and support from supply chain partners to reduce footprint on the components/products we use;
- decarbonisation of the electricity grid in our operating regions, specifically in the UK and South Africa to support reduction of scope 2 emissions. This is a particular risk in South Africa;
- decarbonisation of transportation; and
- development of new technology to reduce carbon emissions, in particular around production of ceramic tiles.

We will monitor the delivery of our plan and review progress regularly. We plan to undertake a full review of our Net Zero Plan in 2025 which will allow us to accommodate any unforeseen issues and emerging technologies as they arise.

Our value chain emissions

SCOPE 3 UPSTREAM

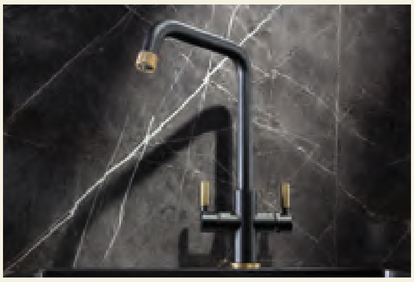
28%

This represents embodied carbon emissions in our purchased goods and services (23% of total emissions) with a further 3% of total emissions coming from inbound transportation. Controlling these emissions requires engagement with suppliers and transport providers, as well as product innovation.

SCOPE 1 AND 2 OPERATING EMISSIONS

8%

Our operations contribute 5% of total emissions from the use of fuels and 3% from the use of electricity. We manage these through renewable electricity and energy efficiency measures.



SCOPE 3 DOWNSTREAM

64%

Most of our value chain emissions occur downstream of our operations. 63% of our total emissions relate to products in use, where energy efficiency of our products and grid decarbonisation are important. Outbound transportation accounts for 1%.

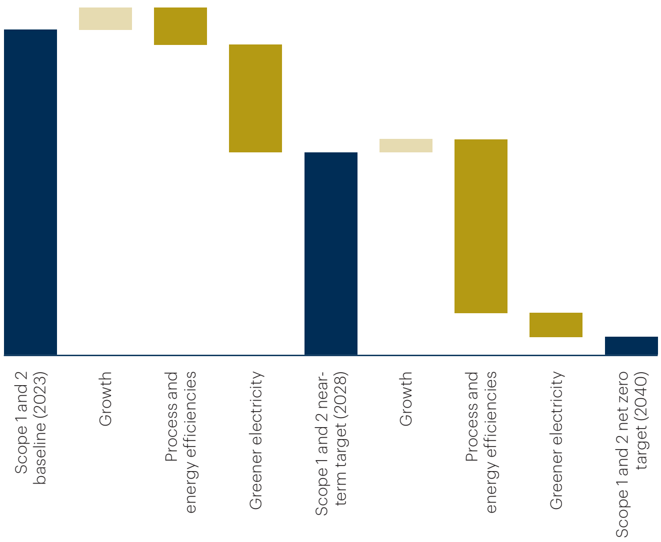
CLIMATE CHANGE AND EMISSIONS CONTINUED

Scope 1 and 2 roadmap

TARGET:

33.6%

absolute reduction by 2028 from a 2023 base year in line with SBTi 1.5˚C

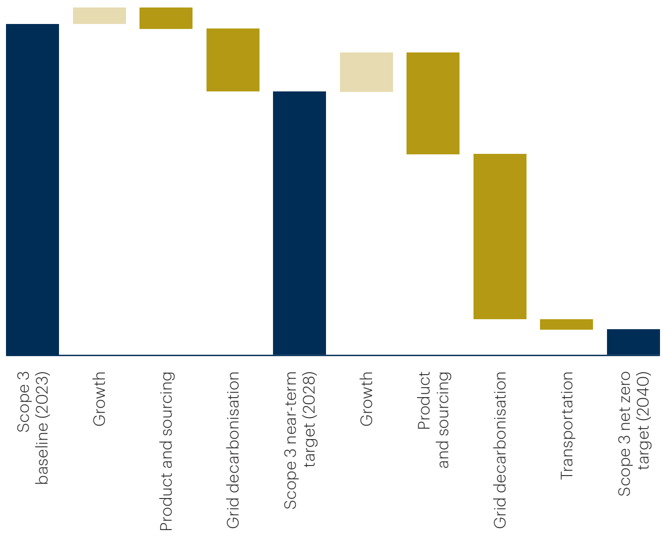


Scope 3 roadmap

TARGET:

20.0%

absolute reduction by 2028 from a 2023 base year in line with SBTi well below 2˚C



Scope 1 and 2 emissions – our plan

Key to reducing our operational emissions is:

Scope 1

- Near term: tile production and operational improvements (e.g. heat recovery systems, retrofitting energy efficient burners to kilns); electrification of our heating and fleet (e.g. air source heat pumps, EVs); replacement of high GWP refrigerants; and other energy efficiencies.
- Long term: alternative fuel in our kilns (e.g. biogas, hydrogen, hydrogen mix or electric); and product innovation to reduce firing times or temperatures.

Scope 2

Switching to renewable electricity supply, either through on-site renewables (e.g. rooftop solar installation at our main South African production site and potentially our Tile Africa and House of Plumbing site estate) or securing purchased renewable electricity supply. The availability of purchased renewable electricity in South Africa is less prevalent than in the UK currently due to the lower maturity of the renewables market.

Scope 3 emissions – our plan

Given our products in use exposure, the single biggest factor in our ability to hit our near-term scope 3 target and net zero by 2040 target is the pace of decarbonisation of grids globally, especially the UK grid, which is our main market. We cannot directly influence the pace of grid decarbonisation and rely on governments to implement appropriate policies to achieve this. That said, we are encouraged by the forecasts in the UK's Future Energy Scenarios, which see effective decarbonisation of the UK electricity grid by 2035 in three of the four modelled outcomes.

Through product innovation and in collaboration with our suppliers we can influence emissions not only in use phase, but also in embedded emissions in our purchased goods and end of life. By investigating alternative materials, reducing the number of components in our products and increasing the overall efficiency of our products, we can reduce both the upstream and downstream impacts of our product range, including the associated packaging. We foresee moderate impacts in the near term from this activity with the majority coming in the long-term time horizon, subject to more substantial engagement with our suppliers and embedding change into our product development practices. We also expect our suppliers will make efficiency improvements in the way that we will in our own operations, such as upgrading equipment to be lower emissions, electrification of heating and other operational efficiencies.

Most of our products are shipped to us and our customers by sea or by road. We are looking at how we package and ship our products to see if there are opportunities for reducing the overall emissions footprint associated with logistics. We have factored in conservative assumptions on the decarbonisation of global transportation, which will drive the decarbonisation of logistics, business travel and employee commuting.

Some of our divisions already use carbon offsets to achieve Carbon Neutral status. In line with the SBTi criteria, our Group targets and transition plan do not include the use of carbon offsets. Whilst no such action is planned, we may use offsets as an option for additional emission reductions beyond the science-based targets, or as a way to reduce our residual emissions in 2040 to zero.

Air emissions management

Air emissions are an important part of Johnson Tiles UK and SA's tile manufacturing process. Air emissions originate principally from our kilns and dryers and we have implemented methods to control our emissions such as wet scrubbers and baghouse filters. Air emissions are monitored internally as well as all process emissions being monitored and verified by a third party on an annual basis to ensure our measurement methods are in compliance with our operating permits. Johnson Tiles SA also undergoes an Annual Emissions License (AEL) audit to demonstrate that its processes and applications are operated in accordance with South African air quality regulations and to reduce any potential negative impacts on community health and the wider environment.

Ceramic tile manufacture produces less toxic emissions than other building materials (e.g. bricks). Both our South African and UK businesses have consistently met the targets required for our permits in particulate matter (PM) and hydrogen fluoride (HF) measured for our kilns and spray dryers. These are monitored and independently measured at least annually. Johnson Tiles UK operates at around 10–20% of its target limit and after the South African limit on HF was reduced from 100mg/m^3 to 50mg/m^3 Johnson Tiles SA has met these more stringent targets. This demonstrates our track record of meeting toxic emissions targets and we aim to maintain our levels of PM and HF below legal limits.

Water consumption

Water efficiency is an increasingly important issue for us. This includes, where possible, reducing the amount of water we use in all our operations and designing products that help our customers reduce the amount of water used for their domestic or commercial purposes. To prevent water loss in Triton's systems a continued programme of total preventative maintenance (TPM) is ongoing including inspection of welfare facilities and pipework throughout the site and the installation of shut-off valves on the central heating system to detect and prevent leaks. Triton also continues to target water use reduction by ongoing rollout of air decay testing, replacing the need for "wet" testing. The most recent and significant activity has been the removal of wet testing on the Omnicare range of products saving 3.1 litres per unit with an annual reduction of 102,300 litres.

Water withdrawal

Water withdrawal (m^3)	2023
UK	**46,054**
SA	**149,212**
Total	**195,266**
Intensity ratio m^3 per £m revenue	**457.6**

Water consumption

Water consumption (m^3)	2023
UK	**37,623**
SA	**98,242**
Total	**135,865**
Intensity ratio m^3 per £m revenue	**318.4**

The tables above outline: (i) water withdrawal for all of our business units; and (ii) water consumption across nine of our business units, which account for 77% of Group revenue. This is the first full year of collecting water-related data across the Group and we will continue to monitor water usage through the year.

Waste management

Reducing packaging and increasing the amount of recycling are important goals for all our business units from an operational, commercial and environmental perspective. Various initiatives aimed at reducing waste sent to landfill and encouraging recycling are in place such as on-site segregated recycling bins; employees are expected to support these schemes by sorting waste and disposing of it appropriately.

Tile Africa has been focusing on an initiative to improve recycling of plastics and cardboard across all stores as well as minimising the broken tiles going into skips by selling off the broken tiles. This reduces the material going into landfills, recovers some costs against breakages and lowers the frequency of skip collections saving the additional collection costs. Johnson Tiles SA has also conducted an Environmental Legal Compliance audit with all waste being covered as part of this audit.

Waste generation* (tonnes)	Group total 2023
Hazardous waste	**21**
Non-hazardous waste	**15,635**
Total waste	**15,656**

Waste treatment/disposal (tonnes)	Group total 2023
Hazardous waste recycled	**1**
Hazardous waste incinerated	**0.18**
Hazardous waste sent to landfill	**20**
Non-hazardous waste recycled	**3,149**
Non-hazardous waste incinerated	**122**
Non-hazardous waste sent to landfill	**12,364**
Total waste recycled	**3,150**
Total waste incinerated	**122**
Total waste sent to landfill	**12,384**
Total waste non-recycled	**12,506**
Total waste	**15,656**

* Adhesives has been excluded from the data tables above on the basis of immateriality and that it is currently being closed.

The table above outlines waste generation and treatment across nine of our business units, which account for 89% of Group revenue. This is the Group's first year of collecting waste data and we will aim to increase the coverage of waste data in the coming years. As part of our ESG MI Framework we will now look to set targets on waste reduction and increase the proportion of our waste that is recycled.

INNOVATIVE AND EFFICIENT PRODUCTS

Our ambition:

Be leaders in energy and water efficient processes and green products (with low embedded carbon)

Link to SDGs

The Group is also committed to minimising the environmental impact of its products and services wherever possible. We have provided our customers with some environmentally beneficial products that are energy efficient, easily recyclable and durable to increase their longevity. To be a sustainable business, we need to continue to develop innovative solutions and we are always developing new products and technologies that align to customer and market demands as well as investing in research and development to stay ahead of our competitors. We aim to improve the material efficiency of our products and production processes. An example of this is Johnson Tiles UK's tile manufacturing process which is carefully calibrated to ensure that every single tile manufactured contains a minimum of 20% recycled ceramic material as part of its pioneering ceramic waste recycling system.

Across our product portfolio we have strict quality standards, ensuring we only use the very best components and latest manufacturing techniques to ensure long-life performance – this reduces the lifetime environmental impact as there is a reduced need for maintenance and replacement of products. The impacts from climate change and the accelerated commitment to environmental legislation from governments, such as net zero by 2050 in the UK, has created opportunities for Norcros to capitalise on consumer and market demands for products that help customers reduce their environmental impacts. The Group offers a number of innovative products that already provide customers with solutions to reduce their carbon emissions while also saving money.

Johnson Tiles UK Environmental Product Declaration (EPD) Certificate

Johnson Tiles UK has become the first and only tile manufacturer in the UK to hold an EPD Certificate. The certificate enables Johnson Tiles UK to quantify the environmental impact of its tiles and allows its suppliers to compare the impacts of materials at the product selection stage, ensuring that the most sustainable options are specified. The process required Johnson Tiles to complete a full life cycle analysis of its manufactured products, including raw materials, energy, transportation, use and disposal.

Abode – Naturale Aquifier

An example of how the Group designs products for sustainability is Abode's Naturale Aquifier tap, launched in 2022. It has been designed to help reduce unnecessary water and energy usage through features such as water saving technology and cold start valve. The water filter tap also reduces reliance on single use plastic water bottles.

IN 2023

£9.8m[1]
of our revenue came from low carbon products

24%
of revenue came from products that have been new in the last three years

Developing low carbon and innovative products is a core part of our strategy. To track the development of innovative and efficient products we measure revenue from low carbon products[1] and the new product development (NPD) vitality index, which measures the percentage of revenue that comes from products that have been new in the last three years.

This is the first year that we are tracking low carbon products and several of our product ranges that have sustainability features have been excluded from this number, due to our methodology still being established. Going forward our businesses will continue to explore low carbon product development where there is customer demand to increase our revenue from low carbon products.

A way to reduce the environmental impact of our products is using more sustainable packaging. We encourage our businesses to procure packaging that is made from recycled materials or can easily be recycled. Initiatives introduced this year include the elimination of single use plastics in packaging designs at Merlyn, the use of 100% recycled packaging cartons at Johnson Tiles South Africa, and plastic transit materials being replaced with cardboard at Triton. As a Group, six of our business units have been able to collect data on recycled packaging, and this year 40% of packaging that has been used across these six businesses is from recycled materials.

1 We require our businesses to use the definitions of the EU Taxonomy for setting the parameters for low-carbon products.

PRODUCT QUALITY AND SAFETY

Our ambition:

Design, manufacture and/or supply high quality and safe products

Link to SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Norcros is committed to designing, manufacturing and supplying products that are reliable and safe to use. All our products are tested to ensure that they meet safety requirements in the countries in which they are sold and information about safe use and disposal of Norcros products is provided through warning labels, manuals and other documentation where this is appropriate. Seven of our business units, covering 71% of turnover, are externally certified to the Quality Management ISO 9001 standard.

We pride ourselves on designing safe and high quality products. Less than 1% of our products have been recalled due to poor quality and less than 0.01% of products have been recalled due to safety issues.

Grant Westfield – 35 Years of Certification

In June 2022, following a rigorous audit process, Grant Westfield was recertified ISO 9001 compliant.

This prestigious accreditation highlights Grant Westfield's adherence to internationally recognised best practices for quality management. It provides assurance to customers, partners, and stakeholders that the business has implemented stringent quality control measures, risk management processes, and a customer-centric approach throughout its operations. Moreover, it serves as a differentiating factor, demonstrating their commitment to quality and an ability to consistently deliver products that meet the highest standards.

The team at Grant Westfield were immensely proud to receive confirmation of certification and continue an impressive record of retaining this prestigious recognition for more than 35 years.

SUPPLY CHAIN MANAGEMENT

Our ambition:

Ensure our supply chain operates in line with our ESG standards by applying a new Norcros Supply Chain Policy

Link to SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The way our products are sourced has a significant impact on our environmental and social sustainability. We are committed to encouraging our suppliers to minimise their environmental impact and we also expect all of our suppliers to conduct themselves to standards equivalent with the Code of Ethics and Standards of Business Conduct. This year Johnson Tiles UK has achieved its BES 6001 certification, a standard that assesses management practices and also the nature, sources and make-up of the various component materials in products, as well as "Gold Standard" accreditation from the Supply Chain Sustainability School (which is partnered with the housebuilder Barratt).

Norcros does not accept and will not tolerate the use of child labour or forced labour (i.e. modern slavery) anywhere in its own business or its supply chain. The Company has issued a public statement to this effect, which can be found on its website at https://www.norcros.com/investor-centre/other-disclosures/. We also encourage our direct suppliers to promote human rights throughout the supply chain. Our supplier assessments include evaluation of policies and practices in this area.

We are currently working on developing a cross Group supply chain policy and plan to publish an updated version in the coming months. This policy will establish the formal mechanism for compliance with our Safety, Environmental, and Human Rights policies by our suppliers. We plan to continue our discussions around the development of internal and external KPIs associated with our supply chain in the rest of 2023.

Abode and Travis Perkins

Abode is supporting the Travis Perkins Group, supplying it with embodied carbon data for products supplied via its kitchens business, Benchmarx. This work will provide a better understanding of the environmental and social impact related to the range of Abode brand products they sell. This is the first step in its engagement with suppliers, before initiating projects exploring alternative material sourcing and possibly even the co-financing of supply chain innovations.

Grant Westfield, Forest Stewardship Council

Commitment to environmental responsibility is recognised through the Forest Stewardship Council® (FSC® C128180) and Programme for the Endorsement of Forest Certification (PEFC) chain of custody certifications. This ensures that the timber used originates from responsibly managed forests and the finished products comply with globally recognised ecological, social and economic standards.

These certifications form part of a rolling programme of environmental and sustainability initiatives within Grant Westfield's manufacturing processes and its design approach including:

- sourcing materials and manufacturing in the UK to reduce carbon footprint where possible;
- recycling 99% of post-production waste into biomass materials and other products – reducing landfill and contributing to the circular economy;
- ensuring 100% of our panels are recyclable; and
- offering a 30-year warranty, giving peace of mind your bathroom will stand the test of time.

ETHICAL CONDUCT AND INTEGRITY

Our ambition:

Operate with integrity and respect to regulation and laws in all dealings

Link to SDGs

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

The Code of Ethics and Standards of Business Conduct (the Code and Standard) applies in all areas of Norcros Group's business and to all officers, Directors, employees, contractors and agency staff employed by or working for Norcros plc or any division of Norcros plc. The Board of Norcros plc is responsible for ensuring these business principles, such as anti-bribery and corruption and diversity, are communicated to, and understood and observed by, all Group businesses, employees and associates. This Code and Standard will be made available to every employee at the start of their relationship with Norcros and will also be communicated to all new employees of any business acquired by Norcros. This year there were 14 reported breaches of the Code and Standard with all of them occurring at South African business units. Of those 14 breaches, all have been investigated and upheld. The rollout of Bribery and Corruption training, as well as other topics within the Code and Standard such as Bullying and Harassment, will help to reduce the number of future breaches.

Whistleblowing

Norcros encourages an environment where honest and open communication is expected, with employees feeling comfortable bringing forward any concerns or violations of Group policies. This is embedded into the Code and Standard and legal protection exists for all whistleblowers. Norcros maintains a whistleblowing policy and engages two independent and confidential whistleblowing service providers, one covering South Africa specifically and the other covering all other locations. Both lines operate 24/7 and 365 days a year in the whistleblower's chosen local language. Concerns and reports can be made in confidence anonymously, and we will not discriminate or retaliate against any employee who reports suspected violations in good faith or who co-operates in any investigation or enquiry regarding possible violations.

Reports on the use of these services, any significant concerns that have been raised, details of investigations carried out and any actions arising as a result are reported to the Audit and Risk Committee at each meeting. The Committee also receives papers on incidents of fraud or attempted fraud and reviews them at each meeting. At least annually, the Committee conducts an assessment of the adequacy of the Group's procedures in respect of compliance, whistleblowing and fraud.

Anti-bribery and corruption

Norcros prohibits bribery and all other types of fraud and will take disciplinary and/or legal action as appropriate in all cases of actual or attempted fraud across all operations. We have a strict Anti-Bribery and Corruption Policy, which applies to suppliers, set out in the Code and Standard and we conduct our business in a fair, open and transparent manner. The Board of Directors has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those who have influence comply with it. We prohibit, and will not accept, facilitation payments or "kickbacks" of any kind. Facilitation payments are typically unofficial payments made to secure or expedite a routine government action by a government official. Employees are required to undertake training under our Anti-Bribery and Corruption Policy at regular intervals and appropriate procedures are in place at all locations to mitigate the risk of any employee committing an offence against the policy. Throughout the year 76% of eligible Group employees received training on Bribery and Corruption. There were nine incidents of employees being disciplined or dismissed due to non-compliance with our Anti-Bribery and Corruption Policy. This accounts for 0.37% of total Group employees. All of these incidents occurred in our South African business units, and we have taken measures to reduce risk of similar incidents in the future.

Norcros' Anti-Bribery and Corruption Policy sets out our approach in the following areas:

- hospitality and gifts offered to third parties;
- hospitality, gifts and other goods or services offered to Norcros employees by third parties;
- payment of third parties' travel expenses;
- facilitation payments;
- political contributions;
- lobbying;
- sponsorships; and
- civic, charitable and other donations.

Human rights

Our corporate values focus on respect, integrity and fairness. We are committed to respecting the dignity of the individual and to supporting the United Nations (UN) Declaration of Human Rights, the UN Universal Declaration of Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and other core conventions. These principles are applicable across all our operations. The Directors do not consider human rights issues to be a material risk for the Group, principally due to the existing regulatory frameworks in place in the UK and South Africa, being the primary geographical locations in which we operate. In South Africa, the businesses are cognisant of their responsibilities under the Broad-Based Black Economic Empowerment legislation. In addition, the Group has its Modern Slavery Act Statement and a supporting policy.

Tax transparency

Norcros plc is committed to trading within the law and conducting all of its business activities in an honest and ethical manner. Our Tax Policy governs all of our business dealings and the conduct of all persons or organisations which are appointed to act on our behalf. Norcros plc and its subsidiaries has a zero-tolerance approach to all forms of tax evasion, whether under UK law or under the law of any foreign country.

TCFD REPORT

Vado: Arrondi, Red Dot Winner for Product Design 2022. Designed by the internationally renowned architects and interior designers, Conran and Partners, who collaborated with Vado to define a new aesthetic direction in a market which typically sees a strict delineation between the "traditional" and "contemporary". With a shared commitment to sustainability, Vado and Conran and Partners have worked together to ensure Arrondi meets with each business' core environmental credentials.

TCFD REPORT

INTRODUCTION

This year we have taken greater strides in the Group's management of climate change. We have developed our ESG strategy and KPIs and enhanced our environmental data collection and reporting through our divisional ESG Forum. We have developed net zero targets and a Net Zero Transition Plan (including a high level decarbonisation profile for the Group), aligned to the Science Based Targets initiative (SBTi) framework and in line with the Paris Agreement for 1.5˚C. for our operational emissions. Our targets reaffirm the Group's ambition for net zero across the value chain by 2040 and provide ambitious near-term targets for the Group.

We recognise that climate change poses significant risks and opportunities to our business and stakeholders. Our TCFD Report demonstrates how we incorporate climate-related risks and opportunities into the Group's risk management, strategic planning and decision making processes, aligned to our net zero ambition. This year we have enhanced the analysis of our exposure to natural hazards such as heat stress, fire weather stress, flood risk, storms and drought with a detailed bottom-up site analysis using a geospatial climate hazard mapping tool.

We consider our disclosure to be consistent with all of the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations and Recommended Disclosures as detailed in "Recommendations of the Task Force on Climate-related Financial Disclosures" (2017) and we have considered the additional guidance set out in the TCFD 2021 Annex, "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures".

Recommendation	Recommended disclosures	Reference
1) Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	Page 70
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 70
2) Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 71
	b) Describe the organisation's processes for managing climate-related risks	Page 71
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 71
3) Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Page 71
	b) Describe the impact of climate related risks and opportunities on the organisation's businesses, strategy, and financial planning	Page 71
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 71
4) Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 72 to 77
	b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks	Pages 72 to 77
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Pages 72 to 77

TCFD REPORT CONTINUED

GOVERNANCE

Board

The Board of Directors oversees and is ultimately accountable for progress against our Net Zero Transition Plan and our wider sustainability strategy, as well as reviewing and managing the climate-related risks and opportunities of the Group. The Board is kept informed of climate-related matters through regular scheduled updates at Board meetings with ESG (including climate change) on the agenda at least twice a year. The Board monitors and oversees progress of the Group's sustainability performance, through the ESG Management Information Framework, which includes monitoring the Group's emissions (scope 1, 2 and 3).

The Audit and Risk Committee supports the Board in ensuring climate-related issues are integrated into the Group's risk management process. Climate-related risk assessments are conducted twice a year and are fully incorporated into the Group's principal risk process. Materially significant risks, including climate-related risks, that fall outside risk appetite levels need to be reviewed and approved by the Board unless treatment actions can bring them in line with the appropriate risk appetite level, as outlined below.

Management

As climate-related issues are fundamental to the Group's business purpose, the CEO has overall responsibility for their oversight, ensuring climate-related issues are considered in the review of Norcros' strategy, budget and business. The CEO is also responsible for reporting on progress to the Board, which is done at two Board meetings a year. At a management level, last year, the Group created a Sustainability Committee (ESG Forum), comprised of representatives of the underlying business units. The Group level net zero targets have been cascaded to each business unit so there is accountability throughout the organisation. We will review the carbon reduction plans to deliver the emissions targets in each business unit each year and monitor progress of key milestones twice a year.

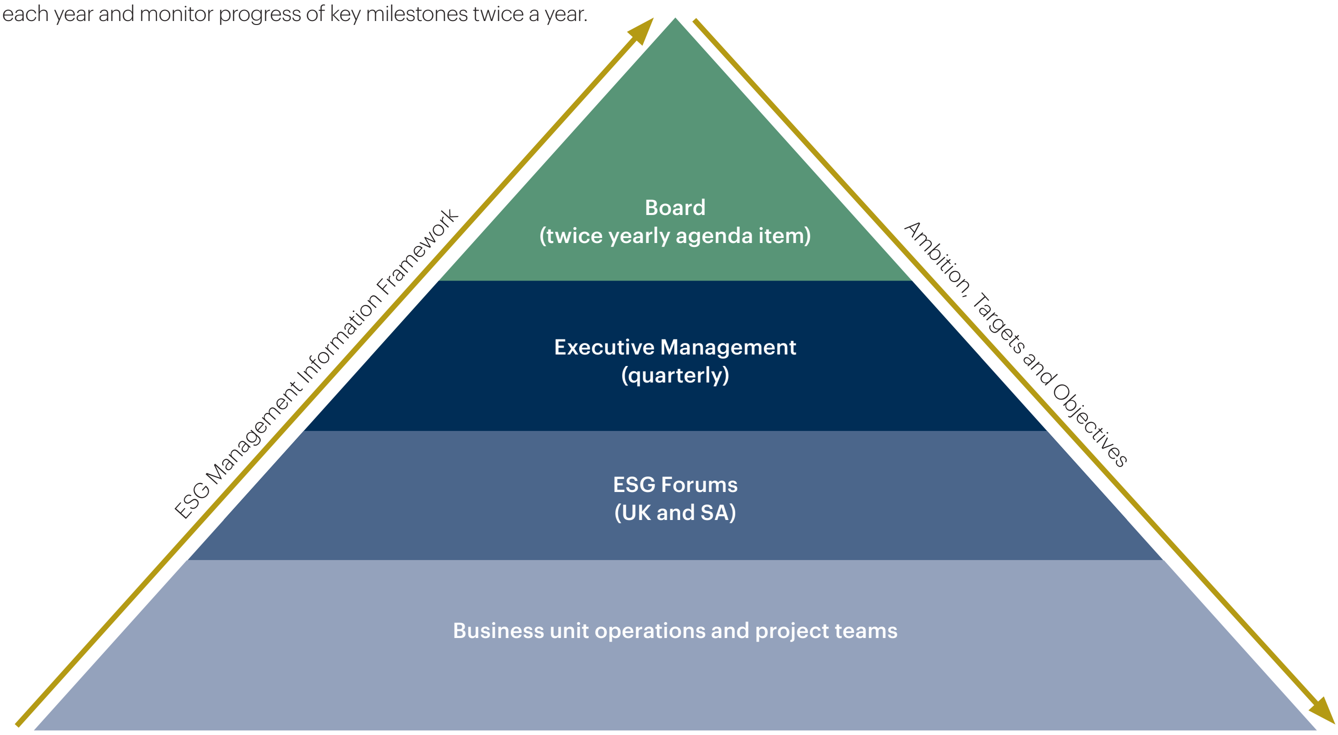
ESG Forum

The ESG Forum met monthly during FY 2023 during the phase of data capture and strategic development, but now convenes quarterly with two in-person meetings. Led by the Corporate Development and Strategy Director, these meetings serve as a platform to track progress on our Net Zero Transition Plan and crucially to exchange ideas, challenges and best practices across the Group. The ESG Forum is responsible for assessing and managing climate-related issues, and reviewing progress against the Group's ESG MI Framework, directing action in its respective business units and feeding back data, achievements and barriers to be resolved. It promotes awareness of, and action on, sustainability within the Company and promotes a consistent approach to sustainability communication and data and to meeting external disclosure requirements.

Representatives of the ESG Forum are themselves informed by operational and project teams within their business units. Divisions have their own structures in place to monitor and implement carbon reduction programmes. As an example, Triton has introduced a "Sustainability 6" governance structure.

This tracks six key, multi-year sustainability initiatives, each one linked to key value chain carbon reduction drivers. Each initiative has a Board sponsor and strategic/technical lead (at the divisional level) who manage a working group to monitor and deliver on the initiative.

Now we have a Net Zero Transition Plan and wider ESG KPIs in place, the Norcros management team will consider further KPIs and targets and align staff incentives.



CLIMATE-RELATED RISK MANAGEMENT

ESG risks and particularly climate-related risks within this are classed as a principal risk by the Group. Climate-related risks and opportunities were assessed and prioritised on the existing Group five-point risk scoring criteria for both financial impact and reputation impact (minimal, low, intermediate, high, severe) and for likelihood (remote, unlikely, possible, likely, certain). Overall risk scores are calculated as the multiple of impact and likelihood. Likelihood is based on the probability of the risk crystallising and affecting the business at least once during a three-year period and the longer time horizon of some climate-related risks is thus reflected in a lower likelihood score. By using the existing Group risk framework, climate-related risks are fully integrated into the current risk management framework and the relative significance of climate-related risks in relation to other risks can be determined.

A summary of key risks in the divisional and corporate risk registers is presented to the Audit and Risk Committee every six months. In addition, there is a Group level risk review in March which identifies and reviews Group level/strategic risks.

The decision to control or accept risks is partially determined by the nature of the risk and its scoring. Management will regularly review risk exposures against defined acceptable risk appetite levels and develop remedial actions, with target dates, to address risks scoring higher than the accepted risk appetite level. Except for "strategic", "operational" and "commercial" risks, which carry a medium risk appetite, all other risk types carry a low risk appetite. Risk scoring outside of these risk appetite levels requires treatment actions to bring them in line with the appropriate risk appetite level, or they need to be reviewed and approved by Board Directors.

STRATEGY

The time horizons of where our climate-related risks and opportunities first occur are:

Short term: 2023 to 2026 – in line with our current strategic planning and incorporates our planned capital expenditures.

Medium term: 2026 to 2033 – aligned to where we will most likely see the impact of regulatory frameworks such as carbon pricing, the technology life cycle and our interim emission reduction targets.

Long term: 2033 to 2050 – aligned to the UK Government's net zero pledge, allowing incorporation of the useful life of our property assets, physical and transition risk time horizons and the Group's net zero target.

We consider risks and opportunities in all physical and transition categories outlined in the TCFD guidance risks and under current and emerging regulatory requirements, and whether they occur within our own operations or upstream and downstream of the Group. In the following tables, we have identified and expanded on a number of key risks and opportunities that could have a material financial impact on the organisation.

Climate-related scenario analysis has been used to improve our understanding of the behaviour of certain risks to different climate outcomes. We have used the following public climate-related scenarios which help us better understand the resilience of the business to climate change:

- Stated Policies (STEPS)[1] – the roll forward of already announced policy measures. This scenario outlines a combination of physical and transition risk impacts as temperatures rise by 2.5°C by 2100.
- Net Zero Emissions by 2050 (NZE)[1] – in this scenario GHG emissions are strongly reduced resulting in a trajectory consistent with limiting the temperature increase to less than 1.5°C by 2100.
- RCP 8.5[2] – an extreme physical risk scenario, where mean global surface temperatures rise by c.4.3°C by 2100 from pre-industrial levels as the global response to mitigating climate change is limited.

1 IEA (2022), World Energy Outlook Source: IEA (2022), World Energy Outlook 2022, https://iea.blob.core.windows.net/assets/c282400e-00b0-4edf-9a8e-6f2ca6536ec8/WorldEnergyOutlook2022.pdf.

2 IPCC, 2014: Climate Change 2014: Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

The scenario analysis conducted this year builds on that completed in 2022. This year we incorporate use of the more ambitious NZE scenario (from the SDS scenario used last year) as it forms an input into the 1.5°C pathway used by the SBTi against which we are aligned.

These scenarios have been supplemented with additional sources that are specific to each risk to inform any assumptions included in projections. Our scenario analysis includes qualitative and some quantified impacts where the underlying data is available and where the current understanding of the risks is robust.

We have analysed the climate-related risks under all three scenarios and identified plans to mitigate against the impacts of these risks and take advantage of opportunities. They have been incorporated into our transition pathway to net zero and into divisional, management and the Board's strategic framework within our current expenditure envelope. We are confident that implementation of these actions will result in a business resilient to the discussed climate-related risks.

TCFD REPORT CONTINUED

RISKS

Five transitional and two physical climate-related risks have been identified that could have an impact on our business. Three of them (i) decarbonisation of SA (and UK) grid, (ii) pace of decarbonisation across supply chain and (iii) new technology for kilns are the most material to our operations. Our Net Zero plan and emissions reduction initiatives form the basis of our mitigation strategies.

Key

Business area	Primary potential financial impact	Time horizon	Likelihood
Impact measure	Risk rating	Location	Measurement

TCFD Category Transition (Current and Emerging Regulation)

Carbon pricing (carbon tax) in own operations

- Own operations
- Higher costs associated with energy
- Medium term
- Certain (5)
- Intermediate (5)
- 25
- UK and South Africa manufacturing division
- Scope 1 and 2 emissions

Norcros views the implementation of operational carbon pricing as a certainty, which is applied to our gas and electricity used in tile manufacturing. We expect significant but gradual price increases in the medium term, with greater forecast price rises in the NZE Scenario. An estimate for the impact of carbon pricing of scope 1 and 2 emissions for 2023 assuming no change going forward, using IEA price forecasts, projected in the long term are as follows:

	2030 (US$m)	2040 (US$m)	2050 (US$m)
Carbon pricing (UK)			
STEPS	1.3	1.4	1.6
NZE	2.0	2.9	3.5
Carbon pricing (South Africa)			
SA expected carbon price	1.7	4.1	6.6
NZE	5.0	8.8	11.0

The table above illustrates the impact assuming our scope 1 and 2 emissions are unchanged from 2023 levels. However, the impact of the risk is expected to be moderated through our transition plan, which factors in reductions of our scope 1 and 2 emissions to minimal levels, to achieve our target of net zero by 2040.

Mitigation: Key near-term scope 1 actions consist of improvements in the tile manufacturing processes, such as heat recovery systems and energy efficient burners in kilns, and initiatives to reduce scope 2 include on-site and purchased renewable electricity.

TCFD Category Transition (Emerging Regulation)

Carbon pricing in the value chain

- Upstream
- Increased cost of purchased goods and inbound transportation
- Medium term
- Certain (5)
- Intermediate (5)
- 25
- Global, all divisions
- Scope 3 emissions (Category 1)

Parts of our supply chain include the processing of primary metals and building materials. New, low emission production processes are still being developed for commercial use and these could lead to increased costs in our supply chain. Emissions intensive basic materials industries are also exposed to global regulatory and policy decisions in the drive to reduce emissions, and these changing policies may also impact our supply chain.

Mitigation: The diversity of supply sources reduces this risk to the Group. Norcros engages with its suppliers to determine the embodied carbon for certain raw materials and then ensures they work together to “design out” carbon products and processes. This includes considering lighter weight options (e.g. thinner tiles) and lower embodied carbon inputs (where the raw materials used have acceptable technical qualities with lower carbon emissions). Our Net Zero Transition Plan details our pathway to reducing these emissions.

TCFD Category Transition (Market and Reputation)

Reliance on third parties or technologies to decarbonise

Own operations and Upstream

Higher costs, lower revenue

Medium term

Certain (5)

Low (3)

15

Global, all divisions

Scope 3 emissions

Achievement of our NZ target in 2040 relies on certain factors beyond our control, for instance, the decarbonisation of electricity grids, suppliers and retail partners meeting decarbonisation timelines and the development of zero emissions transportation. Our NZ target is reliant on technology to develop alternative fuels to run kilns (e.g., biogas or hydrogen) and requires the purchase of electricity generated from renewable sources in South Africa, which is less readily available than in the UK.

Mitigation: We work collaboratively with retailers and engage with governmental and industry bodies to shape supply chain decarbonisation policy. We continue to invest in research and development to promote the development of low carbon raw materials and technologies, in particular for energy intensive kilns.

TCFD Category Transition

Cost of capital linked to sustainability criteria

Own operations

Higher cost of capital

Medium term

Likely (4)

Low (3)

12

Global, all divisions

Scope 1, 2 and 3 emissions, UK interest rates

Providers of capital (investors and banks) are increasingly incorporating sustainability into their assessments, which represents a risk to the availability and cost of capital. The Group's existing £130m multicurrency revolving credit facility (which runs to October 2026) means the risk is minimal in the short term. However, over the medium term investors and banks are expected to be more stringent and withdraw funding or apply punitive charges if ongoing targets on emission reduction are not aligned to their own net zero targets.

Mitigation: Norcros remains in continued dialogue with lenders, rating agencies and investors to ensure climate change disclosure is in line with the latest regulatory requirements and our progress towards our own net zero by 2040 target will help to mitigate this risk.

TCFD REPORT CONTINUED

RISKS CONTINUED

TCFD Category Transition	
Customer and consumer pressure	
Downstream Lost revenue Medium term Likely (4) Low (4) 16 Global, all divisions Scope 3 emissions	Driven by industry standards and government regulation, large retailers and homebuilders require suppliers to be at the forefront of embodied carbon reduction and the reduction of energy and water in use by their products. There is a medium-term risk that some product lines are no longer of interest to customers aligning with net zero. **Mitigation:** We engage with customers and brands to ensure new products are designed to meet changing customer requirements, ensuring our targets are aligned with theirs and meet internal and external environmental requirements. Our new MI Framework also enables us the track total revenue derived from low carbon products. Specific initiatives include, for example, Triton providing consumers a water/energy savings calculator and incorporating recycling and minimisation of waste into packaging design. Abode has engaged with key customers to provide "cradle to grave" emissions per kg for each product supplied.

Two physical climate-related risks have been identified which become material under the RCP 8.5 scenario.

TCFD Category Physical (Chronic)	
Flood risk	
Own operations Higher costs/disruption of production Long term Possible (2) Low (4) 8 South Africa, UK, China Meteorological forecasting	The Munich Re *Location Risk* Intelligence Tool was used to assess physical climate risk, and identified six sites, especially in the RCP 8.5 scenario of having a High or Very High likelihood of flooding. These were located in South Africa, the United Kingdom and China. Of the six sites the Grant Westfield headquarters in Edinburgh are manufacturing facilities and could have the largest net impact on the business, given the revenue contribution to the Group. The rest are sales or administrative in nature and could be more easily relocated in case of potential flooding or other significantly disruptive climate event. **Mitigation:** All divisions have business continuity and recovery plans which monitor risks to staff and premises from meteorological events. Additionally all sites have flood damage insurance cover with limits that reflect the magnitude of risk, and the diversified locations mean it is unlikely that more than one of the identified sites would flood at any given time.

TCFD Category Physical (Chronic)	
Water scarcity	
Own operations Higher costs/disruption of production Long term Possible (1) Low (3) 3 South Africa Annual freshwater resource levels	Despite issues regarding water scarcity persisting in Cape Town, none of our sites are at Very High risk of water scarcity. In the RCP 8.5 scenario, only 1 of our 22 sites assessed was considered to be at 'Very High' risk of future water stress. This site was located within Cape Town in South Africa and produces adhesives for the manufacture of tiles. **Mitigation:** Divisional managers closely monitor the supply of water as Cape Town has had serious water scarcity issues in recent years. To date, this has not impacted production at the facility and therefore the operation has presented resilience to the risk. Nonetheless management is investigating the possibility of bore holes or tinkered water as an alternative. If insufficient water was available, management would source from other locations in South Africa which are also used to manufacture adhesives.

OPPORTUNITIES

TCFD Category Product and Services	
Product design – resource efficient manufacturing	
Own operations/ downstream Increased sales/ decreased costs Medium term Likely (4) Intermediate (6) 24 Global, all divisions Scope 3 emissions, revenues from energy efficient products (Green revenues)	Products manufactured though energy efficient processes with recycled raw materials are an important part of our Net Zero transition plan. Increasingly our customers require data on the embodied carbon in our products, with suppliers who report emissions and have certified "green" products being placed on a preferred list. **Impact:** For example, Johnson Tiles UK has an independently verified EPD certificate across all UK product ranges and uses a percentage of recycled ceramic in manufacturing tiles. Similarly, Abode water filter taps are 100% recyclable and use no chemicals in the manufacturing process and as they are made from stainless steel, as less likely to scratch and hence have a longer lifespan. 100% of Grant Westfield's panels are recyclable with the Programme for the Endorsement of Forest Certification (PEFC) confirming all timber used originates from responsibly managed forests, contributing to the circular economy. There is also a significant opportunity to improve the efficiency of the tile manufacturing process through heat and hot air recovery from the kilns and the retrofit of energy efficient burners.

TCFD REPORT CONTINUED

OPPORTUNITIES CONTINUED

TCFD Category Products

Product design – resource efficient products

Own operations/ downstream Increased sales Medium term Likely (4) High (8) 32 Triton, Abode Scope 3 emissions, revenues from energy efficient products (Green revenues)	Products which are energy or water efficient will reduce customer and consumer energy use and help reduce scope 3 emissions. Innovative product design is key to continued revenue growth and also helps to maintain competitive positioning. **Impact:** To maximise this opportunity we target R&D and marketing spend and collaborate with key clients to develop and sell best-in-class, resource efficient products. Triton's eco models save water and energy compared to more conventional showers. They are registered under the BMA's water efficiency scheme and have an EU energy label, while Triton's electric showers are A rated energy efficiency providers. This provides an opportunity to take a greater market share of an increasingly environmentally driven market. The Abode Water Filter Tap also reduces reliance on single use plastic water bottles and reduces water wastage with a 5LPM flow limiter as it delivers cold filtered water alongside domestic hot and cold water.

TCFD Category Resource Efficiency

Water, energy, waste savings

Own operations Decreased costs Medium term Likely (4) High (8) 32 Global, all divisions Water and waste costs per annum, Scope 1 and 2 emissions	**Energy** The Group's near-term decarbonisation profile includes opportunities for energy efficiency and electricity savings. **Impact:** Using the heat from the kilns used to manufacture tiles in prior production stages and technologies like retrofitting more efficient burners to the kilns are also available and factored into the Group's decarbonisation profile. In the UK 93% of electricity is currently sourced from renewable contracts. **Water** Various opportunities and initiatives exist to reduce water usage across the Group. **Impact:** Johnson Tiles UK consumes large quantities of water in the tile manufacturing process. Various initiatives are underway aimed at re-using up to 30% of the total factory usage and removing water from another part of the production process. Water tanks for harvesting rainwater could be installed as well as water filtration systems to provide safe drinking water to stores, all reducing water usage. **Waste savings** Norcros aims to reduce and recycle waste products and packaging wherever possible. **Impact:** Johnson Tiles recycles 12,000 tonnes of ceramic waste per annum. We estimate recycling this waste saves 16,800m^3 at landfill, and an estimated 235,000 miles of HGV journeys per year. If similar measures were introduced across all divisions this could materially reduce emissions and cost across the organisation. Packaging accounts for c.5% of waste generated by Norcros. We aim to reduce the environmental impact of our packaging through reducing packaging in absolute terms, using more recycled content and eliminating single use plastics. For example, Croydex has eliminated all polystyrene from packaging for UK and EU markets in 2022 with all packing materials now recyclable. Recent acquisition Grant Westfield recycles 99% of post-production waste into biomass materials and other products.

TCFD Category Energy Source	
Green generation	
Own operations Decreased operating costs Medium term Likely (4) Intermediate (5) 20 Global, all divisions Energy used from renewable sources	Norcros aims to reduce our reliance on third-party electricity. This offers an opportunity to become less dependent on the national grid, which in South Africa has a low proportion of renewable energy. **Impact:** We are targeting generation of our own renewable energy through an on-site solar PPV at Olifantsfontein. This has the potential to reduce the site's purchased electricity by around one third, saving 4,400 tCO_2e annually. Our Tile Africa (35) and House of Plumbing (5) stores could host rooftop solar arrays across the estate that would produce meaningful electricity savings. We are also investigating purchased renewable electricity in our remaining divisions in the UK and South Africa, which could reduce our market-based emissions to zero. In South Africa, contracting guaranteed renewable electricity supply via long-term power purchase agreements (PPAs) is one of the largest opportunities for the Group.

TCFD Category Resource Efficiency	
Transportation	
Own operations/ Upstream/Downstream Decreased costs Near/Medium term Likely (4) Low (4) 16 Global, all divisions Scope 1 and 3 (Upstream and Downstream Transportation and Distribution)	Decarbonisation of our distribution and depot fleets would help to reduce scope 1 emissions. This may require transitional investment and further technological development, especially for zero emissions HGVs. **Impact:** Various divisions have plans to make their fleets more sustainable. Abode has a target to ensure all company cars will be hybrid by 2025. Triton forklift trucks are already electric, with lithium ion batteries and the division is now in the process of electrification of the service engineer fleet. We also expect our third party logistic suppliers to move away from ICE to EVs thus reducing our Scope 3 upstream & downstream transportation and distribution emissions, although we expect the bulk of this reduction in the medium term. We are reliant on global trends in this area and our transition plan to 2040 includes a reduction in the carbon intensity of inbound and outbound freight.

Metrics and targets

Our full carbon footprint is reported in alignment with the Greenhouse Gas Protocol on pages 58 and 59. In addition, we report on our emissions intensity, total consumption of electricity, renewable electricity, gas and water, and treatment of waste; see pages 58 to 63. We continue to monitor our climate exposures and action plans through our risk management framework and governance structure. Our main climate-related objectives are monitored through our ESG MI Framework through the year and reported to and reviewed by the Board.

This year, we have set science-based targets. These targets have yet to be validated by SBTi, but they reaffirm our long-term commitment to net zero across the value chain by 2040 and introduce ambitious interim targets for 2028. Our Group targets include specific targets for each business unit. For further details on our climate targets and Net Zero Transition Plan, see pages 60 to 63.

Engaging with our stakeholders.

Statement by the Directors in relation to their statutory duty in accordance with Section 172(1) of the Companies Act 2006.

Section 172 statement

The Board of Directors of Norcros plc consider that they, both individually and collectively, have acted in a way that would be most likely to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in Section 172(1) (a–f) of the Companies Act 2006) in the decisions they have taken during the year ended 31 March 2023.

In making this statement the Directors have had regard to the longer-term consideration of stakeholders and the environment and have taken into account the following:

a) the likely consequences of any decisions in the long term;

b) the interests of the Company's employees;

c) the need to foster the Company's business relationships with suppliers, customers and others;

d) the impact of the Company's operations on the community and the environment;

e) the desirability of the Company maintaining a reputation for high standards of business conduct; and

f) the need to act fairly as between members of the Company.

The Board's understanding of the interests of the Company's stakeholders is informed by the programme of stakeholder engagement detailed below. Section 172 considerations are embedded in decision making at Board level and throughout the Group. The Directors fulfil their duties by ensuring that there is a strong governance structure and process running through all aspects of the Group's operations. The strategy for the Group has been carefully considered by the Board in conjunction with the Group's Executive Management teams.

The Board dedicated time for it to consider all stakeholder interests, primarily those of its shareholders as a whole, but also employees, suppliers, customers and the members of the Group's pension schemes. All these stakeholders (amongst others) have been impacted in different ways by the global economic and other challenges facing the Group and the Board has had regard to this and has formulated a number of measures to address stakeholder interests in a balanced way.

Shareholders

Shareholder support for our strategy is essential for the Group's long-term success.

Why and how we engage:

- We aim to provide a transparent, clear, consistent message on both our performance and our plans to create value, across our communication channels.
- We engage to ensure the Group responds to the changing needs and interests of shareholders and to ensure our strategy remains relevant.
- We engage through investor roadshows and give our shareholders the opportunity for contact with our Board on a regular basis.

Outcomes of our engagement include:

- The formulation of our Directors' remuneration policy.
- Engagement with our shareholders has influenced our acquisition, capital investment and progressive, albeit prudent, dividend policy.
- The acquisition of the Grant Westfield business was partly funded through equity, the demand for which was extremely strong, demonstrating support for the Group's strategy.

Customers

Our commitment to customer service remains critical to our success.

Why and how we engage:

- We engage to develop customer-focused solutions, ensuring the Group understands and responds to evolving customer needs. This helps us retain our customers and attract new ones.
- We also engage with customers to understand the environmental challenges they face.
- We engage through our experienced customer service teams, engaging with customers on a daily basis and regular monitoring of performance against service level agreements and quality standards.

Outcomes of our engagement include:

- The Group proactively invested into inventory to protect our service and stock availability in light of exceptional supply chain challenges.
- New product launches in response to customer needs.
- Obtaining accreditations such as WRAS approval so that our hot water taps can be used in new build markets.

Employees

The Board continues to regard our employees as our most valuable asset. The Group's strategy and business model are underpinned by the commitment and efforts of all our employees.

Why and how we engage:

- We engage to ensure that all employees are valued and are given the opportunity to provide feedback and participate in shaping the development of the Group.
- This helps us underpin our culture of safety and ensures that employees at all levels in the business play a role in promoting and upholding a strong focus on health and safety, for the benefit of the Group and the wider community.
- We engage with staff throughout the Group through our divisional structure. Engagement is led by Alison Littley as the designated Non-executive Director for workforce engagement (see page 52).

Outcomes of our engagement include:

- The Group's culture has been a particular focus of the Board and is embodied in how we endeavour to go about our business. All members of the Board undertake regular site visits and receive reports and other information to enhance their understanding.
- Employees are encouraged to be involved in the Company's performance through employee share schemes, and other means of incentivisation and reward.

Environment

At Norcros, sustainability is at the centre of our strategy. We aim to manage our societal and environmental impact by conducting business to the highest standards as well as using resources more efficiently.

Why and how we engage:

- We engage to better understand environmental challenges and how we can contribute to meeting them and minimise the impact of the Group on the environment.
- This also enables us to adhere to relevant environmental legislation and regulations and to ensure that high environmental standards are respected at each of the Group's sites.
- We engage with customers, suppliers and other stakeholders to understand the environmental challenges they face and look for ways to improve the efficiency of our businesses.

Outcomes of our engagement include:

- We recognised that our shareholders are also placing increasing importance on environmental issues and wanted to understand the actions of the Group. We developed our ESG plan to provide an overarching framework to the work we do.
- We have established a strong governance structure, including business level ESG Forums, to coordinate our sustainability strategy.
- We carried out a full carbon footprint assessment across scope 1, 2 and 3 emissions.

Society

Our commitment to the society in which we operate is deep. Every Group business has programmes of social engagement, including many charitable activities.

Why and how we engage:

- We engage to have a positive impact on the local communities in which our businesses operate.
- We empower our businesses to support local charities and initiatives and community projects, and also provide local employment.
- The Executive Management of the Group supports this commitment to our society and reviews each business' activities on a monthly basis.

Outcomes of our engagement include:

- Charitable activities and initiatives across the Group.
- Our business in South Africa launched its first female graduate scheme to continue the significant progress towards achieving gender equality.
- Triton, as one of the area's largest employers, has continued to invest in its apprenticeship scheme giving school leavers the opportunity to earn as they learn.

Triton continues Coventry canal clean-up with help from local school

Triton Showers has continued its collaboration with the Canal & River Trust by organising and holding a second "Canal Clean-up" event, which took place in September 2022.

Joined by students and teachers from Oak Wood School, ten volunteers from Triton spent a day cleaning up a 1km stretch of water that runs along the side of the manufacturer's headquarters.

The event, which Triton has pledged to carry out at least six times each year, saw employees support the local community by clearing the canal and surrounding area of litter, painting over graffiti and repairing fences.

Strategic Report

To the members of Norcros plc

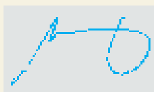
The Strategic Report provides a review of the business for the financial year and describes how we manage risks.

The report outlines the developments and performance of the Group during the financial year and the position at the end of the year and discusses the main trends and factors that could affect the business in the future.

Key performance indicators are published to show the performance and position of the Group. Also provided is an outline of the Group's vision, strategy and objectives, along with the business model.

Approval

The Group Strategic Report on pages 3 to 80 of Norcros plc was approved by the Board and signed on its behalf by:



Thomas Willcocks
Chief Executive Officer
14 June 2023