Bringing **Power** to Life

Environment, Social and Governance | **2024**

LUCECO plc

We believe that through the way we act, Luceco has a significant opportunity to **create a lasting positive impact** on the world around us.

We aim to do this through addressing three key areas of focus:

Creating a sustainable future

Find out more on page 3

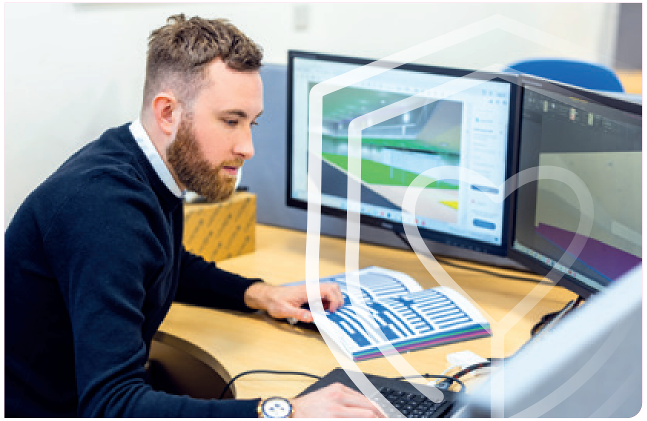
Empowering people

Find out more on page 24

Working with integrity and transparency

Find out more on page 27

Three key areas of focus:



Creating a sustainable future

Operating sustainably is a key part of the Group's culture and is reflected within our Purpose, Mission and Strategy, where we have made sustainability a central pillar of the Group's success. Our product portfolio, combined with our business model and experience, puts us in a strong position to help create a sustainable future for all. Our immediate targets have focused on realigning our product portfolio to concentrate on the sale of low carbon products, ensuring the plastic we use is recycled and further that the packaging of the products we sell is recyclable.

Whilst we recognise there is more to do, we continue to source 100% renewable electricity and offset our Scope 1 and Scope 2 emissions to achieve carbon neutral operations.

Empowering people

The key to our business model operating effectively is the "can-do" culture created by our fantastic teams. In order for this culture to continue to flourish, we need our people to feel empowered to excel in their work at Luceco. We endeavour to recruit people from a range of backgrounds who are passionate about innovation and customer service. We invest in the training and development of new and existing employees and we make sure we engage with our teams to improve their experience and help them feel part of the business.

Beyond our own teams we also look to empower those who use our products. We provide professionals with access to free training resources and are supporting the development of the next generation of electrical contractors.

Working with integrity and transparency

We are committed to acting with integrity and transparency at all times, not just because it builds trust with those we work with, but because it is the right thing to do. As a global business, operating in markets and countries with different cultures and practices, we maintain consistently high ethical standards by following our global Code of Conduct.

We follow health and safety best practices and all local regulations, always striving to promote the health of our people and to minimise risks in the workplace. Our approach is supported by strong corporate governance and zero-tolerance policies in relation to behaviour which does not align to our values, and we endeavour to ensure our suppliers share those same values. Finally, we are keen to contribute to the communities we operate in and encourage our people to propose ways we can help.

Creating a sustainable future

How we're creating a sustainable future

Objectives/Workstreams	Status	Action in the year	Read more
Task Force on Climate-related Financial Disclosures	●	• Climate working groups • Review of risks • Scenario analysis	page 4 pages 5 to 11 page 16
Greenhouse gas emissions	●	• Commitment to measure and reduce greenhouse gas emissions	pages 17 to 22
Sustainability objectives	●	• Preparing for new IFRS S2 Climate-related Disclosure Standards • Third-party verification of Scope 1 and 2 emissions • Development of lifecycle carbon footprint assessments	page 22 page 23 page 23

Key to status

● Ahead of target ● On target ● Requires improvement

Climate change

We recognise that climate change poses both risks and opportunities for our business. We have seen a growing mandate from our stakeholders for meaningful action on climate change and to tackle our greenhouse gas emissions. Recognising this, climate change is included within our "Macroeconomic, political and environmental" principal risk. As society transitions towards a net zero future, we are well positioned to make an increasing contribution to society's climate objectives through our products and services.

Task Force on Climate-related Financial Disclosures ("TCFD")

Luceco Group plc has complied with the requirements of the FCA's Listing Rule 6.6.6.R(8) by including climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures. Our report is set out under the four TCFD pillars of Governance, Risk Management, Strategy, and Metrics and Targets. In reviewing and approving the Annual Report and Financial Statements, the Board reviewed and approved the TCFD disclosures set out on pages 34 to 53.

Governance

Board-level

The Board has overall responsibility for climate-related matters that affect the Group. The "Matters reserved for the Board" include Environmental, Social and Governance ("ESG") matters to ensure there is clear oversight of ESG-related considerations, including climate change. The Board's key responsibilities regarding climate change include:

- Ensuring the Company's approach to ESG matters remains aligned with the Company's strategic objectives
- Oversight over TCFD disclosures
- Overseeing the Company's process for identifying, assessing and managing climate-related risks
- Monitoring the Company's climate-related risks and opportunities over the short, medium and long term, and actions being taken in response
- Assessing the impact of climate-related risks and opportunities on the Company's business, strategy and financial planning
- Approving the metrics and targets used by the Company to assess and manage relevant climate-related risks and opportunities and monitor performance against targets

Governance continued

Board-level continued

The Chief Financial Officer ("CFO") has delegated responsibility from the Board for climate-related matters and is responsible for the implementation of our climate change management strategy. The CFO provides a monthly update to the Board on climate and ESG-related matters within financial reporting and delivers a more detailed update on a quarterly basis. Progress against our climate-related targets is reported annually to the Board.

During the year, the Board reviewed and signed off significant investment in our Home Energy Management system product development which is a key part of our low energy carbon product offering. Additionally, the Board endorsed the installation of a second solar PV array at our manufacturing facility in Jiaxing and we continue to source 100% renewable electricity for our operational sites.

Management-level

To support the CFO in the implementation of the strategy, and the effective identification, assessment and management of climate-related risks and opportunities, we have established three working groups. Each working group is chaired by the CFO and meets twice a year. Our external climate advisers attend these meetings to support the development of our strategy and the identification of emerging climate-related risks and opportunities.

Sustainability Working Group – comprises senior management from key business areas, including product development, operations, finance and supply chain. They are responsible for the identification and management of climate-related matters within their area of the business and supporting the implementation of carbon reduction measures.

Markets & Trends Working Group – comprises senior management from customer-facing roles representing individual business units (Kingfisher Lighting and DW Windsor) and key sales channels (Retail, Trade and Projects). The group is responsible for monitoring and providing feedback on changes in customer requirements around climate and wider ESG matters, as well as providing regular updates to customers on our climate strategy. Following the acquisition of D-Line, their Chief Operating Officer ("COO") has joined the group, and we look to include representatives from CMD and Sync Energy over the course of next year.

Manufacturing Working Group – includes senior representatives from our manufacturing facility in Jiaxing, with responsibility for the development of initiatives to reduce energy consumption and emissions. We have been working closely with some of our largest customers towards sustainable packaging.

Remuneration

To continually drive progress towards achieving our sustainability agenda, the remuneration for the corporate executive team is linked to the achievement of our ESG objectives. Up to 20% of the annual bonus is allocated to the achievement of strategic objectives including ESG objectives and targets. Further to the corporate executive team, bonuses for the delivery of our ESG objectives are included within the remuneration of Directors and senior management positions across the business. This helps to ensure our climate commitments and goals are continually being driven and executed by senior management. More information of executive remuneration can be found on pages 92 to 109 of the annual report.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Governance continued

Luceco plc Board

- Oversees all ESG matters, ensuring the approach remains aligned with the Company's strategic objectives
- Oversees the Company's processes for identifying, assessing and managing climate-related risks
- Monitors performance against the metrics and targets used to manage climate-related risks and opportunities

Informing ↓ Reporting ↑

Chief Financial Officer

- Delegated responsibility from the Board for climate-related matters and responsible for the implementation of our climate change management strategy
- Updates the Board on ESG-related matters monthly, with progress against targets reported annually
- Owner of our climate-related risks and opportunities and chair of the three working groups

Informing ↓ Reporting ↑

Manufacturing Working Group

- Includes senior representatives from our manufacturing facility in Jiaxing
- Responsible for the identification, assessment and management of climate-related risks and opportunities
- Development of initiatives to reduce energy consumption and emissions within our manufacturing operations

Sustainability Working Group

- Includes senior management from key business areas including product development, operations, finance and supply chain
- Responsible for the identification, assessment and management of climate-related risks and opportunities
- Development of initiatives across product development, operations and supply chain to reduce emissions across our value chain

Markets & Trends Working Group

- Includes senior management in customer-facing roles across individual business units and key sales channels
- Responsible for monitoring feedback on changes in customer requirements around climate and wider ESG matters
- Provides regular feedback to customers on the actions the Group is taking to tackle GHG emissions

Risk Management

The identification, assessment and management of climate-related risks is fully integrated into our risk management framework and mirrors the approach detailed on pages 64 to 68 of the annual report.

Two sessions are held annually with each of the working groups to appraise our climate-related risks and opportunities and provide an update of how these risks are changing. The outputs from these sessions are integrated into our "Macroeconomic, political and environmental" risk within the principal risk assessment.

The risk assessment process considers a number of categories, such as:

- Current and emerging regulations
- Legal
- Market
- Technology
- Customers
- Physical (acute and chronic)

The following categories are also considered for climate-related opportunities:

- Resource efficiency
- Energy source
- Products and services
- Market
- Resilience

Three principal climate-related risks and two principal opportunities have been identified that impact the Group.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Risk Management continued

Climate-related risks

CR1 Transition: Changing customer behaviour

Link to strategy:

Products & Services, Supply Chain, Research & Development, and Operations

Change in year:

Time horizon:

Short, medium and long term

Risk appetite:

Risk accepting

Net risk level:

Low	Medium	High

Metrics:
Total GHG emissions

% revenue from customer with GHG emission reduction target or net zero commitment

Risk owner: CFO

Risk and impact:

- In 2024, we reviewed our top ten customers in each category and estimate that approximately 46% of total revenue was generated from a customer with some form of public climate commitment (science-based targets or other public commitment to emission reduction targets). This does not include a measure of professional projects with climate or sustainability commitments built into project tenders etc
- We experienced an increased demand for information on the embodied carbon and circular design characteristics of lighting products as part of the tendering process for professional projects (TM65, TM66 and EPDs)
- Emerging interest shown from our larger trade customers in our carbon management strategy and emission reduction targets
- Failure to meet the increasing expectations of our customers on climate action could lead to a loss of revenue

Mitigation:

- Management liaises closely with customers to understand their ambitions and requirements relating to climate change
- Development of climate change strategy with an approved near-term science-based target validated by the SBTi
- Responding to external data requests such as the Carbon Disclosure Project ("CDP") and EcoVadis to increase transparency of our actions to address climate change and wider ESG matters
- Proactive approach to emissions reductions including investment into operational efficiency, sourcing renewable electricity and offsetting residual Scope 1 emissions
- Working with our largest retail customer on the Manufacture 2030 programme to reduce emissions and improve the sustainability of our products and packaging
- 31 SKUs have achieved the Green Star rating with leading hybrid retailer Screwfix with a further 175 nominated. Green Star products can help lower environmental impacts because they're made from lower impact materials or processes, or designed to help reduce impacts when in use
- We have invested in our internal capabilities to develop product information for TM65[1], TM66[1] and Environmental Product Declarations ("EPDs") assessments for LED lighting products. Across our lighting business units, we have completed over 100 TM65 and TM66 assessments along with six EPDs

1. TM65 provides methodology on calculating the embodied carbon of building services equipment and TM66 provides a framework for action and assessment to create a circular economy in the lighting industry.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Risk Management continued

Climate-related risks continued

CR2 Transition: Increased stakeholder concern or negative stakeholder feedback

Link to strategy:
Products & Services, Supply Chain, Research & Development, and Operations

Change in year: (no change)

Time horizon:
Short to medium term

Risk appetite:
Risk averse

Net risk level:

Low	Medium	High

Metrics:
Total GHG emissions

% revenue from customer with GHG emission reduction target

Risk owner: CFO

Risk and impact:

- ESG issues, particularly climate change, are a large concern for our key stakeholders, including customers, consumers, lenders, investors and employees
- Shifting focus from investors towards how we seize the opportunities presented by the transition to net zero and how we are addressing our customers' agenda in this area
- Damage to our reputation in relation to climate change could lead to a loss of revenue or negative impact on share prices

Mitigation:

- Management liaises closely with customers to understand their ambitions and requirements relating to climate change
- Development of climate change strategy with an approved near-term science-based target validated by the SBTi
- Responding to external data requests such as the Carbon Disclosure Project ("CDP") and EcoVadis to increase transparency of our actions to address climate change and wider ESG matters
- Proactive approach to emissions reductions including investment into operational efficiency, sourcing renewable electricity, on-site solar PV and offsetting residual Scope 1 emissions
- Working with our largest retail customer on the Manufacture 2030 programme to reduce emissions and improve the sustainability of our products

CR3 Physical: Increased severity and frequency of extreme weather events

Link to strategy:
Operations and Supply Chain

Change in year: (increased)

Time horizon:
Short, medium and long term

Risk appetite:
Risk accepting

Net risk level:

Low	Medium	High

Metrics:
Physical risk exposure rating (EarthScan Rating)

Risk owner: CFO

Risk and impact:

- Following our detailed assessment of physical risks on pages 64 to 68 of the annual report, we have identified that extreme weather events (precipitation and wind risk) could pose a risk to our sites and supply chain, particularly in China
- Severe disruption to our sites or suppliers could result in a loss of revenue

Mitigation:

- We have expanded the scope of our physical risk assessment to include newly acquired companies to provide a comprehensive review of physical risk exposures across our operational estate
- Key original equipment manufacturer ("OEM") suppliers located in China are also included in this assessment to increase visibility of our suppliers' risk exposure
- A buffer stock is held in our UK and China warehouses in the event of supply chain disruption
- All suppliers are provided with visibility of forward orders and supply issues are discussed upfront
- Our production facility in China is spread across multiple buildings on the same site to mitigate site disruptions
- The Group owns its product designs and production tooling, allowing manufacturing activities to be moved between suppliers more easily
- Business continuity plans have been developed and business interruption insurance put in place for our manufacturing facility, as well as key OEM suppliers

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Risk Management continued

Climate-related opportunities

CO1 Access to new markets

Link to strategy:
Products & Services, Supply Chain, Research & Development

Change in year: ↑

Time horizon:
Short, medium and long term

Net opportunity level:
Low | Medium | High

Metrics:
Revenue for low carbon products

Risk owner: CFO

Opportunity and impact:

- The electrification of energy presents a significant opportunity for the Group as new markets emerge through the transition to net zero
- Increased electrification could create opportunities for new product categories that complement our existing offering, such as battery storage, inverters, solar PV and Home Energy Management systems etc
- We expect demand for EV charging solutions for homes and commercial premises to increase, having achieved 26% growth in 2024
- Our Home Energy Management system is a key new market opportunity which will support low carbon sales growth

Realising the opportunity:

- Launch of the Sync Energy brand championing eco-power for sustainable living. The brand covers key categories in the eco-power market including EV charging
- Continued investment in R&D enables us to develop innovative products such as EV chargers for commercial premises and Home Energy Management systems for integrating residential batteries, EV chargers, solar PV systems and heating controls
- Our Residential EV Charger division also continued to outperform, with quarterly year-on-year growth of c.50%, reflecting both a strengthening market and successful new product launches
- Dedicated R&D functions in China and the UK employing 130 specialists with an expenditure of £5.1m in 2024
- We will continue to evaluate opportunities to acquire businesses poised to benefit from the electrification of residential and commercial energy use to accelerate our growth strategy

CO2 Expansion of existing products and services

Link to strategy:
Products & Services, Supply Chain, Research & Development

Change in year: ↑

Time horizon:
Short to medium term

Net opportunity level:
Low | Medium | High

Metrics:
Revenue for low carbon products

Risk owner: CFO

Opportunity and impact:

- The transition to net zero relies on the electrification of energy within homes and commercial buildings, which could increase demand for our existing products and services
- We anticipate an increase in demand for low carbon products and "green home tech" solutions such as smart plugs and controls, extension leads and ultra-efficient LED lighting
- Increased electrification within buildings could create additional demand for wiring accessories as building electrics are upgraded to manage the additional electrical load
- Regulatory and technology changes are another important sales driver. For example, there was a 60% increase in Luceco consumer unit sales during the EICR regulation change

Realising the opportunity:

- Expanded our range of LED lighting products and services through the acquisition of two external lighting businesses, DW Windsor (2021) and Kingfisher Lighting (2017)
- Acquisition of CMD (2024) who design and manufacture a comprehensive range of wiring accessories for commercial premises. Opportunity to include LED lighting products as part of their solution
- Continued investment in R&D enables us to bring new and more efficient products to market, helping to maintain competitive advantage and grow market share
- Dedicated R&D functions in China and the UK employing 130 specialists with an expenditure of £5.1m in 2024
- New product innovations include solar-powered off-grid lighting, hybrid lighting solutions as well as more efficient lighting products
- Strategic investment with our long-standing partner, eEnergy Group plc. We are a key supply partner to the company's eLight business who operate within the non-residential segment

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Risk Management continued

Physical risk: Scenario analysis

To better understand our exposure to the physical impacts of climate change, we have conducted scenario analysis. EarthScan™ allows us to evaluate physical risk on assets critical to our business (manufacturing facilities, warehousing and significant third-party OEMs) for a suite of different hazards, timescales and scenarios. The assessment for direct operations has been updated this year to include new operational sites for the newly acquired companies CMD and D-Line as well as a new warehouse in Telford.

The evaluation completed for OEM suppliers' exposure to physical risk remains relevant and has been updated with the latest climate intelligence from the EarthScan platform.

We used EarthScan's data and insights in our portfolio and asset-level climate risk assessment for the following climate hazards: flooding, heat stress, precipitation, extreme wind, drought and wildfire. Three Intergovernmental Panel on Climate Change ("IPCC") scenarios have been used to assess physical climate risks:

Business as usual (SSP5/RCP8.5): Emissions continue to rise over the 21st century, in the worst-case scenario.

Emissions peak in 2040 (SSP2/RCP4.5): Emissions do not increase beyond 2040. With current commitments, this is the climate scenario that most closely resembles current policy commitments.

Paris aligned (SSP1/RCP2.6): Emissions are aligned with Paris Agreement targets. This is the best-case scenario.

The results from the business-as-usual ("BAU") scenario are shown below over the historical short, medium and long-term time horizons.

- Short term: present
- Medium term: 2030
- Long term: 2050

Note, the timeline of the Paris Agreement differ to TCFD recognising their own regulation requirements. In conducting both physical and transitional scenario analysis, we have used a more granular assessment of risk exposure, which is important when considering climate-related risks and their implications for long-term strategic planning. The wider range of impacts ratings (very low to very high) compared to the risk assessment process (low, medium and high) helps to capture variations in potential impacts more precisely and their trend over the time horizons. We have also used longer time horizons compared to those used in setting our strategy to better understand and capture the long-term effects of climate change.

	Direct operations			
Risk driver	Short term	Medium term	Long term	Exposure and potential impact
Flooding	1	1	1	One of our sites in the UK is exposed to a medium risk of riverine flooding. A flood event could cause damage to our facilities or cause disruption indirectly if the local area was impacted. All other sites have been identified as low risk for both riverine and coastal flooding.
Wind risk	1	1	1	Extreme wind events can occur during weather events such as storms, typhoons and tornadoes. These events could cause damage to our facilities or lead to disruption if there are power outages or disruption in the local area. The overall risk is low, however our site located in China is at a medium-high risk.
Heat stress	3	4	4	Most locations are exposed to a medium-high level of heat stress which will increase under the BAU scenario. Increased temperatures over a prolonged period could lead to a loss of productivity and increased costs due to high energy demand for cooling.
Precipitation risk	2	2	2	Precipitation risk refers to the risk caused by exposure to extreme precipitation events or exceptionally high volumes of precipitation. Our sites in China, the UAE and Mexico are exposed to a high risk which could increase the likelihood of flooding, causing damage and disruption to our sites and the surrounding area.
Drought	2	2	2	Droughts are expected to increase under the BAU scenario. Our warehouse located in the UAE has the highest exposure, whilst the manufacturing sites in China and the UK have a low-risk exposure. Droughts would have an immaterial impact on the Group.
Wildfire	1	1	1	All sites are at a low risk from wildfire events.

Risk exposure 1 Very low 2 Low 3 Medium 4 Medium-high 5 High 6 Very high

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Risk Management continued

Physical risk: Scenario analysis continued

The table on the right shows the geographic distribution of risks for the different hazards across key operational sites (manufacturing plus warehouse and distribution operations) that have a risk exposure greater than "medium" In each column, the tile number corresponds to the number of sites potentially with a risk exposure rating of medium or above. The colour of the tile represents the average risk exposure for those sites. Grey tiles represent countries where sites achieved a rating of "very low" or "low" for the exposure in that risk category.

	Flooding	Wind risk	Heat stress	Precipitation risk	Drought	Wildfire
United Kingdom	1 (Medium)		8 (Medium)			
China		1 (Medium-high)	1 (Medium-high)	1 (High)		
United Arab Emirates			1 (Very High)	1 (High)	1 (Very High)	
Mexico		1 (Medium-high)	1 (Medium-high)	1 (High)		
USA			1 (Medium-high)			
Spain				1 (Medium)		

Key: 1 Number of sites · Medium · Medium-high · High · Very High

Risk driver	Top 15 OEMs Short term	Medium term	Long term	Exposure and potential impact
Flooding	1	1	1	Supplier sites have a low-risk exposure to riverine and coastal flooding events.
Wind risk	5	5	5	Our suppliers are exposed to a high level of wind risk in the form of typhoons and storms. These events could damage supplier factories, affecting their ability to manufacture. Indirect damage: There is also a risk that if the local area is affected, it could lead to other disruptions, such as their ability to bring in raw materials or transport finished goods. This could impact the amount of product we have available for customers.
Heat stress	3	3	4	There is a medium risk of heat-stress events for suppliers. Whilst there could be implications such as productivity loss or high operating costs, the impact for the Group is thought to be immaterial.
Precipitation risk	5	5	5	Our suppliers are exposed to a high level of precipitation risk with heavy precipitation events becoming more frequent and intense across Asia. These events could cause damage and disruption to supplier facilities through surface water flooding. This risk could also impact the ability of suppliers to bring in raw materials or transport finished goods, which could impact the amount of product we have available.
Drought	1	2	2	Droughts are expected to increase under the BAU scenario but still remain at a low risk level. Droughts could cause short-term disruption for manufacturers that are reliant on water within their manufacturing processes. However, given the risk level, the impact on the Group is thought to be immaterial at this stage.
Wildfire	1	1	1	Supplier sites have a low-risk exposure to wildfire events.

Risk exposure: 1 Very low · 2 Low · 3 Medium · 4 Medium-high · 5 High · 6 Very high

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Risk Management continued

Adaptation and mitigation measures

Our physical scenario analysis shows the extent to which our operations and those of our principal OEM suppliers, situated within China, are exposed to the acute and chronic impacts of climate change. Extreme weather events such as extreme precipitation and storm events represent the most significant threat to our facilities and suppliers. During 2024 we experienced no adverse impacts to our operations or our suppliers because of extreme weather events.

In recognition of the potential disruptions posed by extreme weather events, we hold additional stock in our warehouses in both the UK and China. This buffer helps to bolster our resilience to any temporary disruptions within the supply chain. The Group has ownership of product designs and production tooling, allowing manufacturing activities to be moved between suppliers more easily, should any disruptions arise. We have established comprehensive business continuity plans and secured business interruption insurance for our manufacturing facilities and critical OEM suppliers. This ensures our preparedness and financial protection against unforeseen events. Over the medium to long term, we are looking at greater diversification of our supplier base to further mitigate our risk exposure and are planning to have small-scale options outside of China.

Strategy

We recognise that climate-related risks and opportunities can manifest themselves over longer time horizons that extend beyond traditional business planning horizons (and hence these timelines are different to our assessment of non-climate-related risks). To develop a resilient business capable of navigating the uncertainties introduced by climate change, we have embedded the management of these climate-related considerations within our business strategy, encompassing our short, medium and long-term time horizons.

- Short term: 0 to 1 year
- Medium term: 1 to 3 years
- Long term: 3 to 10+ years

Our strategic priorities of Innovate, Grow and Sustain help to ensure our work contributes increasingly to society's sustainability goals.

Innovate

Through research and development, we will continue to develop innovative products which are more efficient and designed with circularity in mind. As we progressively add greater technology, such as controls, smart functions and connectivity, we can help our customers reduce their energy usage.

Grow

Our growth strategy focuses on continued organic growth and targeted acquisitions to gain access to emerging product markets and expand our existing product offering. We aim to leverage the opportunities presented by the electrification of energy which helps drive decarbonisation and the transition to net zero.

Sustain

We aim to lead the industry by lowering our environmental footprint, and in doing so help our customers to achieve their own sustainability targets.

Transitioning to a low carbon economy

We recognise the UK Government's net zero target for 2050 and the net zero commitments and emission reduction targets that our customers have made. In setting our strategy, we have established near-term science-based emission reduction targets which have been validated by the Science Based Targets initiative ("SBTi"). Delivering progress against our near-term targets is an important step in our transition towards a low carbon economy. To achieve our Scope 1 and 2 target we will continue to source 100% renewable electricity, and in September 2024 we completed the installation of our second solar PV array at our manufacturing facility in Jiaxing, China. When fully operational, we anticipate around 13% of the site's electricity consumption will be self-generated.

Ensuring we use energy efficiently across heating, manufacturing processes and transportation will play an important role in reducing our use of fossil fuels. We have made improvements to the management of our heating system at our main distribution centre in Telford, reducing gas consumption by 6% compared to last year. Kingfisher Lighting have moved into new premises, and we have implemented a state-of-the-art lighting system with modern controls to reduce electricity consumption. We have also installed EV chargers at our sites to support employees with the transition to electric vehicles.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Strategy continued

Transitioning to a low carbon economy continued

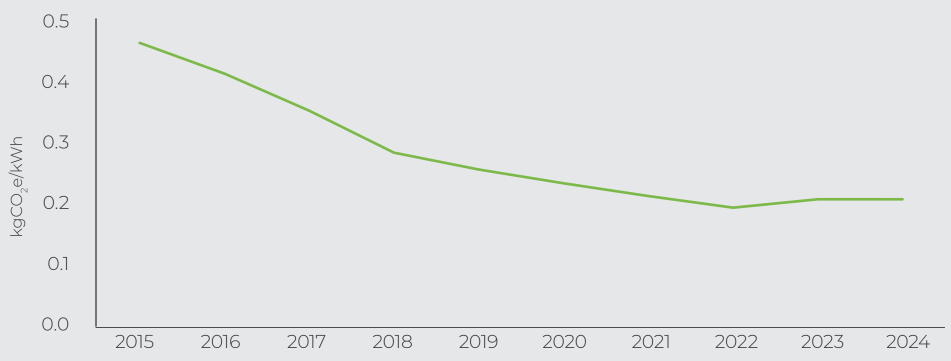
Over the medium term, we will need to continue the transition of company vehicles to electric and low carbon alternatives as well as assessing the use of low carbon heating solutions across our estate.

Our Scope 3 target focuses on emissions from the use of the products we sell. We continue to enhance product efficiency through research and development, integrating energy-saving features such as advanced controls and smart functionality. Our expanding product range, including off-grid solar-powered and hybrid lighting solutions, demonstrates our commitment to innovation and decarbonisation, helping our customers transition to a low carbon economy.

Achieving our Scope 3 target is dependent upon the decarbonisation of electricity grids in the markets where our products are sold. For example, the carbon intensity of the UK electricity grid has halved due to increased renewable energy generation since 2015. While the pace of decarbonisation has slowed in recent years, the UK Government remains committed to delivering a clean power system by 2030.

To strengthen our transition to a low-carbon economy and reduce emissions across our GHG inventory, we have assessed our current practices against the Transition Plan Taskforce ("TPT") Disclosure Framework. This framework defines best practices for credible and robust transition plan disclosures. We are now reviewing the findings alongside the IFRS S2 Climate-related Disclosure Standard to shape our approach, ensuring a clear strategic direction to achieve our targets and comply with forthcoming disclosure requirements.

UK electricity grid emissions intensity



Task Force on Climate-related Financial Disclosures ("TCFD") continued

Strategy continued

	Products & Services	Supply Chain	Research & Development	Operations
Description	Our low carbon product ranges (LED lighting, EV chargers and smart standby products) help customers to reduce their GHG emissions and transition towards a low-carbon future. We strive to develop more efficient products and better controls to improve energy efficiency.	One of our strengths is the relationship we have with our suppliers. We recognise that we must work together to make more sustainable choices across product design, material choices and the manufacturing processes.	Our business is well placed to take advantage of the inevitable electrification of energy as we transition towards a low carbon economy. Opportunities for expansion into electric vehicle charging and other low carbon solutions such as smart home tech.	One of our first priorities is to reduce the emissions from our operations. By implementing efficiency improvements, we can reduce energy use, raw material use, waste and water use to limit our GHG emissions.
Link to strategic priorities	Innovate, Grow, Sustain	Sustain	Innovate, Sustain	Sustain
Link to climate-related risks and opportunities	CR1, CR2, CO1	CR1, CR2, CR3, CO1, CO2	CR1, CR2, CO1	CR1, CR2, CR3, CO1, CO2
Achievements during 2024	• £82.6m revenue generated from low carbon product categories • Strong pipeline of new products including EV chargers for commercial premises, Home Energy Management systems for integrating residential batteries, EV chargers, solar PV systems and heating controls as well as solar-powered lighting solutions • Continued development of TM65, TM66 and EPD for LED products in response to increased customer demand for sustainability-related product information • Our lighting divisions have been offering CPD sessions focused on sustainable lighting solutions with customers	• Continuing to work with our key customers on the Manufacturing 2030 programme to reduce our GHG emissions • Worked with our logistics partner to improve our quantification methodology for upstream logistics • As part of developing our product sustainability information, our team in China has been engaging with our OEM suppliers to obtain critical data for these assessments	• Specialist R&D function in China and the UK employing 130 specialists with an expenditure of £5.1m (£4.1m in 2023) • Development focus on EV and Home Energy Management systems which are key growth areas for the business and also a key high market growth opportunity • DW Windsor continue to develop innovative hybrid power lighting solutions to help customers reduce their energy consumption and costs	• Sourced 100% renewable electricity for all Group operations in 2024, for the third consecutive year • Completion of the second solar PV array at our manufacturing facility in China • Investment in energy management at Telford site to reduce natural gas consumption • Installation of EV charges at Telford site for employees and visitors • ESOS audits completed for UK sites • Superior packaging solutions implemented • Kingfisher Lighting have moved into a new distribution centre fitted out with our energy efficient lighting and controls

Targets and commitments

Luceco plc commits to reduce absolute Scope 3 GHG emissions from the use of sold products by 27.5% by 2031 from a 2021 base year.

Luceco plc commits to generating £120m revenue from low carbon product sales by 2030.

Luceco plc commits to reduce absolute Scope 1 and Scope 2 GHG emissions by 46.2% by 2031 from a 2021 base year.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Strategy continued

Financial planning

Climate-related matters influence various elements of our financial planning process. The potential financial impact of each risk and opportunity is calculated to better understand its materiality for the Group. Acquisitions have played, and will continue to play, a key role in our sustainable growth strategy. We have acquired three businesses since 2017 to gain access to emerging product markets, such as EV chargers through our acquisition of Sync EV in 2022, and to expand our existing LED lighting product offering through the acquisitions of Kingfisher and DW Windsor. In 2024 we acquired CMD, who design and manufacture a comprehensive range of wiring accessories for commercial premises and offices, which represents an opportunity for the Group to sell our LED lighting solutions to complement their existing offering.

In November 2023, we completed a strategic investment in eEnergy, an important customer within our LED Lighting Projects business. eEnergy is a net zero energy services provider, empowering organisations to transition to net zero by tackling energy waste and consuming clean energy, without the need for upfront investment. They are well positioned to become an increasingly relevant sales channel within the non-residential segment, and we look forward to working in collaboration to explore growth opportunities for our LED lighting and other products.

1. Low carbon products are classified as LED lighting, excluding revenue from lighting columns, and EV chargers, see page 22 for more detail.

Copper is a key raw material for our products, and we anticipate that demand for copper will continue to increase, driven in part by the electrification of energy and transportation. We continue to use forward purchasing strategies and hedging along with short-term fixed price agreements to protect against volatility.

Our aim is to leverage our position as the UK's leading provider of domestic electrical devices to seize opportunities presented by the electrification of energy as society charts its path towards net zero.

We generated £82.6m of revenue from low carbon products[1] in 2024. As we move forward we are going to include our Home Energy Management systems, which will begin delivering sales in 2025, within our low carbon products target. Accordingly, we have revised our target to include these products and have set a target of £120m of low carbon sales by 2030.

Over the course of 2024, we have invested £5.1m in R&D, with a significant proportion attributable to the development of low carbon products. Additionally, we have invested to reduce our GHG emissions, including the second solar PV array at our manufacturing facility in China, installed EV chargers at our Telford site and installed LED lighting and controls at the new Kingfisher site.

Scenario analysis: Transition risks and opportunities

In 2022, we carried out a detailed assessment of how our main climate-related transition risks and opportunities could evolve under three different scenarios based upon the Network for Greening the Financial System ("NGFS") climate scenarios. Potential impacts and their materiality were considered across short (present), medium (2030) and long-term (2050) horizons. Our medium-term horizon is aligned with our near-term science-based emission reduction target and our long-term horizon aligns with the UK Government's net zero commitment. In 2024, we revisited the risks and opportunities evaluated within our scenario analysis process and are satisfied that there were no new emerging risks or opportunities at this stage which need to be factored into our assessment. Over the course of 2025, we plan to repeat our scenario analysis in line with our three-year planning cycle. Objectives for the next analysis are to incorporate more quantitative assessments of the potential financial impact, taking into consideration the requirements of the IFRS S2 standard.

In the Net Zero ("NZ") scenario, we are likely to be confronted by escalating risks associated with the evolution of customer preferences and increasing stakeholder concern regarding climate change. Should we fail to align with these escalating demands for climate action, our revenue could be impacted by falling customer demand and our share price could be adversely affected. The advent of carbon pricing mechanisms and the surge in raw material costs driven by the global shift towards sustainable energy, may result in higher costs. This scenario also unveils the most substantial opportunities for the Group, especially in the medium to long term. The development of new markets such as EV charging equipment and other emerging technologies, could represent substantial growth opportunities for the Group. Additionally, there is potential within existing product categories for growth, through the electrification of energy and a growing appetite for environmentally conscious products.

In the Delayed Transition ("DT") scenario, the perceived risks appear more subdued in the short to medium term but escalate towards the long-term horizon. This suggests a delayed transition might lead to sudden and more significant changes over a shortened timescale later on. The potential financial impacts from changing customer behaviour and stakeholder concern on revenue and share price could become more significant if we failed to act over the long term.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Strategy continued

Scenario analysis: Transition risks and opportunities continued

The Current Policies ("CP") scenario, which assumes there is no expansion in climate policies and lowered expectations from customers and other stakeholders, results in a lower level of transitional risk. We still anticipate growth prospects within this scenario, as advances in energy efficiency and the progression towards the electrification of energy present viable opportunities. However, the magnitude of these opportunities is less pronounced than in the NZ or DT scenarios.

Our strategic approach to sustainable growth continues to focus on organic growth complemented by strategic acquisitions aimed at gaining access to emerging markets and enhancing our existing portfolio. Sustainability is a key pillar of our business strategy, and we are well positioned to seize the opportunities presented by the transition to net zero. We recognise and support the significant commitments our customers are making to reduce their carbon footprint and will work closely with them to help them achieve their climate aspirations.

Climate scenarios

Net Zero 2050 – an ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2 emissions no later than 2050.

Delayed Transition – assumes global emissions do not peak until 2030, followed by strong policies that are needed to limit warming to below 2°C. This scenario explores the impact that a delayed and disorderly transition could have.

Current Policies – assumes that only currently implemented policies are preserved, leading to a "hot-house world", a higher degree of physical risk and lower impact of transitional risk.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Strategy continued

Scenario analysis: Transition risks and opportunities continued

Transition risk/opportunity	Description	Potential financial impact	Scenarios	Short term	Medium term	Long term
Risk						
Changing customer demands	Trend within our retail customer base of ambitious carbon reduction targets that requires suppliers to set similarly ambitious targets.	Failure to respond to increasing customer demand for climate action could lead to a loss of revenue through reduced demand for products and services.	NZ	3	4	6
			DT	2	3	5
			CP	2	2	2
Increased stakeholder concern	ESG issues, particularly climate change, are a large concern for our key stakeholders (investors, customers, employees and consumers).	Damage to our reputation in relation to climate change could lead to a loss of revenue or negative impact on share prices.	NZ	3	4	6
			DT	2	3	6
			CP	2	2	2
Increased pricing of GHG emissions	To achieve the ambitious goal of net zero emissions by 2050, the policy landscape around GHG emissions will need to evolve to create the necessary environment to enable the transition to a low carbon economy.	More ambitious climate policies could increase direct and indirect operating costs. Failure to comply with reporting obligations could have a negative impact on our reputation.	NZ	4	4	4
			DT	2	2	5
			CP	1	1	1
Increased cost of raw materials	Demand for critical materials, such as copper, is projected to rapidly grow as sustainable technologies are deployed (renewable energy, electrification, EVs etc.) in pursuit of net zero. Rapid growth in demand and the timespan to develop new supplies of metals can affect the supply and demand balance.	Increased raw materials costs would inevitably lead to increased product costs, although these costs can usually be passed on. Constrained supply chains could temporarily reduce production output.	NZ	4	4	4
			DT	2	2	5
			CP	2	2	2
Opportunities						
Access to new markets	The electrification of energy presents a significant opportunity for the Group through the net zero transition. This predominantly relates to EV charging solutions but could also extend to new product categories that complement our existing offering (battery storage, inverters, solar PV etc.).	The transition to net zero presents a range of exciting opportunities for the Group to grow revenues from new product categories. For example, the UK EV charging market is estimated to be worth £500m annually by 2025.	NZ	4	6	6
			DT	2	4	6
			CP	2	4	4
Expansion of existing products and services	The transition to net zero relies on the electrification of energy and efficiency gains within buildings which could increase demand for our products. This includes low-carbon products (LED lighting, smart plugs and controls) and wiring accessories as building electrics are upgraded to manage the additional electrical load.	The transition to net zero presents a range of exciting opportunities for the Group to also grow revenues within existing product categories.	NZ	4	6	6
			DT	2	4	6
			CP	2	4	4

Materiality	Low		Medium		High	
Risk	1	2	3	4	5	6
Opportunities	1	2	3	4	5	6

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Metrics and Targets

Greenhouse gas emissions

We are committed to measuring and reducing our greenhouse gas emissions ("GHG"), having established 2021 as the baseline for our GHG inventory and emission reduction targets. The Group's emissions have been independently calculated in accordance with the GHG Protocol and PCAF, utilising emission factors published by the UK Government, the International Energy Agency ("IEA") and Exiobase. The table below details our GHG emissions from all Group operations and our value chain across Scopes 1, 2 and 3 for the year ended 31 December 2024, compared to the previous year and our 2021 base year. The table excludes CMD Limited and D-Line due to the timing of these acquisitions. A separate table has been included for D-Line (see following page).

GHG emissions (tCO_2e)	2024	2023	2022	2021	Change vs 2023	Change vs 2021
Scope 1						
Natural gas	**481.8**	467.0	380.1	432.7	3%	11%
LPG	**7.4**	8.4	5.8	5.9	-12%	25%
HFCs	**182.4**	137.0	57.3	46.8	33%	290%
Company vehicles	**328.3**	522.1	459.6	483.9	-37%	-32%
Scope 2						
Market-based method ("MBM")	**—**	—	—	195.3	—	-100%
Location-based method ("LBM")	**5,634.6**	4,999.1	4,139.8	5,240.9	13%	8%
Scope 3						
Purchased goods and services	**75,498.0**	69,248.7	60,900.4	83,623.0	9%	-10%
Capital goods	**1,581.5**	1,777.8	1,596.1	2,418.8	-11%	-35%
Fuel and energy-related activities	**2,013.9**	1,850.1	1,534.6	1,944.9	9%	4%
Upstream transportation and distribution	**11,982.0**	7,596.4	14,557.1	10,783.7	58%	11%
Waste generated in operations	**221.1**	187.3	253.8	208.0	18%	6%

GHG emissions (tCO_2e)	2024	2023	2022	2021	Change vs 2023	Change vs 2021
Business travel	**787.0**	921.8	628.5	402.0	-15%	96%
Employee commuting	**1,122.8**	1,149.0	1,053.2	1,386.8	-2%	-19%
Downstream transportation and distribution	**13,018.5**	7,007.6	13,611.5	20,206.4	86%	-36%
Use of sold products	**441,721.7**	405,258.0	430,472.0	526,774.6	9%	-16%
End-of-life treatment of sold products	**777.1**	715.5	763.3	1,077.6	9%	-28%
Investments	**142.9**	207.6	—	—	-31%	—
Total Scope 1 + 2 (MBM only)	**999.9**	1,134.5	902.8	1,164.6	-12%	-14%
Total Scope 3	**548,866.5**	495,919.8	525,370.5	648,825.8	11%	-15%
Total GHG emissions	**549,866.4**	497,054.3	526,273.2	649,990.4	11%	-15%
Outside-of-scope direct biogenic emissions	**11.6**	20.0	19.7	27.2	-42%	-57%
Emissions intensity ratio						
£m revenue	**218.8**	209.0	206.3	228.2	5%	-4%
Scope 1 + 2 (MBM) tCO_2e/£m revenue	**4.6**	5.4	4.4	5.1	-15%	-10%
Scope 3 tCO_2e/£m revenue	**2,509.7**	2,372.8	2,546.6	2,843.2	6%	-12%

In 2024, we have continued our efforts to improve our emissions quantification methodology and have restated our historic emissions profile to reflect this. We have worked with our main freight forwarder to obtain activity-based calculations, allowing us to improve the accuracy of our upstream transportation and distribution emissions. We have also improved the underlying dataset used in the LED lighting element of our use of sold products calculations. We now have product data for 99% of our sold lighting products, which has increased from 70% in 2021; the implications of this improvement are discussed in more detail as part of our Scope 3 target analysis on page 22.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Metrics and Targets continued

Greenhouse gas emissions continued

We have continued efforts to improve our emission quantification methodology and have begun work on incorporating the addition of D-Line into the Group's GHG accounting. The Group's reported emissions exclude both D-Line and CMD, with D-Line's 2024 emissions reported below. The emissions profile for both D-Line and CMD will be included in reporting in 2025.

D-Line GHG emissions (tCO_2e)	2024
Scope 1	**24.7**
Scope 2 (MB)	**—**
Scope 3	**7,315.1**
Total	**7,339.8**
Outside-of-scope biogenic emissions	**0.3**
Emissions intensity ratio	
£m revenue	**22.9**
Scope 1 + 2 (MBM) tCO_2e/£m turnover	**1.1**
Scope 3 tCO_2e/£m turnover	**319.9**

D-Line energy use (kWh)	2024	2023	% change
Natural gas	**132,183**	128,764	3%
LPG	**13,073**	16,773	-22%
Company vehicles	**26,572**	24,741	7%
Electricity	**625,196**	630,060	-1%
Total	**797,024**	800,339	-0.4%

D-Line energy use (tCO_2e)	2024	2023	% change
Natural gas	**15.2**	14.3	6%
LPG	**2.8**	3.6	-22%
Company vehicles	**6.7**	6.2	7%
Electricity	**—**	111.5	-100%
Total	**24.7**	135.6	-82%

The table below details our 2021, 2022 and 2023 GHG emissions reported in the 2023 Annual Report. These values have now been restated following the methodology improvements and restated emissions provided in 2024. Our Scope 1 and 2 emissions and "Use of sold products" emissions for 2021 have remained the same under our SBTi target commitment. A significant change has arisen for upstream transportation emission calculations, which has moved from a financial spend model to incorporating activity data provided by one of our major logistics providers. As a result, we have restated our 2023, 2022 and 2021 emissions profile to it in line with our new methodology.

Our GHG inventory has seen a year-on-year increase, but an overall decrease against the 2021 base year. This was driven primarily by a 9% increase in our largest emission source, the use of sold products. There are numerous factors driving this increase, including a 10% increase in sales volumes compared to 2023 and changes in our product mix (i.e. higher value and more powerful commercial lighting versus residential lighting) in 2024.

Upstream and downstream transportation emissions have increased compared to last year. Emissions in these categories have been calculated using a mixture of activity data from suppliers and spend-based factors, where deflators are used to normalise the financial spend to align with the emission factors. The deflators use a region-specific average which does not capture the significantly higher inflationary pressure that was experienced for shipping costs since the COVID-19 pandemic. For 2024, we successfully moved away from spend-based factors for one of our main freight suppliers; however, a significant proportion remains on a spend-based calculation. As a result, emissions in previous years are likely to be overstated due to higher freight costs over this period. We will continue work in 2025 to obtain more activity data and shift away from the spend-based method.

Historic emissions (pre-restatement)

GHG emissions (tCO_2e)	2023	2022	2021
Scope 1	**1,134.5**	902.7	969.4
Scope 2	**—**	—	195.3
Scope 3	**496,359.0**	531,775.0	656,613.9
Total	**497,493.5**	532,677.7	657,778.5
Outside-of-scope biogenic emissions	**20.0**	19.7	27.2

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Metrics and Targets continued

Streamlined Energy and Carbon Reporting

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 requires the Group to disclose its annual energy consumption and greenhouse gas emissions from Streamlined Energy and Carbon Reporting ("SECR") sources for global Scope 1 and 2 emissions. Our emissions intensity per unit of turnover is reported in the GHG inventory table on page 17 and the narrative on energy and emission reduction measures is included in the strategy section on pages 11 to 14. The tables below do not include D-Line or CMD data due to the timing of the acquisitions. D-Line data has been disclosed separately on page 18. Both entities will be included within 2025 reporting.

	2024			2023			Total change (%)
Energy use (kWh)	UK	Non-UK	Total	UK	Non-UK	Total	vs 2023
Natural gas	**1,502,405**	**1,131,567**	**2,633,972**	1,491,648	1,061,136	2,552,784	3%
LPG	**34,464**	**—**	**34,464**	39,302	—	39,302	-12%
Company vehicles	**1,286,683**	**116,800**	**1,403,483**	1,914,329	158,186	2,072,515	-32%
Electricity (grid)	**1,425,366**	**7,890,157**	**9,315,523**	1,261,145	6,998,830	8,259,975	13%
Electricity (solar generation)	**—**	**824,039**	**824,039**	—	744,236	744,236	11%
Total	**4,248,918**	**9,962,583**	**14,211,481**	4,706,424	8,962,388	13,668,812	4%

	2024			2023			Total change (%)
Scope 1 and 2 emissions (tCO_2e)	UK	Non-UK	Total	UK	Non-UK	Total	vs 2023
Natural gas	**274.8**	**207.0**	**481.8**	272.9	194.1	467.0	3%
LPG	**7.4**	**—**	**7.4**	8.4	—	8.4	-12%
HFCs	**9.2**	**173.2**	**182.4**	9.2	127.8	137.0	33%
Company vehicles	**301.0**	**27.3**	**328.3**	485.3	36.9	522.1	-37%
Total	**592.4**	**407.5**	**999.9**	775.8	358.8	1,134.5	-12%

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Metrics and Targets continued

Renewable electricity

We have continued our efforts to mitigate our Scope 2 emissions and sourced 100% renewable electricity across all operations for the third year running. Renewable Energy Attribute Certificates ("EACs") have been sourced to cover grid electricity consumption for all operational locations, accounting for 92% of our total electricity consumption. We were unable to source EACs generated for our operations in Mexico due to the small volume of certificates required and have instead sourced EACs from Guatemala, which shares an electrical interconnector with Mexico. Our second solar PV array at our manufacturing facility in China began operating in September 2024 and our percentage of self-generated electricity will increase in 2025 as the array is fully operational. In 2024, on-site renewable generation accounted for 8% of total electricity consumption.

Carbon neutrality

Carbon neutrality (or carbon neutral) is defined as having zero Scope 1 and Scope 2 emissions by a combination of carbon reduction activities together with offsetting measures, such as carbon credits. We have retired 1,025[1] credits this year, sourced from the Weyerhaeuser Afforestation Project in Uruguay. The nature-based project covers over 18,800 hectares of degraded land which is expected to continue to degrade in the absence of this afforestation project.

1. 1,025 credits have been retired for the 2024 reporting period. This covers the Scope 1 emissions arising from the Group excluding CMD.

The certificates have been awarded by the Rainforest Alliance in accordance with the Verified Carbon Standard.

GHG data verification

As part of improving our CDP disclosures, we obtained external verification from Lucideon CICS for our 2023 Scope 1 and 2 inventory. The verification findings provide limited assurance that the GHG emissions statement is materially correct and a fair representation of the Group's Scope 1 and 2 GHG emissions. The Group is committed to repeat verification for Scope 1 and 2 for the 2024 period as part of our CDP disclosures and we will review the applicability of verification for Scope 3 emission sources.

Calculation methodology

Scope 1 and 2

Natural gas – Calculated using metered consumption from supplier invoices. Where actual consumption data was not available, consumption has been estimated based on floor areas and published benchmarks or heating degree day regression analysis.

HFCs – Refrigeration emissions have been calculated from service records where available. Where records were unavailable, HFC losses have been estimated using the screening methodology which estimates annual refrigerant losses based on equipment type.

Company-owned vehicles – Emissions have been calculated using fuel consumption data where available. Vehicle type and mileage have been used to calculate emissions where fuel data is not available. UK Government "SECR" kWh emission factors have been utilised to calculate the underlying energy use.

Electricity – Calculated primarily using metered consumption from supplier invoices and half-hourly consumption data. Where actual consumption data is not available, consumption has been estimated based on floor areas and published benchmarks.

Exclusions – Emissions from rented sales offices with shared air conditioning services, including our sales offices in the UAE and Spain, have been excluded due to a lack of data, however emissions are immaterial.

Scope 3

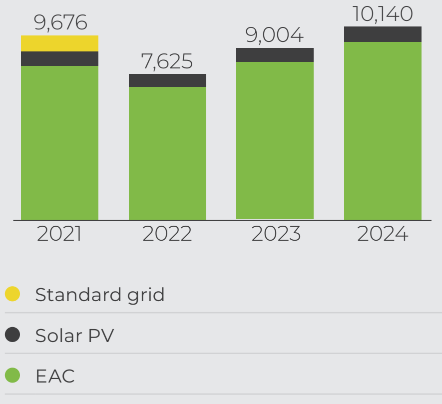
Financial screening – Purchased goods and services, capital goods, business travel, waste generated in operations and some aspects of transport and distribution have been calculated using a financial screening methodology which uses high-level environmentally extended input output ("EEIO") factors to estimate associated GHG emissions from financial spend information. Country or region-specific Exiobase EEIO factors from 2020 have been utilised along with the most up-to-date deflation factors published by the World Bank and UK Government to normalise spend back to the year of the emission factors.

Upstream transportation and distribution – We have obtained GHG calculations from our main freight forwarder to improve the calculation and move away from financial screening.

The calculations are completed on a tonne/km basis in line with the GHG Protocol and relevant UK Government emission factors are used. The financial screening is adjusted to exclude the main freight forwarder from that part of the calculation to avoid double counting.

Use of sold products – Emissions have been modelled based on sales data and product information and assumptions on the use of our products over their expected lifespan. For LED lighting products, we have taken the quantity of lights sold and their individual wattages and multiplied by 75% of their overall lifetime run hours to estimate their lifetime energy usage. This is then multiplied by the country of sale electricity emission factor, provided by the UK Government for the UK and IEA factors for the rest of the word. Where the product wattage or lifetime run hours is unknown, we uplift the emissions from known products on a revenue basis to estimate emissions from products with missing information.

Electricity sourcing mix (Mwh)



Task Force on Climate-related Financial Disclosures ("TCFD") continued

Metrics and Targets continued

Calculation methodology continued

Scope 3 continued

Use of sold products continued

For EV chargers we have included the standby power rating and charging losses within their energy use calculation. Our EV charger management system provides the annual average energy consumption per sold charger, which we use to approximate the charging losses. We estimate that our chargers have an average lifespan of eight years. We multiply the estimated lifetime energy use per charger by the country of sale electricity emission factor.

For standby power products such as Wi-Fi or USB-enabled wall sockets, we assume a standby power consumption of 0.1w and an estimated lifespan of ten years. We multiply the estimated lifetime energy use per product by the country of sale electricity emission factor.

End-of-life treatment – We have calculated the total weight of sold product and packaging for the reporting period. Where there is weight data missing, we have used an average for the product category to estimate the missing product and packaging weight. Around 80% of our products are sold within the UK, therefore we have used UK Government waste treatment statistics for packaging and the Waste Electrical and Electronic Equipment ("WEEE") regulations to estimate the treatment method for each waste stream.

Based on available data, an assumption on packaging types was assumed to be 70% paper and cardboard and 30% plastic and UK Government emission factors were used to estimate emissions.

Fuel and energy-related activities – The underlying energy figures used in the Scope 1 and 2 calculations have been multiplied by the UK Government well-to-tank and transmission and distribution emission factors.

Downstream transportation and distribution – Where our customers have arranged the transportation of our products, we have estimated their shipping costs on the basis of what we have paid in terms of shipping costs. We have then used the Exiobase EEIO factors to estimate the associated emissions.

To account for the retailing and distribution emissions associated with our customers' operations, we have taken a sample of our customers' Scope 1 and 2 emissions per revenue by sales channel. This is multiplied by the revenue from each sales channel, with a multiplier to account for customer margin, to estimate the associated emissions.

Employee commuting – For China-based employees, we have created a model based on average commuting distances within major Chinese cities and a survey on modes of transport for commuting within China. Within this model, UK Government emission factors have been utilised as a proxy, and we have applied a 15% uplift to these factors to be conservative. The majority of all other employees are based in the UK and therefore the average commuting emissions per full-time equivalent for a UK worker has been used.

Investments – As a result of our investment in eEnergy plc, we need to include this within our GHG inventory. To estimate the associated emissions for eEnergy, we have used the Partnership for Carbon Accounting Financials ("PCAF") Part A guidance for financed emissions and the section on listed equity and corporate bonds. We have calculated our share in eEnergy plc to work out the attribution factor. For their emissions, we have used the associated Exiobase emission factor based on their SIC code and their 2024 annual turnover and multiplied this by the attribution factor to calculate our emissions.

Carbon Disclosure Project ("CDP")

We received a management-level score (B) for our response to the CDP Climate Change questionnaire in 2024. This is our fourth year of reporting to the platform, so we are delighted to have achieved a strong grade, reflecting our progress integrating climate-related issues into our business operations. Our CDP response contains further information on our climate governance, risk management processes, climate-related risks and opportunities, GHG emissions and business strategy.

Science Based Targets initiative

Our near-term emission reduction targets were successfully validated by the SBTi in April 2023. The SBTi defines and promotes best practice in science-based target setting and establishes how quickly organisations need to reduce their GHG emissions to prevent the worst effects of climate change. Our targets are to:

- Reduce absolute Scope 1[1] and Scope 2 GHG emissions by 46.2% by 2031 from a 2021 base year
- Reduce absolute Scope 3 GHG emissions from the use of sold products by 27.5% by 2031 from a 2021 base year

We will review our near-term science-based targets over the course of 2025 and consider whether the targets need to be recalculated as a result of the acquisitions of D-Line and CMD.

1. Scope 1 emissions include the biogenic elements as per the SBTi target requirements.

Task Force on Climate-related Financial Disclosures ("TCFD") continued

Metrics and Targets continued

Science Based Targets initiative continued

Scope 1 and 2 target

In 2024, our Scope 1 and 2 emissions decreased by 12% compared to the previous year but have reduced by 14% against our base year. Our gas consumption has increased by 3% on last year, driven by higher manufacturing activity at our site in China and additional sites in Telford and Mansfield coming online during 2024. Mileages for company vehicles have fallen, primarily driven by the decreased HGV activity of the Kingfisher delivery fleet. We have continued to source 100% renewable electricity using a combination of solar PV and Energy Attribute Certificates, maintaining zero Scope 2 emissions. Finally, we have seen a significant increase in emissions from refrigerant gases compared to 2021. There were several air conditioning units that required refrigerant gas top-ups during the year, resulting in a significant increase in our HFC emissions.

To continue progress with our target, we need to focus on controlling our natural gas consumption over the short term whilst we consider low carbon alternatives. Additional energy management measures have been put in place at the Telford site to help reduce gas consumption. We need to enhance the maintenance of our air conditioning systems to reduce refrigerant gas leaks. For company vehicles, we will continue the transition of our company car and van fleet towards electric and hybrid over the medium term. It will be more challenging to transition the Kingfisher delivery fleet of large goods vehicles, where alternative technologies are still emerging. We purchased a fuel-efficient EURO VI LGV in 2023 to meet the growing demand for Kingfisher products and to improve the overall fuel efficiency of the delivery fleet.

Scope 3 target

We have significantly improved the quality of our underlying LED product data (wattage and lifetime run hours), increasing product coverage from 70% in 2021 to 99% in 2024. To address data gaps, we previously calculated emissions for products with data and applied an uplift to estimate total emissions for all sold LED products. However, with improved coverage, we now recognise that our historical approach may have understated past emissions.

This understatement arose because UK-based product sales, which have a lower emissions intensity, were overrepresented in the uplifted estimate, while more emissions-intensive markets like Mexico and the UAE were underrepresented. A country-specific uplift factor may have been more appropriate, as it would have accounted for variations in grid emissions intensity. However, other factors such as product sales volumes, changes in product mix, and improvements in energy efficiency also impact target performance.

One clear takeaway is that our 2024 sold product emissions represent our most accurate dataset to date, reinforcing the importance of improving data quality and calculation methodologies.

We plan to review both of our science-based targets over the course of 2025 to reflect the acquisitions of D-Line and CMD as well as the improvements we have made to the underlying data used in our Scope 3 target.

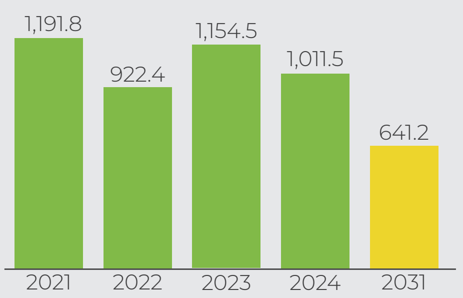
Low carbon product revenue

Low carbon products are those products which are enablers to reduce greenhouse gas emissions throughout their entire life, compared to traditional counterparts. Examples would be switching to LEDs from traditional light bulbs or switching to charging an electric vehicle rather than using fossil fuels. Additionally, if the product has better power controllability it enables the use of less electricity, for example smart lighting systems which only operate when required. The definition in 2024 are the following products: LED lighting (excluding revenue from lighting columns) and EV charging.

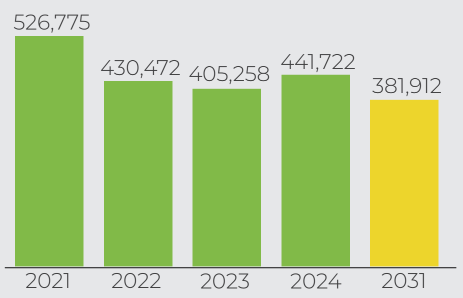
We generated £82.6m of revenue from low carbon products in 2024 and we continue to focus on this key area as society transitions towards net zero emissions.

As we are beginning to provide Home Energy Management systems at the turn of 2025, it would be appropriate to include these products in the targets. Accordingly, we will be updating our low carbon product revenue target to include these products and revise our target up to £120m by 2030.

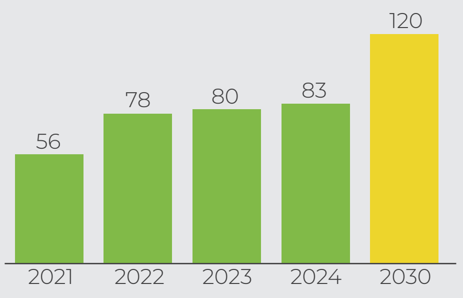
Scope 1+2 target (tCO_2e)



Scope 3 target (tCO_2e)



Low carbon product revenue (£m)



Sustainability objectives

Our progress against our sustainability objectives for 2024 is outlined below, along with our next steps for 2025.

Alignment with the new IFRS S2 Climate-related Disclosures Standard and the development of a transition plan

In preparation for the forthcoming IFRS S2 Climate-related Disclosures Standard, we have completed a gap assessment to understand our readiness for when this is introduced as a regulatory requirement. We have identified several improvements that help strengthen our current disclosures including reporting on how executive remuneration is linked to ESG objectives including climate-related goals. As part of the assessment, we also reviewed the requirements of the Transition Plan Taskforce ("TPT") Framework which sets a best practice approach to organisational transition plans. We are considering the findings of the gap assessments and recommended improvements while we wait for the conclusion of regulatory consultations on increasing climate-related disclosure requirements. Over the course of 2025, we will be working towards strengthening our climate-related disclosures and developing our transition plan as we build upon the solid foundations that we have established in line with the TCFD recommendations.

Third-party verification of Scope 1 and 2 emissions and improvements in our Scope 3 emissions reporting

Our 2023 Scope 1 and 2 GHG inventory data was independently verified by Lucideon CICS on a limited assurance basis. We are looking to repeat the verification exercise for 2024 in preparation for our CDP disclosures and will look to expand the scope to include select Scope 3 emission sources. In terms of improvements to our Scope 3 emissions reporting, we have obtained activity data from our main freight forwarder back to our 2021 base year. This has enabled us to move away from the financial screening methodology and improve the accuracy of our calculation. We have also made improvements in our use of sold products emissions calculation by improving our underling product data for LED lighting which has reduced the amount of estimated data feeding into the calculation. We are also working with our team in China to move towards activity-based calculations for purchased raw materials and plan to make improvements over the course of 2025.

Development of TM65 lifecycle carbon footprint assessments for all new Luceco project luminaries by the end of 2024

Over the course of 2024, we have completed TM65 assessments on all new Luceco project luminaries. Across our lighting companies we have now completed 83 TM65 assessments, helping our customers understand the embodied carbon within our LED lighting products. We have invested in training and development to develop this capability in-house, so we are able to meet the growing demand for product-related sustainability information. DW Windsor has completed TM65 assessments for the most popular products and we estimate that we have 75% coverage on a revenue basis. Six of the more detailed environmental product declarations ("EPDs") have been completed for Luceco LED lighting products and have been externally verified. We plan to develop a further nine EPDs for Luceco-branded luminaries next year as well as a pilot study for a DW Windsor luminaire.

New objectives for 2025

1. Develop our Home Energy Management system
2. Grow EV further in the domestic space and expand into the commercial space
3. Grow LED in our UK Trade and Projects channels and our product proposition
4. Deeper engagement with suppliers and customers
5. Fully incorporate the recent acquisitions of CMD and D-Line into our GHG reporting and our science-based targets

Empowering people

How we're empowering people

Objectives/Workstreams	Status	Action in the year	Read more
Luceco culture	Ahead of target	• Engagement survey	pages 24 and 27
Equality and gender diversity	Ahead of target	• Ongoing monitoring and improvements	page 26
Learning and development	Ahead of target	• Utilisation of key L&D tools during the year	page 27
		• Identified L&D gaps for 2025 implementation	page 27

Key to status

Ahead of target   On target   Requires improvement

Our culture

Our business model is underpinned by the "can-do" culture of our teams. Our people are customer-driven, designing products which we know our customers will love and that will improve the customer experience. We are team-focused, working together to achieve our objectives. We ensure that we reward achievement with opportunity.

We aim to be bold and innovative, thinking differently and trusting each other to create great products for our customers. Finally, alongside all these qualities, we are principled in the way we act with our customers and suppliers. We do what we say and do what is right.

We recognise that in order for this "can-do" culture to continue to thrive, we need to invest in our people. We focus on the training and development of our teams, so they have the skills to innovate and confidence to move quickly. We carefully recruit from all backgrounds to ensure our teams work well together. We engage with our employees and act on their feedback, to ensure our teams feel part of our business and go the extra mile for our customers. Above all else, we treat our teams with the respect and recognition that their hard work deserves and apply the same principled mindset to them as they do to our customers.

Equality and diversity

We understand the importance and benefits of greater diversity, including social and professional background, cognitive and personal strengths, sexual orientation, disability status, gender and ethnicity throughout the organisation. We are committed to ensuring that recruitment and promotion of individuals at all levels of the business is based on merit and objective criteria and that, within this context, each candidate is judged on their unique combination of skills, knowledge and experience, cognitive and personal strengths, and there is no relevance to their social and professional background, sexual orientation, disability status, gender and ethnicity.

This is reflected in our Equality and Diversity Policy, which demonstrates our commitment to:

- Developing an ethos which respects and values all individuals equally
- Eliminating all forms of discrimination
- Ensuring there are no barriers based upon colour, culture, ethnicity, race, religion, disability, gender, sexuality or age which limit or discourage access to promotion, recruitment or training
- Ensuring that all aspects of employment avoid stereotyping based upon colour, culture, ethnicity, race, religion, disability, gender, sexuality or age
- Promoting good understanding of cultural, racial, ethnic and religious diversity, good race relations, disability, gender and age equality
- Taking positive action to encourage the development of a more diverse workforce

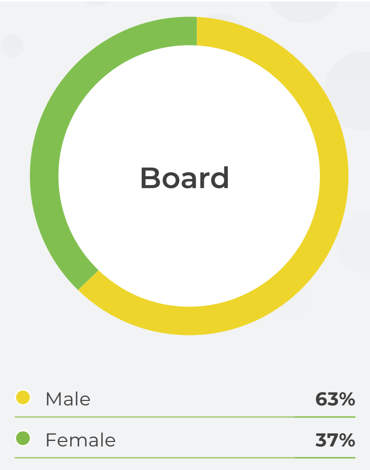
The policy is available on our intranet and all new starters are made aware of it during their induction into the business and are expected to subscribe to it at the time of their appointment.

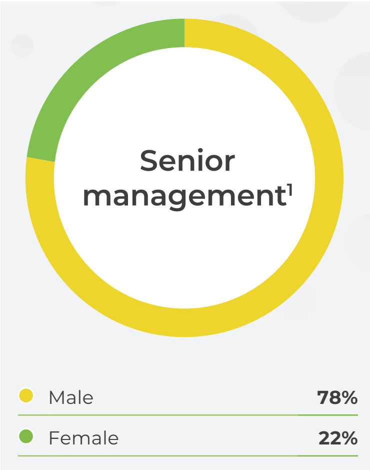
The policy is reviewed on an ongoing basis and a full review takes place at least annually.

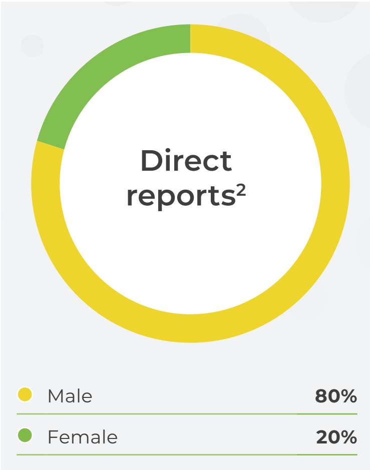
We do not tolerate behaviour which breaches the policy and encourage staff to use our grievance procedure to report any actual or suspected breaches. We are not aware of any breaches during the year.

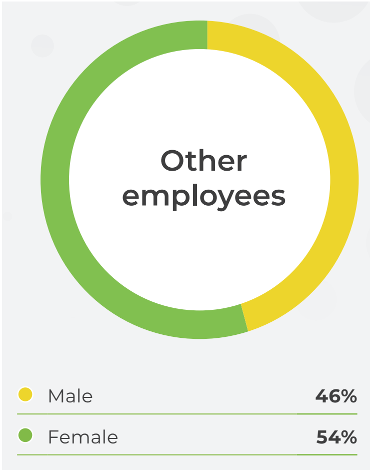
Gender diversity

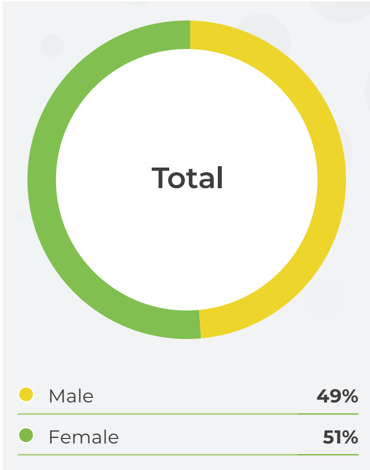
We have taken a number of steps in recent years to promote the retention of female talent, including improving maternity benefits and improving flexible working. The table below shows the gender diversity of our workforce at the year end. With the proportion of females holding Board, senior management or direct report positions in 2024 being in line with 2023, we appreciate there is more to do to create a more diverse team within management positions.











	2024				2023			
	Male		Female		Male		Female	
Board	5	63%	3	37%	5	71%	2	29%
Senior management[1]	14	78%	4	22%	13	76%	4	24%
Direct reports[2]	93	80%	23	20%	75	79%	20	21%
Other employees	785	46%	922	54%	691	46%	813	54%
Total	897	49%	952	51%	784	48%	839	52%

1. Individuals reporting directly to the CEO or CFO.
2. Individuals reporting directly to senior management.

Flexible working

We appreciate the importance of flexible working in the modern workplace and we empower our employees to work flexibly when possible. We have a stand-alone Flexible Working Policy and employees have a right to make an application from day one of their employment. This policy allows employees to request a change to the number of hours that they work, change the pattern of hours worked or perform some or all of the work from the employee's home. We also endorse hybrid working with our Homeworking Policy and, where circumstances allow, there is a minimum requirement of 40% office attendance with the remaining 60% being home working. We recognise we have a duty of care to employees working from home and we ensure that working from home risk assessments are performed in order to ensure our teams have the correct tools and environment to work comfortably.

Employee involvement

We know the importance of good internal communication. The Board communicates the strategy to employees each year and we provide regular updates on progress and any changes taking place in the business. Employees are invited to contribute product or operational ideas and are supported by their line managers and HR department if they have any concerns.

Employee engagement

In February 2025, we conducted an employee engagement survey using Culture Amp, the world's leading employee experience platform. Employees across our UK and international businesses were invited to participate, and we achieved a remarkable participation rate of 87%, significantly exceeding our target of 80% and the industry standard of 70%.

The overall employee engagement score across the Group stood at 71%, with Luceco UK achieving an impressive 76%, which is 7% above the industry average. These results reflect our ongoing commitment to listening to our people and implementing meaningful changes to enhance engagement. In China, we saw an 81% participation rate in a similar survey to last year, along with improved engagement scores, marking positive progress.

Building on feedback from last year's survey, we've worked to enhance and harmonise employee benefits across our UK businesses. New initiatives such as the EV and cycle-to-work schemes, holiday buyback and long-service recognition programmes have been introduced. We have also made a concerted effort to improve communications and engagement, which has seen significant progress, though we remain committed to further improvement in this area.

This year's survey results show high scores in areas such as company confidence, motivation, and work-life balance. Moving forward, our key areas of focus will be learning and development, improving communications, and fostering visible leadership throughout the business, from managers to senior leaders.

Remuneration arrangements

We ensure that our remuneration policies and practices are aligned to our purpose and values, support the delivery of the Group's strategy and promote long-term sustainable success. We regularly benchmark employee pay against the external market to ensure it is fair throughout the Group and we reward achievement with opportunity.

All UK employees are encouraged to participate in the Company's performance through our Share Incentive Plan ("SIP"), helping them feel part of the business and allowing them to share in the Group's success.

Learning and development

We know that high quality and sustained learning and development ("L&D") is crucial to the ongoing success of the business. We are also aware that with an increase in flexible working, it is all the more important that we maintain consistency in our training procedures, and this starts on day one of an individual's employment at Luceco. Within their first week of employment, all staff receive a Company induction from their Human Resources Manager, Payroll Manager and a Health, Safety and Facilities Coordinator. This ensures the new team member feels comfortable in their environment and that they know we are available to help should they need assistance.

We also recognise how important the line manager's role is in the induction process and we ensure that all line managers are trained in how to work with new starters, how to identify their initial needs and how to set clear goals and objectives.

Following induction, we continue to develop employees for the long term. Through our Annual Performance Review process, we do not just look to appraise performance in the year, we identify individual training needs and ensure specific personal development plans are in place to tailor to that team member's requirements.

Luceco has invested heavily in our L&D tools in recent years, partnering with Hays Thrive/Go 1 to introduce our first L&D platform, which is available to all employees. This platform covers compulsory training, such as "Anti-money Laundering" to ensure our teams have the knowledge they need to comply with all relevant laws and regulations, but also includes modules related to more personal development and growth.

Importantly, the L&D platform covers learning regarding mental health and general wellbeing, which is something that we have signposted to our employees. Our employees' health, happiness and wellbeing is paramount to us and we are pleased that this platform is providing further support.

Working with integrity and transparency

How we're working with integrity and transparency

Objectives/Workstreams	Status	Action in the year	Read more
Health and safety	●	• Very low level of incidents	page 28 and page 60 of the annual report
Key integrity and transparency policy	●	• Anti-bribery and Corruption Policy with zero tolerance • Whistleblowing for a clean open culture • Human rights to support fundamental human rights • Taxation compliance • Supply chain validation • Commitment to communities	pages 60 and 61 of the annual report

Key to status

● Ahead of target ● On target ● Requires improvement

We act fairly in our dealings with fellow employees, customers, suppliers and business partners. Our global Code of Conduct applies to all Group employees and our external business partners. It aims to ensure that Luceco maintains consistently high ethical standards across the globe, while recognising that our businesses operate in markets and countries with cultural differences and practices.

The Code of Conduct is available on our intranet and all new employees are made aware of it during their induction.

Health and safety

Our Health and Safety Policy sets out our approach to providing attractive working conditions for our people. We aim to prevent harm to, and promote the health of, all employees, by applying health and safety programmes, rules and regulations at all of our sites.

All employees are responsible for complying with health and safety regulations and we have a health and safety champion in each operating unit, who is responsible for ensuring compliance with best practice and all local regulations.

Our Health and Safety Policy is made available in local languages and all new starters must confirm that they have read and understood it. The policy is reviewed in full at least annually and more regularly if required.

We continually monitor our health and safety performance to ensure compliance and to enable us to take any corrective action if issues are identified. During the year, there were ten non-reportable and one reportable accidents in our Telford facility (2023: 15 non-reportable and two reportable) and, in China, three minor accidents were reported (2023: three minor accidents).

Anti-bribery and Corruption Policy

Our Anti-bribery and Corruption Policy sets out our zero-tolerance approach, which extends to all business dealings and transactions in which we are involved. The policy is widely publicised across all our operations and is also available on our intranet. All new starters are made aware during their induction. It includes a prohibition on offering or receiving inappropriate gifts or making undue payments to influence the outcome of business dealings. We routinely review our policy and guidance in this area.

We maintain a log of all hospitality and gifts offered to and by our people, whether or not the hospitality or gifts are accepted. The policy also makes clear how our people can raise concerns or report any issues, which should be raised with the Chief Financial Officer as soon as possible. No concerns were reported during the year.

Whistleblowing

We encourage an open culture, so any issues can be raised and handled at a local business level. However, we recognise that there may be times when it is uncomfortable or inappropriate for our people to raise a concern through line management.

We therefore have a Whistleblowing Policy ("Speak Up"), which is available on the corporate intranet. The policy is widely publicised across our operations and sets out clearly how colleagues should report whistleblowing concerns.

Whistleblowing contacts are initially received by an independent specialist company, then passed to a nominated Non-Executive Director, the Chief Financial Officer and the HR team for further investigation as necessary.

The Board routinely reviews the whistleblowing process and the reports arising from its operation, and ensures that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action. Matters raised during the year were all investigated and resolved satisfactorily.

Human rights

One of our business principles is that we will support fundamental human rights, in line with the legitimate role of business. Our Code of Conduct sets out our policies in respect of a range of human rights and related issues, including child labour, forced labour, the right to organise, collective bargaining and participation in political life.

The Group's operations in high-risk countries must perform self-assessments, to make sure they are aware of the human rights impact of their operations. If a negative impact seems possible or likely, they are encouraged to take precautions or find solutions that are beneficial for employees and the communities in which they operate.

Among our international operations, China is the location where people's rights could be most at risk. By owning the facility in China, we can directly control the environment and conditions in which our employees live and work, to ensure they are treated fairly and in accordance with our policies. The Directors and senior leadership regularly visit China and routinely invite customers to the facility, so they can witness the working and living conditions of our employees. This helps our customers to fulfil their own responsibility agendas.

The UK Modern Slavery Act 2015 requires us to outline the steps we take to identify and prevent modern slavery within our organisation and supply chain. The latest statement is available on our website: **www.lucecoplc.com**.

Approach to taxation

We are committed to complying with all applicable tax laws; both in the UK and in all countries in which we operate. It is a core principle of the Group that deliberately failing to comply with tax law is unacceptable; our tax affairs are kept in good order and uncertainties are minimised. We have a low tolerance to tax risk, and we plan our taxes with reference to current relevant tax legislation.

When entering into commercial transactions, where appropriate we seek to take advantage of available tax incentives, reliefs and exemptions, in line with local tax legislation, but we do not undertake tax planning unrelated to our commercial transactions. We apply the OECD transfer pricing guidelines to intercompany transactions so as to ensure the prohibition of tax avoidance through transfer pricing. We do not, and will not, have a presence in a country in which we are not commercially operating, simply to minimise the Group's global tax liabilities.

External tax advisers prepare tax benchmarking analysis to support all Group transfer pricing arrangements.

Supply chain

The Group wants to do business with partners who endorse our values and our social and environmental standards. We regard the application of our business principles as being of prime importance in deciding whether to enter into or to continue relationships with suppliers and contractors.

Our Supplier Code of Conduct is designed to ensure that all of our business partners, suppliers and manufacturing meet our basic expectations of doing business related to legal requirements, ethical practices, human rights and environmental management.

These standards are based on well-respected and recognised international standards, including the International Labour Organization, United Nations Universal Declaration of Human Rights and industry best practices.

We source raw materials and certain products from suppliers in close proximity to the factory in China. The Directors and senior leadership visit suppliers periodically, to inspect their operations and ensure they are satisfied by how the supply process is managed, the quality of products produced and the working environment of the employees.

Communities

We are committed to contributing to the communities we operate in and our Code of Conduct encourages our people to actively participate and to propose projects to site management or site committees.

In Jiaxing, China, we are heavily involved with the local university, establishing a "Luceco class" where students were selected to receive weekly lectures for three terms. These are led by our managers or technical experts and aim to provide students with greater business sense and awareness, career advice and preparation for entering the work environment, with exposure to marketing, management, product knowledge and development and project management.

Luceco plc

Registered office
Building E Stafford Park 1
Stafford Park
Telford TF3 3BD

www.lucecoplc.com
ir@luceco.com

Company number 05254883