BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

"During the year Severfield has pressed ahead with our sustainability strategy and has further enhanced our green credentials."

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

A message from the CEO

As the UK's market leader in the design, fabrication and construction of structural steel we recognise that we play a vital role in creating spaces and infrastructure that help communities to thrive, but we must do so in a way that limits our impact on the environment, through reducing carbon emissions and the use of finite resources. During the year, Severfield has pressed ahead with our sustainability strategy and has made further enhancements to our green credentials.

We received validation from the SBTi (Science Based Targets initiative) of our near-term, long-term, and overall Net Zero targets for reducing GHG emissions. The targets support our Net Zero roadmap and align with the Paris Climate Agreements aim to limit global warming by 1.5°C. As one of the few companies in the UK construction and engineering sector to have all three of our targets fully verified by SBTi, our commitment to reducing our impact on climate change has never been clearer.

We have been recognised for our leadership in corporate transparency by achieving an 'A list' rating from Carbon Disclosure Project ('CDP') and we will disclose progress against the SBTi targets on an annual basis through our CDP reporting, ensuring that we maintain the momentum we have achieved in setting these targets.

We have also refreshed our materiality assessment this year, to ensure that the important ESG issues previously identified by our stakeholders remain relevant. This helps us plan and shape our business for the future.

To ensure we maintain our focus on biodiversity, we have undertaken a risk assessment and value chain mapping exercise to ensure we consider all aspects of sustainability.

Progress against our objectives and ESG strategy has been recognised through various achievements and awards during the year, including being awarded 'AAA' under MSCI's ESG rating for the third year running , being listed in the FT's Climate Leaders for the fourth year running and maintaining our 'carbon neutral' accreditation with Achilles.

As part of our colleague engagement, we have introduced new training on carbon awareness to embed our sustainable way of thinking throughout the organisation and across all levels. Our colleagues have also been given the opportunity to formally volunteer in our local communities. After a successful pilot, all colleagues are now given a day per year for volunteering activities, whether that's engaging with schools and our future generations or volunteering for local charities through our Foundation.

Over the past year, we have built on the Group's existing strong foundations by integrating VSCH into our reporting and sustainability strategy. As a business, ESG continues to be at the forefront of our strategic decision making and as a result of our hard work, the Group is well-positioned to meet our sustainability targets and to support our clients to build the green infrastructure of tomorrow.

ALAN DUNSMORE
CHIEF EXECUTIVE OFFICER

19 June 2024

Our Group's purpose is to create better ways to build, for a world of changing demands.
To achieve this, we are committed to motivating and enabling our people and our supply chain to deliver high-quality, innovative buildings in a sustainable and efficient way. During the year, we have continued to progress our sustainability agenda and embed ESG principles into our corporate strategy.

Our sustainability framework outlines why we prioritise different elements of our work encapsulated by our four sustainability pillars 'Planet', 'People', 'Prosperity' and 'Principles of Governance', each informed by our people, customers, suppliers and stakeholders.

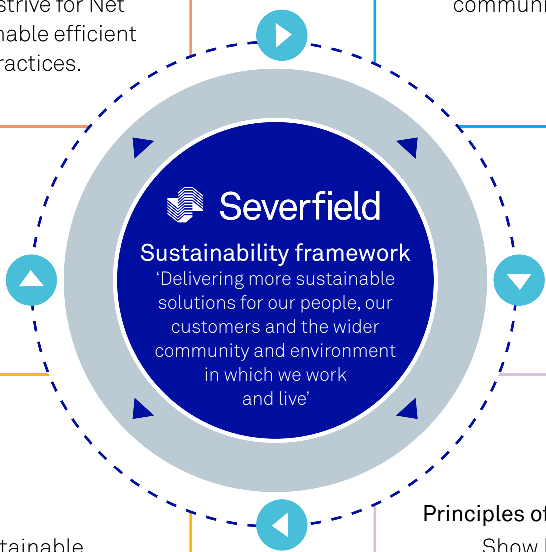
We illustrate our achievements over the last year against each pillar of the sustainability framework in the table on pages 72 and 73. Progress against each of the pillars is fundamental to achieving our long-term strategic objective to deliver sustainable growth.

In line with the Global Reporting Initiative ('GRI') Standards, our sustainability framework and reporting are structured around our most material sustainability issues.

OUR APPROACH TO SUSTAINABILITY

Planet
Continue to improve the environmental impact of our process and projects. Support sustainable construction through circularity, strive for Net Zero and enable efficient business practices.

People
Support our teams to be diverse, engaged, motivated and highly skilled. Engage positively with projects and the local communities in which we work.



Prosperity
Deliver sustainable profitable growth, whilst satisfying our ethical, legal and contractual obligations.

Principles of Governance
Show leadership in delivering a sustainability programme, which considers whole life impact, taking us beyond compliance and ensuring continuous improvements.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

2024 COMPANY HIGHLIGHTS

Environment

Science Based
NET ZERO
targets approved

CDP 'A LIST'
for climate leadership achieved

100% RENEWABLE ENERGY
procured for all UK owned facilities

CARBON NEUTRAL
since 2021

ISO 14001
certified since 2007

BES 6001
certified since 2011

7 AFFORDABLE AND CLEAN ENERGY
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Social

GOLD Member of
THE 5% CLUB
since 2022

Over 2,329 weeks of
TRAINING OPPORTUNITIES
provided via NVQ in 2024

More than 3,070 weeks of
APPRENTICESHIPS
provided in 2024

The Severfield Foundation
DONATED OVER £67,000

100% of our workforce is paid
THE REAL LIVING WAGE
or above

8 DECENT WORK AND ECONOMIC GROWTH

Governance

Carbon emissions externally

VERIFIED BY 3RD PARTY

Supply Chain Sustainability School

GOLD member

Steel Construction Sustainability Charter

GOLD

RESPONSIBLE PROCUREMENT

committed to EPDs, FSC, PEFC.

STEELZERO MEMBERSHIP

committed to procure 100% Net Zero steel by 2050

SUSTAINABILITY STEERING COMMITTEE

governing our ESG strategy

Suite of

ESG POLICIES

in place

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

Prioritising the right sustainability issues,based on inputs from our key stakeholders is crucial. In 2024, Severfield undertook a full materiality assessment to ensure we are focussing on the issues that matter most to our stakeholders.

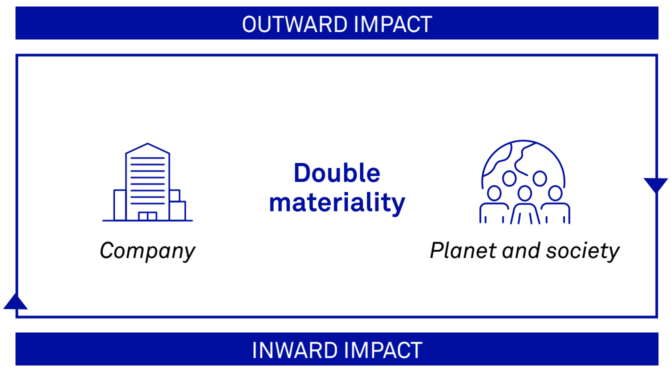
1 SCOPE DEFINITION	2 DESKTOP RESEARCH	3 STAKEHOLDER ENGAGEMENT: SURVEY	4 STAKEHOLDER ENGAGEMENT: INTERVIEW	5 ANALYSIS AND FINAL REPORTS
Align understanding on objectives, process and expectations. Conversations with key internal stakeholder groups and agreement on those stakeholders to engage with.	Navigate from a long list of potential issues, based on internal and external sources, to a consolidated issues-set. The shortlist of issues is used as a base for stakeholder engagement topics.	Administer a quantitative questionnaire to assess and rank the importance of each issue to different stakeholders.	Explore and assess stakeholders' relationship with the business, identifying the most pressing concerns of key stakeholder groups.	Consolidation of material topic insights from all phases into a materiality assessment report. This is supplemented by analysis through a 'double materiality' lens.

After each stage of the process, the priority of each issue is assessed and adjusted where necessary.

Our approach

The materiality assessment is subsequently used to ensure our business strategy remains closely aligned with our stakeholders' economic, environmental, social and governance drivers. Our review involved comprehensive engagement with internal and external stakeholders to understand the issues that mattered to them.

We partnered with Black Sun, a global group of engagement specialists, to carry out a 'double materiality' assessment. The aim was to identify and assess the impact of the most material ESG issues on our business, as well as assessing the impact of our business on the environment and society.



The concept of 'double materiality' refers to how ESG information can be material both in terms of its implications on the Company, but also the impact of the Company on the environment and society.

Working with Black Sun, we identified a comprehensive set of material issues to our business and the stakeholder groups that we would approach to evaluate them. Stakeholders included a broad range of areas, such as employees, suppliers, NGOs, investors, clients and industry organisations, ensuring it represented a diverse range of views and backgrounds. Through questionnaires and subsequent interview discussions these material issues were ranked to create a hierarchy, which was approved by our sustainability committee.

Material	Health and safety
	Product life cycle
	Climate change and carbon emissions
	Attracting, developing and retaining talent
	Sustainability governance and management
	Waste, resource use and circular economy
	Sustainability regulation
Important	Sustainable supply chain management
	Diversity and inclusion
	Other emissions, effluents and pollution
Emerging	Human and labour rights
	Communities and social impact
	Biodiversity
	Privacy and security
Not material	Water
	Wider economic contribution
	Board composition and remuneration

Material issues for stakeholders

The results from the assessment above are illustrated in the hierarchy table. It confirmed that key material issues identified from our previous assessment had not changed significantly, with health and safety continuing to be of highest importance for all of our stakeholders.

The ranking of 'climate change and carbon emissions' remained similar to our last assessment. The category has however been split, to identify 'product lifecycle' separately, which also features as a critical issue. The product life cycle is something we are already addressing as part of our sustainability strategy (see page 55 for further details).

The results showed an increase in the importance of two categories, namely 'attracting, developing and retaining talent' and 'waste'. The first category was previously referred to as 'employee engagement', but it was considered appropriate to include talent to encompass a comprehensive approach to effectively managing human resources. The importance of attracting, developing and retaining talent was something primarily identified through our internal stakeholders.

The second category involves the responsible handling, reduction and disposal of waste materials via reusing, recycling and regenerating materials and products, which our stakeholders ranked as more material than last time.

The last material issue 'sustainability regulation', highlights the requirement from of our stakeholders for responsible and ethical business practices.

The material issues identified already form part of either our 4Ps Sustainability Framework or principal risks, reaffirming that the Group is focussing on the right areas. The Group will continue to make enhancements to ensure material issues that are important to our stakeholders, are fully integrated into Our Business Plan and risk management framework.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ('TCFD')

We are committed to the recommendations of the TCFD, to provide our stakeholders with transparent and useful information on the Group's climate-related risks and opportunities and to help communicate our strategy, sustainability framework, targets and our progress against these.

The board recognises the systematic risk posed by climate change and the need for urgent mitigating action and are committed to addressing climate-related risks and reducing the Group's environmental impact and carbon emissions. To help achieve this, we are committed to the disclosure recommendations of the TCFD, providing our stakeholders with transparent information on material climate-related risks and opportunities that are relevant to our business.

The information set out on pages 54 to 91 of our annual report and accounts provides key climate-related information that is aligned with the 11 recommendations, covering four thematic areas, as set out by the TCFD. We are compliant with the TCFD recommendations, including the relevant material elements of the 'Guidance for all sectors'.

In 2024, we updated the modelling for our detailed climate scenarios, selected from the risks identified in the Group's climate risk register as described on pages 64 and 65, and have provided the detailed quantitative disclosures required by TCFD. The detailed modelling was assisted by our external consultants, IMS, who have the necessary expertise of the detailed economic and climate change models required to perform the analysis.

Further to this, we have assessed the impact of climate risk on the Group's balance sheet, including the impact on the measurement of financial instruments, the Group's owned land and buildings, goodwill and the Group's going concern and long-term viability, and have concluded that there is no material impact on the financial statements for the year ended 30 March 2024.

Some elements of our TCFD reporting are addressed elsewhere in our annual report and accounts. The table below outlines where this information can be found.

THEMATIC AREA	TCFD RECOMMENDATION	SECTION NAME	PAGE REF	NEXT STEPS
GOVERNANCE	Board oversight	Corporate governance report	118 to 120	Continue to review and assess governance around climate-related risks and opportunities.
		Board at a glance	112 to 120	
	Management role	Building a responsible and sustainable business	54 to 88	
STRATEGY	Risks and opportunities	How we manage risk	92 to 104	We will use the outputs of the scenario analysis to monitor any potential risks to the business and to continue to evolve our understanding of how climate-related risks and opportunities could impact on our business and strategy.
	Impact on organisation	Building a responsible and sustainable business	54 to 88	
	Resilience of strategy			
RISK MANAGEMENT	Risk identification and assessment process	How we manage risk	92 to 104	Continue to enhance and improve our risk management approach for climate-related and wider sustainability risks and opportunities.
	Risk management process			
	Integration into overall risk management			
METRICS AND TARGETS	Climate-related metrics	Building a responsible and sustainable business	78 to 80	We disclose the metrics and targets that are most relevant to our stakeholders in assessing our ESG progress. These are continuously reviewed.
	Scope 1, 2 and 3 GHG emissions			
	Climate-related targets			

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

GOVERNANCE

Board oversight on climate-related risks and opportunities

Our CEO, Alan Dunsmore, is actively engaged and takes responsibility for the Group's strategic direction and progress on climate-related issues. He assumes overall board-level responsibility for climate-related matters and he also chairs Severfield's sustainability and risk committees, thereby ensuring continuity throughout the business, particularly from a governance perspective.

As summarised on the board skills matrix on page 111, the board possess expertise in climate-related and sustainability matters, and has a sound basis from which to consider the risks and opportunities facing the business as a result of climate change. We use our board skills matrix for succession planning purposes to ensure there are no skills gaps.

All board reporting at Severfield is underscored by a focus on climate change, sustainability and ESG. The board is updated on climate-related matters on a monthly basis and is briefed on any other key changes throughout the year. Where relevant, we also arrange in-depth briefings from industry subject experts so as to draw attention to material ESG matters throughout the year.

The work of the sustainability committee, which mainly consists of selected members of the executive committee, has responsibility to consider the impact of climate change on the business on behalf of the board. The committee (via the executive directors) regularly updates the board on the Group's sustainability strategy and progress against our targets. A monthly sustainability board report is prepared by the Group SHE director, which includes a dashboard on greenhouse gas emissions to ensure ongoing monitoring.

Below are some examples of strategic decisions, where we demonstrated how the board gives full and close consideration to ESG factors and sustainability when assessing the impact of the decisions it makes.

- Taking steps to ensure we offer recycled steel as an option for our clients reinforcing the sustainability benefits of steel. This is also linked to the identified risk of steel having a high embedded carbon.
- Investing in carbon offsets to maintain our carbon neutral certification. This links to the identified risk of failing to meet emissions targets or failing to comply with legislation or stakeholder expectations.
- Setting SBTi targets, completing our TCFD climate scenario analysis modelling and the further disclosure of our metrics and targets.
- Investing in climate-related research and development to identify and maintain the most efficient engineering techniques, supported by our ongoing operational improvement programme and Project Horizon.
- Embedding sustainability considerations into our capital expenditure approval process.
- Research into investing in UK-based carbon offsetting projects.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

GOVERNANCE

MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

BOARD OF DIRECTORS
Responsible for the Group sustainability strategy.

EXECUTIVE COMMITTEE AND RISK COMMITTEE
Reports to the board on the progress and success of the sustainability committee.

SUSTAINABILITY COMMITTEE
Oversees strategy implementation and reviews progress against our strategic objectives and reports to the executive committee and the board.

SUSTAINABILITY RISK REVIEW COMMITTEE
Exercises oversight over climate-related risks and the Group's approach to mitigating our impact on the environment.

SUPPORTED BY SENIOR MANAGEMENT
Including Group head of ESG and Group head of procurement.

WIDER EMPLOYEE GROUPS
Implement the Group's strategy and report on performance within their sites.

The Group board, through the executive committee and risk committee (both chaired by the CEO) has delegated oversight of the management of climate-related risks and opportunities to the sustainability committee and sustainability risk review committee. The board has overall responsibility for the Group's risk management and systems of internal control and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives, which includes specific consideration of climate-related risks.

The Group's sustainability committee members include the following: Chief Executive Officer, Chief Financial Officer, Group legal director and company secretary, Group SHE director, Group HR director, Group head of ESG and Group head of procurement. This ensures that key management is represented across all business areas and that they share an aligned approach to climate-related matters. Effectively, this ensures that the Group's overall sustainability strategy is delivered successfully.

Our Group legal director and company secretary, Mark Sanderson, is a member of the executive committee and also chairs the sustainability risk review meetings. He is responsible for helping to ensure that an appropriate strategy is in place to understand, identify, monitor and control risks from climate change in line with the Group's risk appetite parameters.

Beyond the committees themselves, business unit management teams are responsible for managing climate-related risks and opportunities on a day-to-day basis – they are also driven to deliver on the Group's Net Zero roadmap and sustainability strategy.

The sustainability committee meets every two months and engages with a wide range of senior managers and colleagues from across the Group to oversee the day-to-day implementation of our sustainability strategy and report on the progress of the Group to the executive committee, who ultimately report to the board.

The Chief Executive Officer and Chief Financial Officer are both members of the sustainability committee and, therefore, provide the board with regular written and verbal updates on climate-related matters.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

STRATEGY

Climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

As part of our business processes, we identify climate-related risks and opportunities, assessing their likelihood and quantifying their potential financial and non-financial impacts and potential time horizons. Those risks with a higher impact are prioritised for action by the board.

We consider climate-related issues within the time horizons used in our risk management process (see table). Risks and opportunities feed into our financial planning to the extent we expect them to impact our forecasts and/or three-year strategic plan. Beyond that, we consider medium to long-term risks and opportunities when formulating the Group's overall strategy.

In line with our risk management process and assessment of the Group's principal risks, only high and medium risks are considered sufficiently significant for disclosure in the annual report. The ranking of each is determined based on the scoring of the risk within the Group's risk register. This scoring considers the potential impact (both financial and reputational damage) and likelihood associated with the crystallisation of each risk.

SHORT-TERM	< 5 years	Aligns to how we assess the Group's principal risks and viability statement.
MEDIUM-TERM	5–10 years	Aligns to longer-term projects with risks driven by government policy, infrastructure needs and market conditions.
LONG-TERM	> 10 years	Factors that could impact the Group's ability to achieve its strategic goals.

Climate-related transition and physical risks have been assessed as an overall low risk to the Group, which aligns with the Group's principal risk assessment on pages 96 to 104.

Our approach to ESG risk

The Group's process of identifying and assessing climate-related risks and opportunities is embedded in the Group's existing risk management process and is fully aligned with our three lines of defence model (see pages 92 to 95 for more details).

We monitor and identify climate and other sustainability-related risks in our sustainability risk register by assessing their likelihood and quantifying their potential financial, non-financial impacts and the time horizons over which they may occur. New and emerging risks are included within the risk assessment process, these are reviewed quarterly to ensure that material risks are identified, escalated appropriately and managed effectively.

Both transition and physical risks can be impacted as a result of climate change and associated trends. The sustainability risk committee considers transition risks that may stem from the Group's transition to a Net Zero steel industry, such as through regulatory, legislative or technological changes, and thereafter mitigates them accordingly. Physical risks could arise from an increased frequency of severe weather events, such as flooding or heat waves.

The table on pages 64 and 65 summarise key climate-related risks (transition and physical), as well as opportunities that have been identified during our sustainability risk review process; these risks are considered to have the greatest impact on the business in the short, medium, and long-term.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

STRATEGY

The tables below summarise the key climate-related risks (transition and physical) and opportunities identified as part of our sustainability risk review process that are considered to have the greatest impact on the business in the short, medium and long term.

CLIMATE-RELATED RISKS

Climate risk	Classification	Risk description	Potential impacts to the business	Time horizon
TRANSITION	Policy and legal	Failure to comply with climate-related legislation by not meeting targets or reporting requirements.	• Loss of position as market leader and reputational damage. • Loss of opportunities within our market sectors. • Possible fines and penalties imposed.	Short-term (<5 years)
	Reputation	Failure to comply with climate-related stakeholder expectations leading to loss of position as market leader and lost opportunities.	• Loss of position as market leader and reputational damage. • Loss of opportunities within our market sectors. • Negative share price impact.	Short-term (<5 years)
	Policy and legal	Failure to meet operational emissions reduction targets or increased costs due to offset costs.	• Possible fines and penalties imposed, including carbon taxes. • Carbon offsetting costs could increase if the Group needs to purchase additional offsets where we fail to reduce our GHG emissions. • Offsetting prices will increase as demand for these initiatives will increase.	Medium-term (5–10 years)
	Market	Steel becomes unsustainable due to high carbon content, or an over demand for low-carbon steel making it unaffordable and projects being cancelled.	• Shortage of material availability resulting in project delays or cancellations. • Significant fluctuations in steel prices linked to procured carbon. • Pressure from customers to reduce emissions of materials as well as emissions associated with distribution and construction activities. • More stringent regulation for construction materials and products. • Increased R&D, design, IT and training costs associated with developing new technology to create innovative projects.	Medium-term (5–10 years)
PHYSICAL	Acute	Operational disruption/ reduced capacity due to extreme weather event, e.g. flooding or wind damage.	• Project delays incurred due to unsafe working conditions on site and disruption to deliveries of materials to our factories. • Damage to construction sites and equipment. • Design and procurement challenges to deliver a project to withstand extreme weather effects. • Increasing difficulty in obtaining insurance in locations of extreme weather conditions.	Long-term (>10 years)
	Chronic	Operational disruption/ reduced capacity due to increased frequency of extreme weather, e.g. drought.	• Project delays incurred due to unsafe working conditions on site and disruption to deliveries of materials to our factories. • Damage to construction sites and equipment. • Design and procurement challenges to deliver a project to withstand extreme weather effects. • Increasing difficulty in obtaining insurance in locations of extreme weather conditions.	Long-term (>10 years)

Assessment of likelihood	Assessment of financial impact	Current/future mitigation
Unlikely	Low	• Strong controls and governance on climate-related reporting to the board. • Regular training and education on climate change matters to stay ahead of any legislative changes. • Engage external specialists, where appropriate, to provide advice on current sustainability risk management processes and upcoming or potential changes to climate-related legislation.
Unlikely	Moderate	• Regular engagement with all stakeholders, promoting open and transparent communication. • Strong controls and governance on climate-related reporting to the board. • Demonstrating our commitment to reducing our environmental impact through obtaining industry recognition (such as CDP 'A' and MSCI 'AAA' ESG ratings) and SBTi validation. • This risk has been modelled as part of our scenario analysis – see pages 67 to 70 for further detail.
Possible	Low	• Our Group's Net Zero roadmap and sustainability framework continue be embedded in our businesses processes and procedures to ensure our ambition is achieved. • Regular monitoring and reporting of GHG to the board. • Regular monitoring of offsetting prices and close monitoring of new development for permanent carbon removals.
Unlikely	Significant	• We maintain strong relationships with our supply chain. • We have engaged with key suppliers to understand their own strategies to achieve Net Zero and undertaken research into low-carbon alternatives. • Contributing to the SteelZero network demonstrates our commitment to procure 100 per cent Net Zero steel by 2050, with specific interim targets set for 2030. • Provision of training for low-carbon design and new technologies. • Engaging in discussions on climate-related matters early on in the project life cycle so we can ensure our customers' expectations are fully understood and achieved. • Performing regular material price sensitivity assessments and considering contingency plans for procurement. • This risk has been modelled as part of our scenario analysis – see pages 67 to 70 for further detail.
Unlikely	Low	• Monitoring of weather forecasts to ensure employee safety and early steps taken to mitigate potential disruption to site activities and deliveries. • Detailed risk reviews of project sites in areas of extreme weather or located close to waterways. It is commonplace to agree allowances in our construction programmes to accommodate potential adverse weather conditions, for example the impact of wind on being able to lift significant steel structures. • The Group has appropriate insurance policies and arrangements which we continually monitor. • This risk has been modelled as part of our scenario analysis – see pages 67 to 70 for further detail.
Possible	Negligible	• Monitoring of weather forecasts to ensure employee safety and early steps taken to mitigate potential disruption to deliveries. • Detailed risk reviews of project sites in areas of extreme weather or located close to waterways. • The Group has appropriate insurance policies and arrangements which we continually monitor. • This risk has been modelled as part of our scenario analysis – see pages 67 to 70 for further detail.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

CLIMATE-RELATED OPPORTUNITIES

Opportunity	Classification	Description	Strategy to realise opportunity	Time horizon
GREEN REVENUE STREAMS	Market	Identify new and increase existing revenue streams from green infrastructure and low-carbon projects that support the green energy transition. The Group is well-placed to meet the demand for infrastructure that can mitigate the impacts of climate change and deliver energy security. These requirements dictate a significant investment in national energy infrastructure, including renewable electricity generation and storage, nuclear power (new build and decommissioning) and several other new energy supply initiatives. We also expect to see further projects aimed at carbon reduction in transport, such as the electrification of the UK rail network. Other projects in support of a low-carbon economy include battery plants (to facilitate the switch to electric cars), energy efficient buildings and manufacturing facilities for renewable energy.	The Group has a strong reputation in existing market sectors that are key to delivering the green energy transition. We continue to seek out opportunities in growing markets through market research and collaboration with our customers, ensuring we are well placed to take advantage of significant investment in the green energy transition. See page 11 for further details.	Long-term (>10 years)
RENEWABLE ENERGY	Energy source	Continuing the transition from using gas oil and natural gas to renewable low-carbon energy sources could give rise to operational and supply chain efficiencies and cost reductions.	In 2024, 100 per cent of our total purchased and consumed energy was from green tariffs in the UK (for wholly owned facilities). We will expand our target to cover our European operations during 2025. In the meantime, we continue to assess the availability of other renewable energy sources for heating and power as part of our decarbonisation strategy.	Short-term (<5 years)
RESEARCH AND DEVELOPMENT	Products and services	With the increasing focus on climate-related matters as the UK, and the world, accelerates their efforts to decarbonise in line with the Paris Agreement, we expect to see a change in the requirements of our customers to build projects that reduce their carbon emissions. Research and development into products and processes will help us to provide innovative solutions that meet the complex and changing needs of our customers.	One of our objectives is to invest in climate-related research and development to identify new engineering techniques and innovative technologies. We aim to re-use steel and minimise scrap to allow our customers to minimise the lifecycle carbon emissions of their projects. In 2024, we have successfully applied for Innovate UK funding as part of a collaborative project with North Yorkshire Council. The project will look at decarbonisation opportunities within Dalton Industrial Estate in conjunction with other business partners on the site.	Short-term (<5 years)

STRATEGIC REPORT

Climate scenario analysis ('CSA')

During the year, we further developed our CSA in line with TCFD guidance. The CSA focused on how climate-related risks and opportunities, identified through our risk assessment process described on pages 61 and 62, may change in a range of future scenarios and considers the resultant financial impacts arising as a result of mitigations required.

Our assessment prioritised risks considered to have the greatest impact on the business in the short, medium and long-term (as defined in the table on page 63). Our analysis will continue to evolve over time as our understanding of the impacts of climate-related risks grow and as external data on the potential impacts of climate change develops.

The areas assessed relate to the following primary risks:

RISK	RATIONALE FOR SELECTION
Impact of physical climate risk on assets, projects and supply chains.	Climate change increases the risk of severe weather events such as floods, sea level rise, cyclone, heatwave, wildfire, and water stress. Physical risks could potentially affect Severfield in a range of ways: • direct damage to assets; • impacts on supply chains (delays to shipments, delays in the production activities of suppliers); and • delays to projects arising from the supply chain disruption. Severfield has manufacturing facilities in the UK and Netherlands (excluding our joint venture, JSSL, in India) and key suppliers in the UK and Europe, however, the ultimate supply chains are more geographically spread. The focus of the modelling is on Severfield's manufacturing sites and considers the impact of the severe weather events referenced above.
Stakeholder expectations and the delivery of low-carbon projects.	The steel sector as a whole is on a trajectory to decarbonise by 2050, but stakeholder expectations and demand may outpace the availability of low-carbon steel and, therefore, our ability to meet customer demand to deliver low-carbon projects and stakeholder expectations to meet our emission targets may not be possible. Whilst our long-term transition plan focuses on a range of measures to achieve decarbonisation (see our Net Zero plan on pages 74 and 76), in the shorter term there will be the need for carbon offsets to offset residual emissions. The price of carbon offsets could significantly increase in a scenario where the carbon offset supply is limited to removal offsets that store or sequester carbon, rather than avoiding emissions that would otherwise occur. The impact on Severfield depends significantly on levels of customer demand, decarbonisation of the sector as a whole, and our procurement strategy, and will be explored further in future periods as we seek to reduce dependence on the use of offsets and drive clear progress towards decarbonisation.
The steel market within the low carbon transition.	This was assessed as the risk of insufficient low-carbon steel in the market, or its price being so high as to make steel an unsustainable construction product. Various ways of producing steel exists, some of which can be very energy intensive. The most widely used method is through the combustion of fossil fuels in a blast furnace, which creates significant CO_2 emissions. This production method will be the focus of increased scrutiny and a drive to reduce emissions in the future, especially when more greener alternatives become more widely available. Electric Arc Furnaces ('EAF') are a greener alternative, and whilst not a new technology, they are less commercially used due to the significant investment required by producers to replace existing, fossil fuel reliant, blast furnaces. EAF relies on recycled or scrap steel and melts it using an 'electric arc'. Additional use of green electricity in this process can further provide reductions in the embodied carbon of steel. We are already seeing an increase in customer demand for low-carbon steel, as customers work towards their own Net Zero targets. Additional technologies will be required to achieve full decarbonisation of the sector, including processes which replace natural gas with green hydrogen, incorporate an element of carbon capture, and replace pulverised coal with high-carbon biomass sources. Given the significant investment required, and time taken to build new manufacturing facilities, there may be supply side limitations which amplify the increased demand for greener steel.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

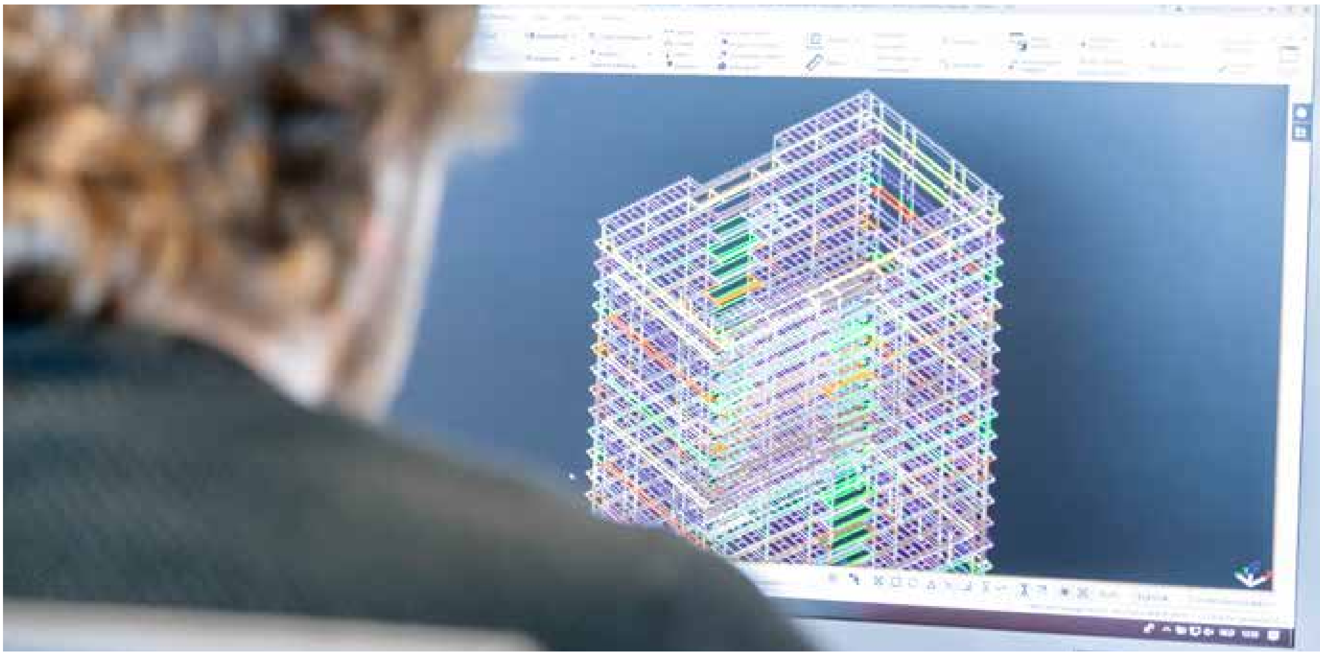
STRATEGY

The parameters, assumptions and data used to support our CSA are taken from various accredited sources that are summarised below. The CSA models incorporate a range of different temperature outcomes to 2100, including a scenario of less than 2°C.

SEVERFIELD PLC CLIMATE SCENARIO	LOW EMISSIONS	MEDIUM EMISSIONS	HIGH EMISSIONS
1. Physical risk assessment			
Relative Concentration Pathway (RCP)[1]	RCP2.6	RCP4.5	RCP8.5
Estimated 2100 warming projection	1.8°C	2.4°C	4.3°C
2. Stakeholder expectations and the delivery of low-carbon projects[7]			
Carbon offset market scenario (Bloomberg NEF)[2]	Regulated (carbon offset market is regulated, which limits supply)	Hybrid (combination of regulated and voluntary scenarios)	Voluntary (no regulation over carbon market)
3. The steel market within the low-carbon transition			
Mission Possible Partnership ('MPP') scenario[3]	Carbon cost (1.5°C aligned)[4]	Technology moratorium[5]	Baseline[6]
Carbon pricing	$0/tCO_2$ in 2023 rising linearly to $200/tCO_2$ in 2050	None	None
Technology constraints	None	Only near-zero emissions technologies permitted from 2030 onward	None

1 RCP uses economic, social and physical assumptions within a set of scenarios to model possible future climate evolution. They are published by the MET Office and adopted by the Intergovernmental Panel on Climate Change ('IPCC'). The RCPs can be represented by the levels of temperature change that can be used in conjunction with flood projection models
2 Bloomberg NEF is a strategic research provider covering global commodity markets and the technologies driving the transition to a low-carbon economy
3 The Mission Possible Partnership ('MPP') is an alliance of climate leaders focused on decarbonising specific industries, including steel. They have sector transition strategies that set out illustrative scenarios to achieve Net Zero by 2050
4 The Carbon Cost scenario illustrates how the steel sector might decarbonise if coordinated action to support low-CO_2 steelmaking takes hold this decade. This scenario assumes that, at each major investment decision, the steel asset switches to whichever technology offers the lowest total cost of ownership ('TCO')
5 The Technology Moratorium scenario takes an alternative approach by confining investments to near-zero emissions technologies from 2030 onwards to reach Net Zero. As with the Carbon Cost scenario, the steel asset switches to whichever technology offers the lowest TCO at each major investment decision
6 Baseline scenario: to highlight the consequences of inaction, a reference case is modelled in which a steel asset switches to the technology with the lowest TCO at each major investment decision, without a Net Zero constraint
7 As discussed later in more detail, whilst this data set was considered as part of the CSA, our disclosures are made on a simplified basis

The assessment considers four time points 2025, 2030, 2040, 2050, which encompass the short, medium and long-term time horizons set out on page 63.



Impact of physical climate risk on assets, projects and supply chains

METHODOLOGY	FINANCIAL IMPACT	STRATEGIC RESILIENCE AND PLANNED MITIGATIONS
Long-term flood risk modelling (within an RCP8.5 scenario – see previous page) was undertaken to identify our operations with the highest flood risks. A sample of assets was further assessed to consider the most extreme risks arising from flood, sea level rise, cyclone, heatwave, wildfire, and water stress (in an RCP8.5 / SSP5[1] scenario – see previous page). This included specific manufacturing site locations and also localised flooding, which could impact access roads. The modelling uses General Circulation Models based on the latest international modelling efforts (CMIP6), high-resolution historical observations from satellites and a range of other techniques to provide the greatest degree of accuracy. 'Value at risk' calculations were undertaken to assess asset exposure to a given hazard under different scenarios, simulating multiple events at different intensities. The value at risk calculations consider both structural damage and business interruption and are expressed as a single annual value of expected loss. Business interruption was assessed based on the fixed cost base of the respective sites.	**Mean loss: <£0.3m per year** The combined financial impact of both physical damage and business interruption is less than £0.3m per annum based on the worst-case scenario extending out to 2050. The climate risk relating to the assets assessed, and the associated financial risk is low based on our current modelling approach.	Whilst no sites are currently considered at risk of flooding, work has already been carried out to mitigate the risk and reduce the impact of localised flooding at both the Dalton and Enniskillen manufacturing sites. Access roads to the Dalton site in particular has seen significant investment from the North Yorkshire Council following flooding in the past. Such is the economic importance of the site, climate risks are likely to be further mitigated by future infrastructure investment. Our current and near-term insurance policies and arrangements mitigate against the risk of asset damage and business interruption. Regular discussion with insurers enables us to identify near-term localised risk and to implement measures to minimise risk impacts. Historical flood events and localised flood mitigation works are monitored to assess the changing risk profile for our operations and to understand risk tolerance for potential financial impacts. Project risk mitigations are discussed in the risks and opportunities table on pages 64 and 66. We will continue to monitor physical climate impacts within our wider risk management approach.

1 Shared Socioeconomic Pathways' ('SSPs') look at five (population, economic growth, education, urbanisation and the rate of technological development) different ways in which the world might evolve in the absence of climate policy and how different levels of climate change mitigation could be achieved when the mitigation targets of RCPs are combined with the SSPs

Stakeholder expectations and the delivery of low-carbon projects

METHODOLOGY	FINANCIAL IMPACT	STRATEGIC RESILIENCE AND PLANNED MITIGATIONS
We have considered the carbon offset market scenario based on Bloomberg NEF data, however, we consider there is too much uncertainty to reliably model and quantify the financial risk on a basis that would provide the Company with a valid range of potential outcomes. This is due to there being a wide range of possible outcomes for the price of carbon offsets. This is an emerging risk for Severfield as there is currently no significant demand from customers for the use of carbon offsets on projects. Furthermore, our SBTi targets only allow for a residual amount of offset, therefore, our expected use of carbon offsets in the short to medium term will reduce. Factoring in the above, we have simplified the analysis to disclose the financial impact of continuing to offset our residual carbon emissions from operations, based on a 2024 cost baseline.	**£0.2m for every 100 per cent increase in the price of carbon offset.** We are currently accredited as carbon neutral, and it is our current intention to continue to offset our residual emissions from operations to maintain this. As such, the financial impact is quoted in the context of an increase based on our current spend on carbon credits.	Our ongoing conversations with customers and our supply chain provide meaningful insight into customer-side demands for low-carbon projects, and supply side trajectories toward increased availability of low-carbon steel. Any requirement for the delivery of lower carbon projects, to the extent they are not our own controllable emissions, would currently be implicitly priced into a tender, as all market participants would incur the same costs to deliver a project. Our involvement with SteelZero and wider industry and government collaborations provide increased awareness of the challenges of the steel sector as a whole and how these could be overcome. This deeper understanding will feed into our Net Zero plans. We are investing in new machinery and more efficient processes. We are exploring methods to maximise the circularity of steel through its reuse, to reduce the carbon content of delivered projects. We are also focusing on our own operational emissions within our Net Zero roadmap.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

The steel market within the low-carbon transition

METHODOLOGY	FINANCIAL IMPACT	STRATEGIC RESILIENCE AND PLANNED MITIGATIONS
The Mission Possible Partnership ('MPP') has conducted extensive scenario analysis to assess possible trajectories for the steel sector to reach Net Zero by 2050. Our modelling considers the three potential pathways to 2050: **Baseline** – Steel assets switch to the technology with the lowest total cost of ownership at each major investment decision, without a Net Zero constraint. **Carbon cost** – This scenario models how the introduction of a carbon price policy might impact the technologies adopted by the market. Carbon taxes create higher prices for the higher CO_2 emission technologies and, therefore, causing higher prices, leading to a demand side change to lower emission technologies. **Technology moratorium** – Similar to the Baseline scenario, but confining investments to (near-) zero emissions technologies, through the use of regulation, from 2030 onwards to reach Net Zero. The modelling aligns our assumed steel procurement under each scenario to the market supply, aligned with our SteelZero commitments. We would aim to procure based on the lowest cost for the lowest embodied carbon steel, however, we assume constraints in supply as every market participant cannot do the same. The model assumed that there will be novel and nascent technologies that will disrupt incumbent technologies, as the cost of zero carbon electricity and hydrogen declines over the coming decade. We assume that we will adopt a procurement strategy that evolves with the best available technologies.	The results of the modelling show that the increase in the overall cost of steel to Severfield, compared to our current baseline, does not exceed 10 per cent for the periods modelled (2030, 2040 and 2050).	The price of steel is largely a pass-through cost to our customers, therefore, any increase in the cost of steel over time would be borne by the customer. A potential 10 per cent increase is not considered unsustainable in light of the market response to a more than doubling of steel prices in recent years following macroeconomic events, including the impact of the conflict in Ukraine. This highlighted our resilience as a Company and also the importance of steel as a building product. We regularly assess how our strategic partners are working toward meeting these aims and are in the process of developing an engagement plan, to enhance oversight of our progress towards achieving Net Zero.

Resilience of our strategy

The outputs from the qualitative assessment and the quantitative scenario analysis detailed above, along with the planned mitigations and existing strategic resilience, highlights the resilience of our business strategy to climate related risks. Furthermore, our growth strategy means we are well positioned to take advantage of the opportunities associated with the green energy transition.

Metrics and targets

We disclose metrics and targets that we consider to be significant for the business and relevant for our stakeholders. This is the first year since implementation, therefore some metrics are not available for previous periods. We internally measure a range of metrics to ensure our sustainability goals are on track and externally disclose measures that allow our stakeholders to assess our progress and benchmark us against our peers. We are currently working towards reporting relevant metrics and targets in line with the future requirements of IFRS S1 and S2.

Metrics used by the Group to assess climate-related risks and opportunities are in line with its strategy and risk management process.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

Our sustainability framework supports the United Nations Sustainable Development Goals ('UN SDGs').

The table below illustrates our key achievements in the year against our four sustainability pillars and our progress against the metrics and targets we use to measure our performance in each area, as well as identifying the seven UN SDGs where the Group can have the biggest impact:

PLANET

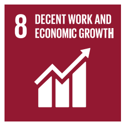
Continue to improve the environmental impact of our processes and projects. Support sustainable construction through circularity, strive for Net Zero and enable efficient business practices.

Read more on pages 74 to 80

ACTIVITIES/KPIs	2024 PERFORMANCE
GHG emissions	9% reduction in our Scope 1 and 2 GHG emissions from our SBTi base year of 2022 (using a market-based approach).
CDP global evaluation rating	Achieved CDP 'A' list rating. Maintained CDP supplier engagement leader with the rating of A-.
Other industry accreditations achieved	Awarded 'AAA' under MSCI's ESG rating. Listed on the Financial Times – Europe's Climate Leaders index for the fourth year in a row. Maintained BES 6001 rating of 'very good'.
Green electricity usage	100% of our total purchased and consumed energy was from green electricity tariffs in the UK for wholly owned facilities.
Waste reduction target	Achieved an absolute waste reduction (excluding steel) of 10% against 2021 baseline.
Biodiversity	We have issued a Group-wide biodiversity policy and established biodiversity risk rating for our factories and offices.

PEOPLE

Support our teams to be diverse, engaged, motivated, and highly skilled. Engage positively with projects and the local communities in which we work.



Read more on pages 81 to 87

ACTIVITIES/KPIs	2024 PERFORMANCE
Gender Pay Equality	1.00 male/female normalised hourly rate ratio.
Diversity and Inclusion	9% of our workforce are female (same as 2023). Of our three grade levels below board, female representation is 17%, 17% and 23% respectively. Female % representation across our manufacturing departments is 2%, 8% within project delivery departments and 39% in core services.
Accident frequency rate	15% improvement in 2024 to 0.12 (2023: 0.14).
Incident frequency rate	27% improvement in 2024 to 1.23 (2023: 1.61).
Director safety visits undertaken	We have conducted 99 visits in 2024 (2023: 85).
Percentage of colleagues paid above living wage	100% of colleagues paid at or above the Real Living Wage.
Social value target	In 2024 we have delivered a volunteering pilot at one of our factories. In 2025, we will encourage uptake of our newly launched volunteering policy across the Group.

PROSPERITY

Deliver sustainable, profitable growth whilst satisfying our ethical, legal and contractual obligations.

Read more on pages 80

ACTIVITIES/KPIs	2024 PERFORMANCE
Economic value generated and distributed	£463.5m (2023: £491.8m)
Economic value distributed	£438.3m (2023: £467.5m)
Net investment (capex–depreciation)/ dividends	Stable net investment at 44% (2023: 10%).
Supply chain due diligence	100% (2023: 100%) of suppliers subject to annual supply chain contractor due diligence reviews.
New appointments	354 new employees in the year (including 29 apprentices and graduates).
Corporation taxes paid	£6.4m (2023: £3.5m) – £2.9m increase reflects higher profitability in the period and a repayment of overpaid taxes in the 2023 comparative.
Prompt payment reporting	93% (2023: 88%) of invoices paid within agreed payment terms in latest PPC reporting period for our signatory companies.

PRINCIPLES OF GOVERNANCE

Show leadership in delivering a sustainability programme, which considers whole life impact, taking us beyond compliance and ensuring continuous improvements.

Read more on pages 90 to 91

ACTIVITIES/KPIs	2024 PERFORMANCE
Board diversity	12% (2023: 20%) of the Group's board are women.
Board tenure	7.4 years (2023: 7.4 years) average tenure of our board of directors.
Executive committee diversity	10% (2023: 18%) of the Group's executive committee are women.
Coverage of certified environmental management systems	Maintained Group-wide 100% accreditation to: ISO 14001:2015 – Environmental management, ISO 45001:2018 – Occupational health and safety, and ISO 9001:2015 – Quality management system
Key training for senior management	All relevant senior management have been provided with training such as criminal corporate offences ('CCO'), anti-bribery and corruption and tax evasion. To date c.80% have completed this.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

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Why is it important?

Steel is one of the world's most widely used materials and has a significant part to play in a low-carbon future. There are decisive life cycle advantages to using steel in manufacturing, as it can continually be recycled, a key requirement for the 'circular economy'. Steel structures can also last for many years, making them cost-effective, as well as sustainable, and since steel is often fabricated off-site, it can reduce on-site labour, cycle time and construction waste. Not only is it more durable than other building materials, but its versatility also makes it an essential component of sustainable construction. Technological advancements have made steel lighter and stronger, and lower in embodied carbon as steel producers focus on decarbonising production methods to align to the demand created by Net Zero targets.

Our operational improvement initiatives, continue to focus on our environmental impact through innovative design, lean manufacturing techniques and cost and waste reduction programmes, ensuring steel continues to be a key input in the buildings of the future.

Carbon and energy reduction, improving fuel efficiency and reducing waste are important strategic objectives for the Group. This year, we worked on initiatives to progress the Group waste reduction target and refined our approach to biodiversity. The sustainability framework objectives set out on page 55 demonstrate the Group's commitment to protect and enhance the environment, and to limit the environmental impact of our operations on the planet and natural environment, so it can support the needs of the present and future generations.

Management approach

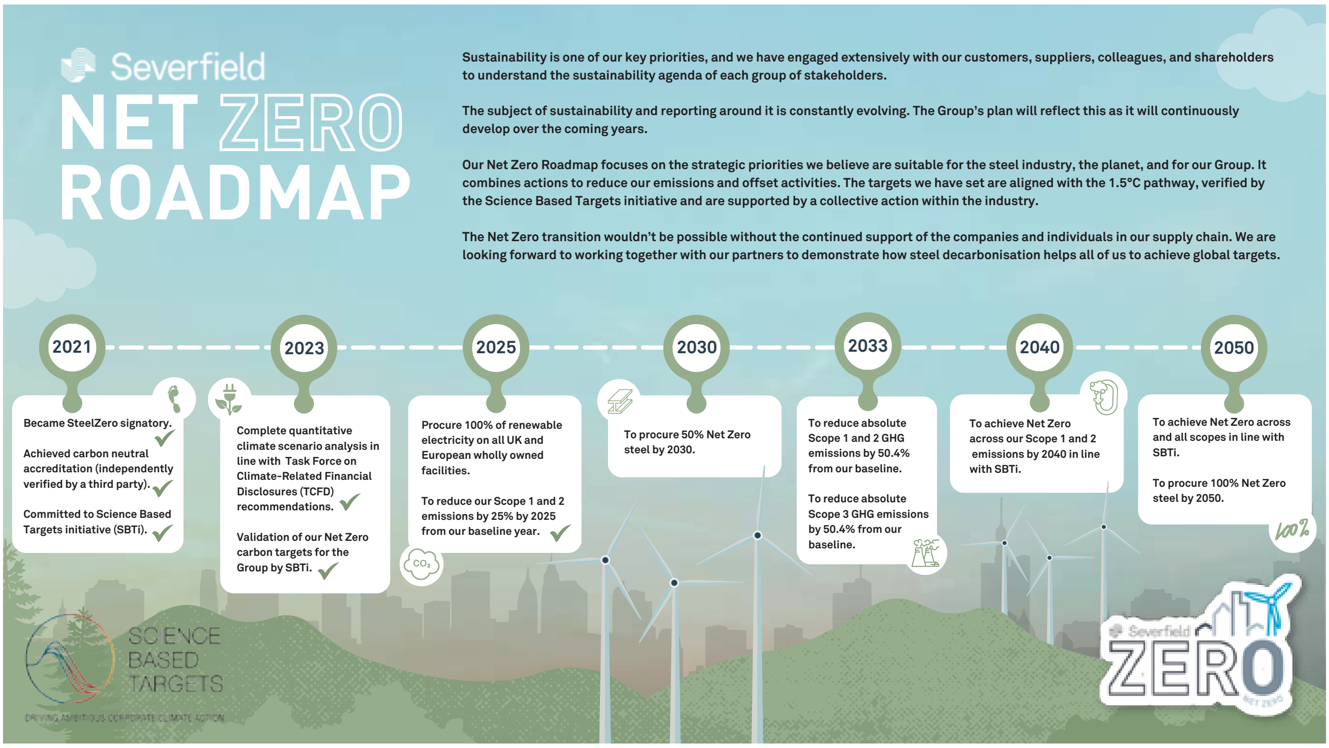
Underpinned by the Group's ISO 14001 certified environmental management system and BES 6001 Responsible Sourcing certification (rating 'very good'), the Group is fully committed to minimising its impact on climate change and mitigating the business risks that climate change presents. We have developed plans to manage the risk and embedded our climate-related risks and opportunities into our strategy and business model. The following sets out our approach to Net Zero.

Our Net Zero roadmap

We are committed to our long-term target to achieve Net Zero emissions, in line with the SBTi, across all our value chain by 2050. These targets are based on the Paris Agreement, which seeks to limit global warming to below 1.5 degrees Celsius, compared to pre-industrial levels, and as verified by SBTi.

- Near term, we commit to reduce absolute Scope 1 and 2 GHG emissions 50.4 per cent and to reduce absolute Scope 3 GHG emissions 50.4 per cent by 2033.
- Long term, we commit to reduce absolute Scope 1 and 2 GHG emissions by 90 per cent by 2040 and to reduce absolute Scope 3 GHG emissions by 90 per cent by 2050.
- Overall, our Net Zero target is to reach Net Zero GHG emissions across the value chain by 2050.

All targets are set from an 2023 base year.



Our Net Zero roadmap is accompanied by a Group decarbonisation transition plan. This plan identifies the main initiatives and technologies to be explored or implemented in order to achieve our near-term and long-term 2040 target for Scope 1 and Scope 2. We acknowledge that sustainability criteria and reporting are constantly evolving and consequently, the Group's plan will also continuously develop over the forthcoming years. Our current plan is made up of a combination of actions to reduce our emissions, temporary offsetting activities and key steps we will take in supporting the low-carbon transition in the sector.

Group decarbonisation transition plan

- To maintain green electricity contracts on all wholly owned facilities in the UK and switch to green contracts in our European operations.
- Continue to implement recommended projects around compressed air, lighting, and machinery as part of ESOS Phase 3 audit results.
- Continue to implement our roll out of HVO across all applicable plant and equipment at all facilities and construction sites.
- As part of all future investment decisions, priorities will be given to alternative power sources, including hybrid and hydrogen, and any other new technologies where practical.
- Continue to upskill our colleagues on our Net Zero strategy, including focus on behavioural change.
- Roll out specialist training on carbon reduction initiatives and embodied carbon to all departments that are key to reducing both embodied and operational carbon across the Group.

As part of our own Net Zero journey, we are undertaking a range of activities to support the reduction in the carbon content of the projects that we deliver. Our key focus areas are as follows:

Carbon in procured steel and the projects we deliver

- Reducing waste through efficient design and manufacturing processes.
- Exploring methods to maximise circularity of our materials and the re-use of steel.
- Working with steel suppliers aligned with our climate and sustainability ambition.
- Collaborate with governments and industry-wide partners to drive the decarbonisation of the sector.

The decarbonisation process will not happen overnight and will require changes to infrastructure and capital expenditure to support the transition. We recognise that within the hard to abate industries, such as steel, a significant proportion of our emissions are generated within our supply chain as a result of the steel that we use. We are dependent on the steel sector decarbonising to fully address the carbon in our value chain, and a core part of our work around TCFD climate-related scenario analysis focused on the risks within our value chain, and our commentary around actions within this area is set out on page 67.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

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Our Renewed Approach to Sustainable Procurement

Continuous improvement plays a key part in maintaining standards such as BES 6001, and last year, as part of our Supplier Engagement Programme, we hosted a number of supplier engagement meetings focused on how we can improve sustainability across our supply chain. This was a pro-active step in our own sustainability journey to further identify and celebrate the innovative practices our suppliers are carrying out.

Through collaboration with our direct suppliers we have focused on key emerging themes that include Net Zero roadmaps, SBTi targets, general progress towards decarbonisation and embodied carbon of their products. These themes will form the basis of future monitoring and will support the advancement of sustainability goals and targets in future engagement. We will see the benefits of these collaboration realised over the medium and long term.

These meetings along with other elements of the Supplier Engagement Programme resulted in the launch of our Sustainable Procurement Policy at the end of 2023, driven by our values and strategic objectives, and highlighting the expectations we have from our suppliers and subcontractors. We have also worked on alignment of our processes with ISO 20400 Sustainable Procurement guidance, that we believe offers a great framework to embed sustainability further in our procurement practices.

Whilst we have always had excellent links with our supply chain, this engagement programme helps focus the drive of steel industry's transition to Net Zero, in line with our recently approved SBTi Scope 3 target, where supplier's decarbonisation plays an important part.

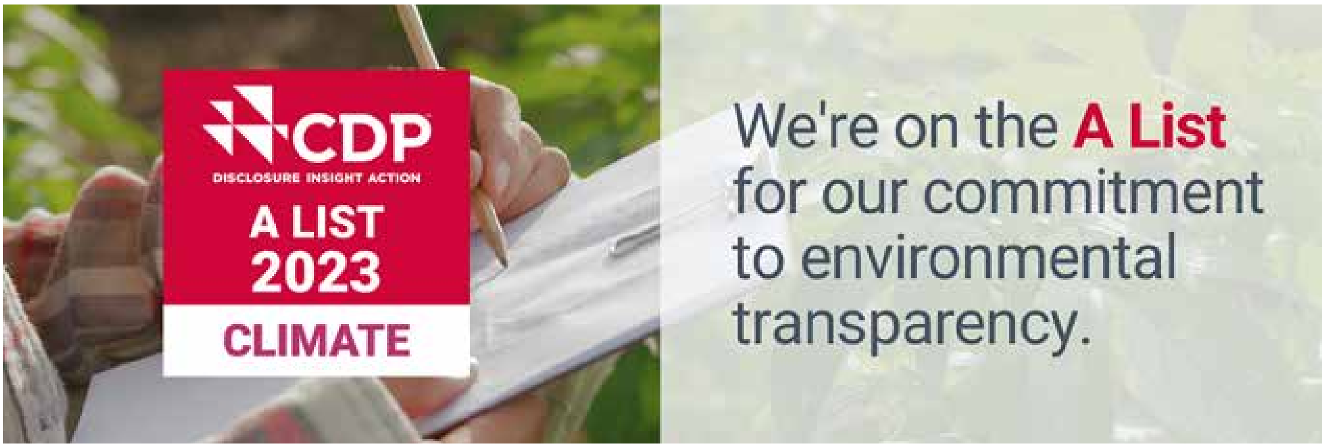
To ensure that our suppliers can regularly report progress on their targets, we have developed a new supplier wide 'Sustainability Alignment Survey' to allow us to more accurately map the sustainability progress of our supply chain partners.

We have also undertaken a revision of due diligence of suppliers with our on-boarding survey relating to Environmental, Social and Governance and included a number of sections to support conversations around supplier's approach to sustainability.

Our ongoing sustainable procurement work is also guided by our SteelZero commitments, as we continue to work towards our sustainable procurement goals and report on our progress in future annual accounts. We have continued progress towards procuring 50% Net Zero Steel by 2030, which was largely based on our clients demand towards Net Zero projects.

The Group continues to align sustainability objectives with suppliers to ensure a more sustainable supply chain and ensure collaboration across our supply chain for our Net Zero targets.

We also provide our stakeholders with transparent and useful information on the Group's climate-related risks and opportunities, in line with the TCFD recommendations. External advisers were appointed to support management with this task and to help model the climate change scenarios, which are disclosed on pages 67 to 70.



Severfield makes CDP's 'A List' for climate change

Following the submission of our annual environmental disclosure to CDP's 2023 Climate Change questionnaire, Severfield is one of a small number of companies that achieved an 'A' out of over 21,000 companies scored.

What is CDP?

CDP is a global non-profit that runs the world's environmental disclosure system and holds the largest environmental database in the world, and it scores organisations from 'D' to 'A', with 'A' representing 'Leadership' in the field. In order to be awarded an 'A' for climate change by the CDP, and secure the associated 'leadership' status, organisations need to have shown that they are behaving like industry leaders when it comes to their practices.

What does this mean?

Severfield's place on the CDP's 'A List' this year demonstrates our thorough understanding of risks and opportunities related to climate change, and that we have formulated and implemented strategies to mitigate the effects of our operations on the environment.

Looking forward

In a year of ever-increasing environmental concerns around the world – the need for transformational, urgent, and collaborative change is more important than ever. Severfield looks forward to continuing its work on improving our ways of working and making even more progress in relation to the environment in the years to come.

"Severfield's commitment to sustainability and reducing our impact on climate change has never been clearer. As market leaders in the steel industry, we have a responsibility to display best practice when it comes to environmental disclosure, and we are pleased that CDP have recognised that we are delivering on this."

MICHAELA LINDRIDGE
GROUP HEAD OF ESG AT SEVERFIELD PLC

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

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Reporting our GHG emissions

As required by Streamlined Energy and Carbon Reporting ('SECR'), we report on our CO_2e emissions in accordance with the internationally recognised Greenhouse Gas ('GHG') Protocol and our metrics include Scope 1 and 2 emissions.

For the year ended 30 March 2024, the Group's global GHG emissions, using a location-based approach, and energy usage, were as follows:

	Tonnes of CO_2e	
GHG emissions from:	**2024**	2023
Scope 1 – combustion of fuel and operation of facilities	**6,101**	6,391
Scope 2 – electricity, heat, steam and cooling purchased for own use	**3,478**	3,106
Total CO_2e emissions (location-based)	**9,579**	9,497

Intensity measurement (location-based):	**2024**	2023*
Absolute tonnes CO_2 equivalent per £m of revenue	**20.6**	19.3

***On a like-for-like basis, 2023 would be 20.4 tonnes of CO_2e per £m of revenue, when adjusted for the impact of higher steel prices of c.£25m.**

For the year ended 30 March 2024, the Group's global GHG emissions, using a market-based approach, and energy usage were as follows:

	Tonnes of CO_2e	
GHG emissions from:	**2024**	2023
Scope 1 – combustion of fuel and operation of facilities	**6,101**	6,391
Scope 2 – electricity, heat, steam and cooling purchased for own use	**157**	116
Total CO_2e emissions (market-based)	**6,258**	6,507

Intensity measurement (market-based):	**2024**	2023*
Absolute tonnes CO_2 equivalent per £m of revenue	**13.5**	13.2

***On a like-for-like basis, 2023 would be 13.9 tonnes of CO_2e per £m of revenue, when adjusted for the impact of higher steel prices of c.£25m.**

All data reported are for our UK and European operations (including VSCH) as described in our certification boundary.

Scope 1 emissions are direct GHG emissions that occur from sources under our ownership or operational control. This includes fuel consumed in our factories for fabrication, in our offices for heating and in company vehicles. There are no material exclusions from Scope 1.

Scope 2 emissions are indirect GHG emissions from purchased energy. This includes electricity used for all our offices and factories across the Group. There are no exclusions from Scope 2.

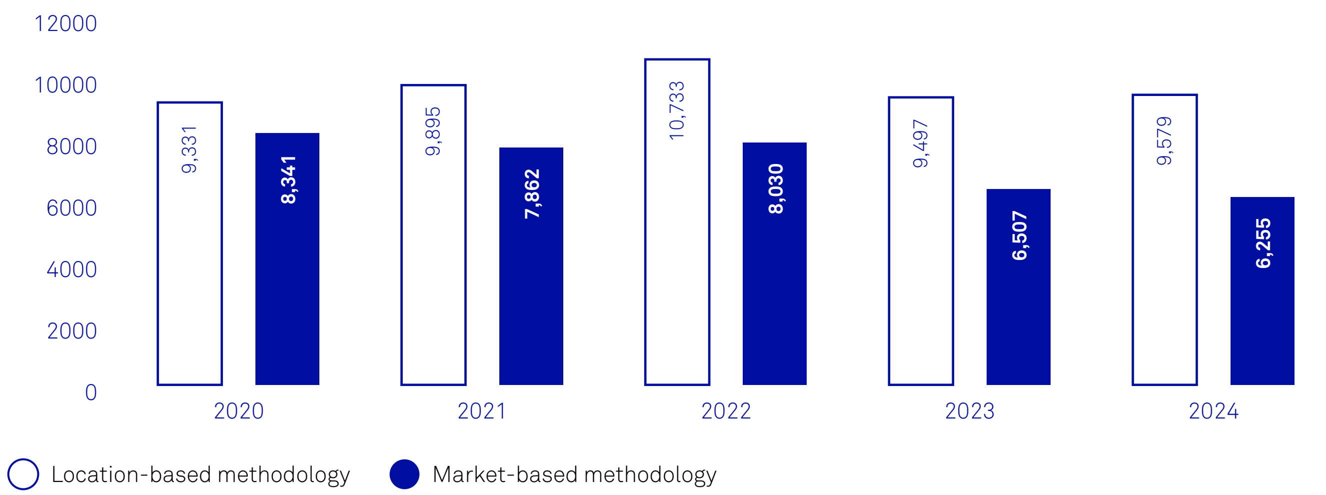
Carbon offset credits are excluded from our GHG emissions reporting.

All Scope 1 and 2 GHG emissions data is independently verified by Achilles, in accordance with the international standard ISO 14064-1.

In 2024, using a market based approach, which includes the positive impact of switching to green energy and use of alternative fuels on site, our intensity measured Scope 1 and Scope 2 GHG emissions have reduced by 3% year-on-year to 13.5 from 13.9 tonnes of CO_2e per £m of revenue (after adjusting for the impact of higher steel prices of c.£25m in the prior year revenue).

Our 2024 reported emissions also include VSCH for the first time, and VSCH have not yet fully adopted the Group's many carbon reduction initiatives, including switching to green electricity. This is an ongoing area of focus.

ABSOLUTE EMISSIONS SCOPE 1 AND 2



Energy usage from:	**2024**	2023
Scope 1	**29,652**	29,044
Scope 2	**16,647**	16,049
	46,299	45,093

The information in the table above represents absolute energy usage only, irrespective of whether this is from low-carbon sources. The energy usage includes Voortman, which is why increase is reported in this period.

Scope 3 emissions

	Tonnes of CO_2e	
GHG emissions from:	**2024**	2023
Waste	**254**	264
Business travel	**1,204**	738
Colleague commuting	**4,008**	3,723
Transport and distribution	**6,979**	8,466
	12,445	13,191

Our Scope 3 GHG data above is independently verified by Achilles, in accordance with the international standard ISO 14064-1. Our verified Scope 3 GHG emissions in relation to any transport will now also include 'Well To Tank' (WTT) emission factors, as part of further data alignment with SBTi methodology. WTT emissions, also known as upstream or indirect emissions, is an average of all the GHG emissions released into the atmosphere from the production, processing and delivery of a fuel or energy vector. Our 2024 Scope 3 data also include Voortman.

Scope 3 emissions account for all of the other emissions an organisation produces when fossil fuels are burnt within its value chain and are a significant proportion of our total GHG emissions. In the context of the 2050 Net Zero target, this is the most challenging category to address. We are, however, committed to driving decarbonisation throughout our value chain, which is underpinned by our SBTi Scope 3 reduction target.

Our verified Scope 3 GHG emissions have decreased, most notably we had a reduction in waste emissions as part of our focus on our waste reduction target. For transport and distribution, even with the inclusion of additional WTT emissions, we reported an overall reduction.

The higher emissions for business travel reflect an increase in published GHG emission factors that are applied to business miles and a small increase in travel to Continental Europe, as our presence continues to grow through our recent acquisition of VSCH and the number of projects in Europe increases.

Achilles
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Achilles
Carbon Reduce Certified
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BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

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Within Scope 3 emissions categories, we report on a total of 8 of the 15 categories relevant to our business (VSCH's impact included in this year's report). Consistent with most businesses in the construction sector, the majority of our GHG emissions are indirect (Scope 3), accounting for 97 per cent of total emissions, on a market-based approach. Within Scope 3 emissions, purchased goods and services represent 92 per cent of emissions, largely due to the embodied carbon in steel. We continue to be committed to addressing our Scope 3 emissions, in particular those from purchased goods and services, in order to achieve our strategic objective of Net Zero across all emissions by 2050 (as approved by SBTi).

Additional Scope 3 categories

	Tonnes of CO_2e	
GHG emissions from:	**2024**	2023
Purchased goods and services	**184,090**	213,586
Fuel and energy related	**2,504**	2,589
End of life treatment	**104**	93
Investments	**1,377**	1,665
Total unverified Scope 3 CO_2e emissions	**188,075**	217,933

Progress against our targets

The Group has made good progress again during the year in managing its energy, fuel consumption and emissions and we have been recognised as leaders in our sector for our work to date in reducing carbon emissions in a number of areas. For the fourth year running, we have been included in the Financial Times' listing of Europe's climate leaders, published in April 2024. This list includes c.500 companies that have achieved the greatest reduction in their Scope 1 and 2 GHG emissions intensity over a five-year period between 2017 and 2022.

As we continue to reduce our GHG impact, we focused on the use of diesel alternatives for our plant and machinery. From the previous year, we have decreased the use of diesel plant and machinery by 18% as we introduced further electric and hybrid options to our operations.

We have also been recognised as 'A List' leaders for Climate in the annual CDP disclosure. This annual rating is based on CDP's evaluation of the Group's strategy, goals and actual emission reductions as well as transparency and verification of our reported data. The rating also assesses the completeness of the Group's measurement and management of our carbon footprint, our risk management process and our sustainability strategy. This demonstrates our thorough understanding of risks and opportunities related to climate change, and that we have formulated and implemented strategies to mitigate the effects of our operations on the environment.

We have also maintained a CDP supply chain score of 'A-', which is well above the construction industry average of 'B-'.

As part of embedding carbon awareness within the business, we designed and developed an internal e-learning module on the subject. This module was mandatory for both office and operational staff as part of giving our colleagues the knowledge and tools to help support our Group-wide targets when it comes to carbon reduction and sustainability.

Since 2021, the Group has been accredited as an operationally carbon neutral organisation to the Achilles 'carbon zero' standard in accordance with ISO 14064-1. We use carbon offsetting to eliminate the combined Scope 1, Scope 2 and operational Scope 3 GHG emissions generated from our manufacturing facilities and construction sites. In line with the SBTi methodology, carbon offsetting can only be used against the last 10% of residual emissions so we will rely on them less over time. However, at present, they are an important step in our sustainability journey towards Net Zero.

As part of our continued commitment to excellence, we maintained accreditation to the Gold Membership Standard of the Steel Construction Sustainability Charter. Through our Gold Membership with the Supply Chain Sustainability School, we continue to complete learning pathways and attend targeted sustainability training in collaboration with our stakeholders.

2025 areas of focus:

- Monitor and report on the Group's SBTi targets.
- Maintain our supply chain engagement programme and track suppliers' sustainability targets in line with our sustainable procurement strategy.
- Continue to seek opportunities to increase waste reduction across the Group.
- Continue to upskill our colleagues in knowledge on sustainability and wider ESG topics.
- Work with VSCH to further embed sustainability into their business practice in line with Group.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PEOPLE

Why is it important?

Our people are our biggest asset and we are committed to effectively managing all aspects of health and safety and creating a safe, inclusive, and diverse working environment where everyone can thrive.

We have 1,900 colleagues across our manufacturing facilities, construction sites and offices. Our mix of designers, project managers, quantity surveyors, estimators, engineers, fabricators, steel erectors and support function experts work together with a clear, shared purpose, to create better ways to build, for a world of changing demands.

We continue to build sustained business performance through our rigorous approach to ESG and through embedding our values, The Severfield Way. The Severfield Way gives our colleagues clarity on our collective ways of working and expected behaviours so that we can continue to deliver effectively and efficiently for our clients.

Ensuring our colleagues can be their best everyday is critical to us achieving our business goals and ambitions, to enable this our focus remains on:

1. **Looking after the people who work for and with us**
2. **Developing and maintaining a robust, diverse talent pipeline**
3. **Creating a culture of inclusivity**
4. **Delivering social value**

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PEOPLE

1. LOOKING AFTER THE PEOPLE WHO WORK WITH AND FOR US

Safety, health and wellbeing remain of paramount importance to our business and without exception, the board, management and our colleagues remain committed to sector-leading performance.

We recognise the sector we work in comes with a high level of risk, both within our factories and on our construction sites, and to this end we have sector-leading provisions for ensuring we keep everyone affected by our activities safe and well.

Our Leadership Commitment

Safety, health and environment remains at the top of the executive committee agenda and our performance is monitored closely with a focus on ensuring the Group IFR continues to improve, whilst supporting the need to ensure all incidents are reported and appropriately investigated.

The executive committee continues to scrutinise High Potential Near reports ('HiPo') and RIDDOR (Specified injury or over seven-day incidents, three days in Northern Ireland) reports to ensure lessons learnt and appropriate corrective actions are in place to prevent reoccurrence.

Our progress

During the year, we introduced private medical cover for all colleagues. Our provision of mental and physical health support has gone from strength to strength with videos and personal stories shared on our intranet (Connect) and lunch and learn sessions delivered virtually and in person on nutrition and health. Our trained mental health first aiders continue to be on hand to offer support and guidance to colleagues when they need it.

2024 has seen further improvements to our performance, accident frequency rate dropped to 0.12 from 0.14 and the IFR fell to 1.23 from the 2023 figure of 1.61.

We have a positive reporting culture and we look to proactive measures to further improve health, safety and wellbeing at Severfield. Our behavioural safety initiative Safer@Severfield has moved on to Stage 2 where the focus is on us all to make the right decisions around safety whether it is carrying out a task or putting others to work, the message is clear – make the right decision and we will all be Safer@Severfield.

Our Group systems remain accredited to the highest standards, we remain certified to International Management systems ISO45001 (Occupational Safety and Health) and ISO14001 (Environmental Management). We are accredited to industry-leading compliance standards such as CHAS, Constructionline and Achilles.

2025 areas of focus

In line with our strategy, we aim to continue improving our safety performance and are in the process of adopting positive leading indicators to drive preventative workforce behaviours.

We also plan to evaluate new solutions, including the use of technology to further improve our safety performance.

2. DEVELOPING AND MAINTAINING A STRONG AND DIVERSE TALENT PIPELINE

The future of the business depends on our ability to attract, recruit, develop and retain individuals with the right mix of expertise, technical skills, and personal qualities.

Our industry continues to face significant skills shortages in relation to fabrication and welding and broader diversity remains a challenge.

Our Leadership Commitment

Our executive committee spend significant time on reviewing our strategic workforce plan and data from our performance and potential reviews. Reviews take place quarterly within each of our business units. We believe that being able to promote from within is critical so that we can retain specialist skills and experience, especially given the capabilities and expertise that we provide to our clients. Our board have regular updates on all aspects of our approach to managing performance, developing skills and progressing careers.

Our progress

The performance and potential of c.800 colleagues was assessed in detail during the year and enabled the board to have a complete and clear picture of talent across the Group, ensuring the strategies are in place to further develop and retain the leaders and specialists we need for our future. In addition, this important piece of work enabled us to review our succession plans for the executive committee and business unit management boards. As a result of this process, we identified individuals from across our group to take part in a number of personal and leadership development activities. Our Strategic Leaders Programme targeted those in roles one level below our executive committee, our two-day Development Centre put several of our senior leaders through their paces and our inaugural LEAD (leadership discovery and exploration programme) challenged the thinking of many aspiring leaders from across our Group. These three programmes build on each other and form a strong ethos and culture of development at all levels.

Our focus on early careers, to address future skills shortages, has continued to be strong with 29 graduates and apprentices joining us on one of our 'development on a different scale' programmes. We plan to recruit c.40 apprentices in 2024 across fabrication, maintenance, painting, welding and the drawing office. This continued commitment to providing opportunities for earning whilst learning enabled us to maintain our prestigious Gold Member status of 'The 5% Club' which recognises the UK's leading employers of apprentices, graduates and degree placement students. Across the Group we currently employ 81 colleagues who are either on a formal apprenticeship or undertaking qualifications through the apprenticeship route.

We have continued to increase investment in our Learning Academy with the addition of MyLearning (a learning management system) this has enabled greater visibility of all aspects of training data, improved roll out of compliance eLearning and greater access to learning materials for all our colleagues.

Our online performance review process, MyPerformance, is continuing to be rolled out across the different levels in our business and enables managers and colleagues to have open, honest conversations about their current performance, future goals, personal development, and career aspirations.

2025 areas of focus

We will continue to deliver a wide range of internally and externally provided training courses, both face-to-face and through eLearning. Throughout 2024, we will extend the reach of our MyPerformance and MyCheck-In process so that all colleagues have the opportunity for feedback and to have a discussion about their current and future aspirations.

We are also exploring certain international options to recruit fabricators and welders to ensure we have the skills necessary to support the Group's growth plans.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PEOPLE

3. CREATING A CULTURE OF INCLUSIVITY

We are committed to building a supportive, diverse, and inclusive working environment where all colleagues feel they belong.

Ensuring we have multiple avenues to enable meaningful dialogue with our people is key to achieving this aim. Our intranet 'Connect' enables us to update colleagues on the strategy, performance and progress of the organisation, general Company news and health and wellbeing issues. Colleagues have the ability to comment on articles, take part in surveys and share their views. Monthly colleague engagement with the platform is at 60 per cent. Toolbox talks, manager briefings, emails, and Skyline (our Company magazine) all play their part in keep our colleagues informed and connected.

Employment policies

Our leadership teams are committed to fair and transparent recruitment, selection, development and promotion processes, which are underpinned by our Equal Opportunities and Diversity Policy. In recruitment, through using interviews, aptitude testing, styles profiling and assessment centres, we can ensure a candidate's aptitude and abilities adequately meet the requirements of the role, regardless of gender, ethnicity, disability or sexual orientation. Training, development and promotion opportunities are open to all and reasonable adjustments are made to accommodate the needs of those who require them. If a colleague becomes disabled during their employment with us then appropriate training, development, adjustments, and support are made available to enable them to remain in employment for as long as practicable.

Our leadership commitment

Through working closely with Louise Hardy (the Group's designated non-executive director responsible for workforce engagement) our MyVoice Forum has enabled many colleagues concerns to be raised and tackled. Improvements to benefits, enhanced facilities for our manufacturing colleagues and access to information are just a few of the topics that have been raised and improved throughout the year. Minutes of each meeting are shared with the executive committee and board and detailed communication is shared with all colleagues through our intranet. Each executive committee member takes personal responsibility for ensuring actions in their areas are progressed and closed out.

Our progress

We are committed to building diversity, equality and inclusion into everything we do and continue to implement the right conditions for all colleagues to achieve their full potential and bring their whole, authentic self to work. With only 9 per cent of our workforce being female greater focus is being placed on our hiring practices, candidate attraction and retention.

During the year, our first female mentoring programme took place with 14 females from all aspects of our business. The programme drew to a close on International Women's day celebrating the progress and learnings from the group.

All of our executive committee actively participated in dignity and respect training, leading the way for this to start being rolled out across the organisation.

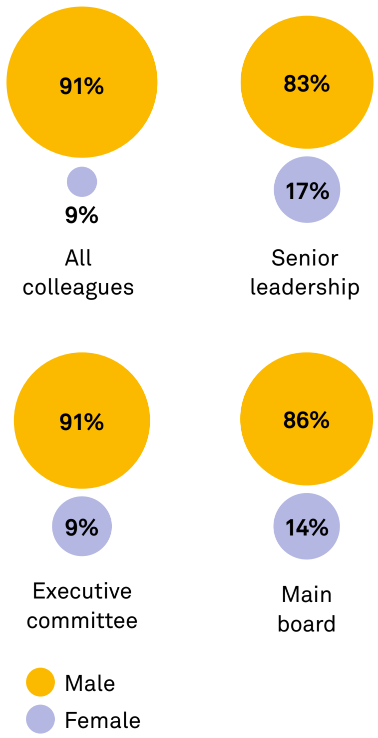
Following this, over 40 of our managers and team leaders from our largest manufacturing facility took part in dignity and respect workshops in advance of us welcoming a number of new starters from Zimbabwe and South Africa, ensuring a welcoming, supportive and inclusive culture.

We continue to track diversity data and this is shared with management teams on a quarterly basis.

All colleagues have had the opportunity to share with us their own diversity data and information on ethnicity, disability, sexual orientation, religion or belief and gender has been collated giving us a better understanding of under-represented groups in our workforce.

This data has become an integral part of the decision-making process around talent, performance, and reward. Using the data we held on gender in our pay review processes we have been able to narrow the gap between the average male and female salaries by 8.7 per cent over the past three years. We pay close attention to hourly rate differentials between males and females at each of our career levels and are pleased to have achieved a normalised hourly rate ratio of 1.00. Our median gender pay gap for the Group stands at 15 per cent, which is a small increase on previous years due to pay increases for certain areas to address the recruitment and retention challenges we faced. All of our colleagues are paid at or above the real living wage.

Gender diversity statistics



	Male #	Female #
Main board	6	1
Executive committee	10	1
Senior leadership*	42	11
All colleagues	1,720	180

* Senior leadership is defined as the two career levels below the executive committee.

At 30 March 2024, the board had 1 female director (14 per cent). Female representation on our executive committee was 1 (9 per cent). The Company have a 'career level structure' (underpinned by AON's Joblink methodology) with the executive committee (excluding executive directors) being the most senior level. For the two levels below this, our female representation is 10 per cent and 23 per cent, respectively.

We have continued to offer all colleagues the opportunity to share in the future success of the business through investing in an annual SAYE scheme, with 18 per cent of the workforce participating in this year's scheme. Our pension offering to all colleagues (including executive directors) is 7 per cent employee contribution matched by a 7 per cent employer contribution. In December 2023, consistent with previous years, we paid all employees that are not part of the annual bonus scheme, a 'festive gift' of £750.

2025 areas of focus

Ensure all leaders undertake 'dignity and respect' training through our partner (EA Inclusion) ensuring we create an environment where everyone can feel they belong.

Embed The Severfield Way values into all that we do.

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PEOPLE

4. DELIVERING SOCIAL VALUE

We understand that focusing on the social value we create has a huge potential to help us change the way we understand the world around us, and make better decisions about where we invest our resources.

Our leadership commitment

Our sustainability steering committee meets eight times a year and focuses on all aspects of our ESG agenda (people, planet, prosperity and principles of governance).

Our progress

During the year, we have refined our approach to social value and have embraced the nationally recognised 'Themes, Outcomes and Measures' ('TOMs') Framework. The framework enables us to measure our social value contribution and is based on the Social Value Act's themes of social, economic and environmental wellbeing and it is aligned to the UN 17 Sustainable Development goals.

We have defined our baseline year (2022) in line with TOMs and are able to report on a number of key indicators associated with the framework.

Through The Severfield Foundation (the 'Foundation'), incorporated back in 2016, we have continued to support local charities and organisations, with strong connections to our colleagues, through charitable contributions and by encouraging our people to donate their time to local communities and charitable initiatives.

Our employees coordinate the Foundation's activities, contributing to and taking part in events. With their help and commitment, we will be able to support disadvantaged people and local communities for many years.

During the year, we have supported many different charities, from air ambulances, to hospices, to local community groups, and have provided support and guidance to help support those facing social and financial deprivation. our colleagues across the business have raised over £67,000 for these causes.

Following feedback from our MyVoice Forum we piloted a one-day paid Colleague Volunteering Programme. The six-month trial proved a big success and we will be rolling the policy out across the Group in 2024. Volunteering opportunities will be limited to three key areas, these are areas we have identified as being of significant importance to the business and our communities: Assisting the local charities that we support through The Severfield Foundation, supporting STEM activities and undertaking activities aligned to the projects we are delivering in the communities where they have an impact.

During the year, we have developed and trialed a social value reporting system enabling us to track and measure the value we create through all of our activities. This will ensure we continue to focus on areas that have the biggest impact on the communities in which we operate.

2025 areas of focus

Roll out and encourage employees volunteering policy uptake.

Throughout our activities we want to achieve a year-on-year increase our social value delivery (10 per cent).

Monitor Group and divisional targets set for social value delivery before seeking an external recognition for our achievement.

CASE STUDY

THE 5% CLUB – GOLD

This award recognises our significant contribution to the continued development of all our employees through 'earn & learn' schemes such as apprenticeships, graduate schemes and sponsored students course placements.

We are proud of our investment in early careers, which helps accelerate skills in the workforce and address UK skill shortages, supporting our Company and the wider economy. In the last year, we have recruited 26 apprentices and 3 graduates.

81
Earning & learning

2,329
NVQ training weeks

CASE STUDY

FEMALE MENTORING

Severfield champions diversity and attracting and engaging women to its ever-growing workforce has been a key focus in recent years.

There is a shortage of females in most roles across the construction industry and we are tackling the issue head-on through a variety of initiatives, including better engagement with those in education, better maternity pay, training on unconscious bias, and breaking down barriers through our newly launched female mentoring programme. The programme pairs female colleagues with an external mentor, providing insights from other career driven women, to help build experience and grow confidence to create the leaders of tomorrow.

14
Colleagues on the programme

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PROSPERITY

Why is it important?

Striving for continuous improvement across our four sustainability pillars is essential to support the long-term success and sustainability of the Group. Delivering value, in an ethical and transparent manner, helps to build strong relationships with customers, suppliers and shareholders, increasing our prospects of accessing new business opportunities.

Management approach

As outlined in the 'principles of governance' section, our interactions with stakeholders are governed by several key corporate policies and procedures, including modern slavery, human rights, anti-bribery, competition law and whistleblowing. Our policies require us to conduct our business in an open and honest way, and, as a result, we aim to have a positive impact on our local communities in which we operate.

Much of the value the Group creates is redistributed throughout the local communities, through payments to local suppliers, to our local workforce (wages and benefits), to the Group's providers of our financing facilities and other capital providers (interest payments, loan repayments and dividends) and as donations to local charities and community groups supported by our colleagues.

We acknowledge that improving our sustainability performance is only possible if we collaborate with businesses that share our commitment. Our supply chain predominantly consists of subcontractors working on our sites, and materials suppliers. We have a comprehensive Group-wide supplier accreditation process, managed through our central procurement team, which continually assesses our supply chain on areas including quality, safety, responsible manufacturing and ethical resourcing to ensure compliance with the Group's policies.

Through our central engineering team and Project Horizon (our digital transformation project), we are constantly striving to develop innovative products and services that deliver positive environmental or social outcomes through the value chain and will contribute to the Group's sustainable growth. In order to achieve this aim, the recruitment, development and retention of highly skilled employees who are proficient in new and emerging digital technologies is key and aligns to our second sustainability focus area of 'people'.

Our progress against our targets

During the year, the Group generated economic value of £463.5m (2023: £491.8m), a reduction of 5.8 per cent from the prior year and distributed £438.3m (2023: £467.5m), resulting in economic value retained of £23.0m (2023: £27.1m).

In 2024, the Group continued its work to embed its sustainability framework into our purpose and corporate strategy and to further evolve our sustainability reporting to provide our stakeholders with transparent and useful information on the Group's climate-related risks and opportunities, in line with the TCFD recommendations.

The Group's high-quality order book of £478m at 1 June 2024 (2023: £482m at 1 November 2023) contains c.42 per cent of value from projects that are contributing to positive environmental outcomes, including battery plants and projects developing the UK's rail infrastructure, especially, but not limited to, those for HS2 and the electrification of the rail network.

Similarly, the current level of tendering and pipeline activity across the Group is very encouraging and also includes a good proportion of projects which will contribute to the green energy transition.

During the year, 100 per cent (2023: 100 per cent) of the Group's suppliers were subject to our annual supply chain contractor due diligence reviews to ensure our supply chain maintains the highest operational and ethical standards. Our commitment to bring our supply chain along on our sustainability journey is underpinned by our 'very good' BES 6001 accreditation and 'A minus' CDP supplier engagement rating.

Recognising the importance of dividends to our shareholders and to our investment case, we paid ordinary dividends of £10.7m (2023: £9.9m), an 8.1 per cent increase on the prior year.

2025 areas of focus

- Continue to make progress with our Project Horizon initiatives and increase automation within the Group.
- Continue to grow our revenues benefiting from the green energy transition and our stronger market position in Europe.


END

BUILDING A RESPONSIBLE AND SUSTAINABLE BUSINESS

PRINCIPLES OF GOVERNANCE

Why is it important?

The Severfield Way is to do the right thing and this means that we conduct our business lawfully and ethically. We strive to uphold the highest standards of ethics and act with integrity in accordance with our values.

Good governance is key to ensuring the Group's long-term sustainability. The board has overall responsibility for the Group's sustainability strategy and determining its risk appetite. The level of risk it is considered appropriate to accept in achieving the Group's strategic objectives is reviewed and validated by the board. The appropriateness of the mitigating actions is determined in accordance with the board-approved risk appetite for the relevant area. This process includes the identification and management of climate-related and other sustainability-related risks.

Our sustainability committee

Our sustainability committee oversees the development and monitoring of our sustainability strategy and sets and monitors the Group's sustainability targets and metrics (see page 71). This gives us a well-defined management structure to help us achieve our sustainability objectives with oversight of all strategic sustainability risks and opportunities affecting the Group.

Scenario analysis progress

This year, we have included in our TCFD report (see page 68) the quantitative outputs from the financial modelling undertaken on the three climate-related risks, which were disclosed last year and we have disclosed our key ESG metrics and targets and our approach to monitoring progress against them. This has allowed us to complete our disclosure in line with the requirements of TCFD and the recently introduced requirements in the UK Companies Act 2006. Next year we commit to including data from VSCH in our future analysis once we have appropriate processes in place to accurately capture and report the data.

Management approach

Business ethics and compliance with the Group's policies and procedures, which establish the rules of conduct within Severfield, are all extremely important. We ensure compliance by ensuring all our colleagues are fully trained on the content of our key corporate policies, including modern slavery, human rights, anti-bribery, competition law and whistleblowing (see below for further details). These policies are reviewed and updated every year.

These policies require all colleagues to not only operate in compliance with applicable laws and regulations, but to do so also in accordance with internal controls and reporting requirements. They are regularly reviewed and updated and frequent training via our e-learning platform, Cognexo, is provided to all relevant colleagues. The Group's suite of policies is available on our website.

As set out in our Group assurance map and compliance framework, the board also relies on our financial controls, compliance with the Group's authorisation policy and general management oversight and review of financial and other reporting. All our businesses operate local processes to ensure policies are effectively implemented.

Our progress against our targets

We have a comprehensive Group-wide supplier accreditation process, which involves reviewing and scoring supplier performance on criteria such as quality and safety and providing them with constructive feedback. During the year, we maintained our 'A-' rating in the CDP's annual supplier engagement rating. This is designed to evaluate and drive action on corporate supply chain engagement on climate issues. The scope of the review includes governance, targets, value chain emissions and supplier engagement strategies.

In 2024, the Group, again, had no incidents of bribery or corruption confirmed during the year (either relating to 2024 or previous years) and there were no incidents of discrimination reported during the year (either through HR or whistleblowing disclosures). In addition, the Group received no fines or sanctions imposed for legal or regulatory breaches (including health, safety and environmental) or relating to non-compliance with laws and regulations during the year. The Group is in ongoing discussions with HMRC regarding an assessment raised for historical tax liabilities, which the Group disputes. Further details are included in note 5.

During the year, over 90 per cent of our colleagues, including all office and senior factory and site personnel, completed regular ethics training (using Cognexo) based on the Group's following policies:

- health and safety policy;
- equal opportunities and diversity policy;
- information security policy; and
- sustainability policy.

In addition, our senior managers were given specific training via our online learning management system on fraud awareness, corporate criminal offences including tax evasion and a refresher course on anti-bribery and corruption.

Modern slavery

The board annually reviews and approves the Group's modern slavery statement. The 2024 statement is available on our website and explains the actions taken to ensure that we provide the appropriate level of training to members of our workforce, raise awareness of modern slavery among all members of staff, and do not undertake activities or engage suppliers or subcontractors who undertake activities that may be in breach of the Modern Slavery Act 2015. This year, we have updated our modern slavery statement in line with best practice, designed new awareness training for our staff through our learning management system, and devised an improvement plan for our approach to modern slavery with our suppliers.

Human rights

We remain committed to protecting and respecting the human rights of our colleagues and those who work throughout our supply chain. As a Company operating within the UK, the key human rights issue we face is equality, which we address with training and promoting inclusivity.

Anti-bribery and corruption

Bribery and corruption are criminal offences in the countries in which the Group operates. We have a responsibility to our stakeholders to conduct our business in an honest and ethical manner. Our Group anti-bribery policy and our ethics policy (both of which were updated this year) prohibit all forms of bribery, both in giving and receiving, wherever the Group operates. This includes our colleagues and any agent, contractor, consultant or business partner acting on our behalf or under our control whether in the UK or abroad. No concerns have arisen in relation to such matters during the year and the Group does not regard corruption or bribery as a principal risk. Part of our policy is to undertake due diligence on the risks associated with operating in any high-risk locations.

Whistleblowing

We encourage effective and honest communication, and we respond immediately to any malpractice brought to our attention. Our whistleblowing policy enables anyone to raise genuine concerns about malpractice in the knowledge that their concerns will be taken seriously and that they will be protected from possible reprisals by colleagues and management. We also publish details for Protect, an independent charity, allowing colleagues to raise concerns or seek advice from someone outside of the Group. Any whistleblowing report is immediately reported to the Group's legal director, Group HR director or Group SHE director, as appropriate, and is investigated quickly with appropriate feedback provided to the whistleblower.

Tax transparency

The Group is committed to compliance with all applicable tax laws and regulations across all the countries in which we operate. We focus on ensuring that, across the wide remit of taxes, the Group has comprehensive governance and risk management processes in place to allow us to meet our obligations.

We maintain a good, open and honest working relationship with HMRC and other relevant tax authorities, seeking to clarify any areas of potential uncertainty in relation to new or existing tax legislation at an early stage, and we have regular meetings with HMRC to update on the Group's performance and structure. We do not engage in any aggressive tax planning of tax avoidance schemes.

To comply with the Corporate Criminal Offences ('CCO') rules, we have rigorous procedures in place for preventing the facilitation of tax evasion and ensure that all relevant colleagues are trained in the key aspects of the relevant legislation, including the IR35 rules. In 2023 we completed a CCO workshop, facilitated by external experts, to keep our colleagues and procedures up to date. Further enhancements have been made following the workshop to address recommendations to achieve best practice.

During the year, we voluntarily published a tax strategy on our website. Whilst the Group is not currently legally required to publish a tax strategy, we have elected to do so as part of best practice and in accordance with our policy of transparent tax reporting. The Group recognises the importance of corporate social responsibility and understands the importance of paying taxes in the jurisdictions in which it operates.

Fraud

Following the introduction of the Economic Crime and Corporate Transparency Act 2023, we have developed a comprehensive fraud prevention policy and a fraud risk assessment and have rolled out training to all our senior managers on the key issues they need to be aware of and the actions they need to address in their respective roles.