

Sustainability Report: Cennox Group Limited



“At Cennox, our mission is to lead the industry with our spirit of innovation, invention, and inspiration. It is this same spirit that drives our approach to environmental, social and governance practices across our multinational business as we work to best support our customers, employees, communities, and other stakeholders today – and for every tomorrow”. Nick Cockett, CEO.

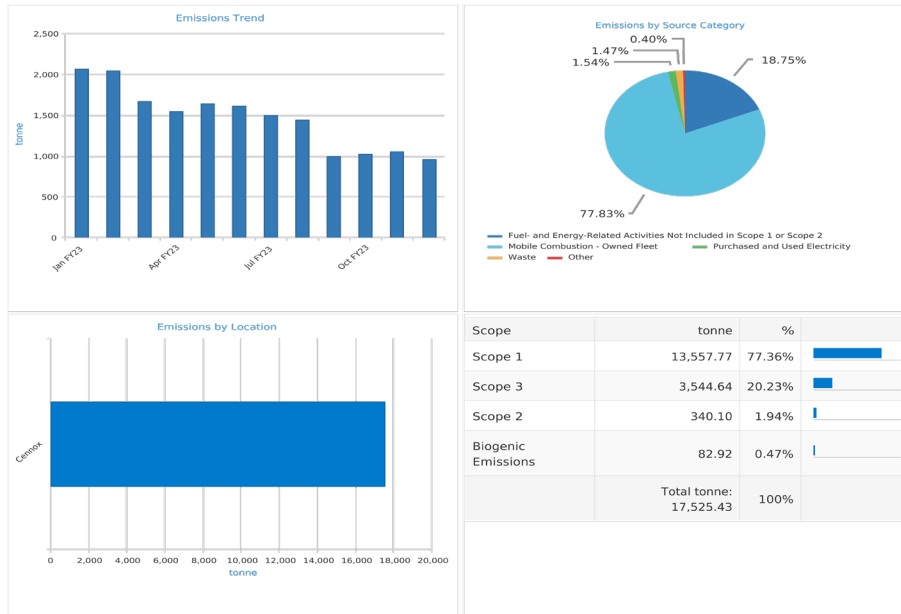
Through a combination of innovative strategies, operational improvements, and investment in sustainable practices, our company has demonstrated a commendable commitment environmental, social and governance (ESG) issues and to being environmentally responsible. In one particularly key area, Cennox has made significant strides since starting our programme in 2023 in calculating and understanding greenhouse gas (GHG) emissions. This report aims to evaluate the effectiveness of Cennox's sustainability efforts and provide recommendations for future enhancements.

Sustainable Performance Evaluation:

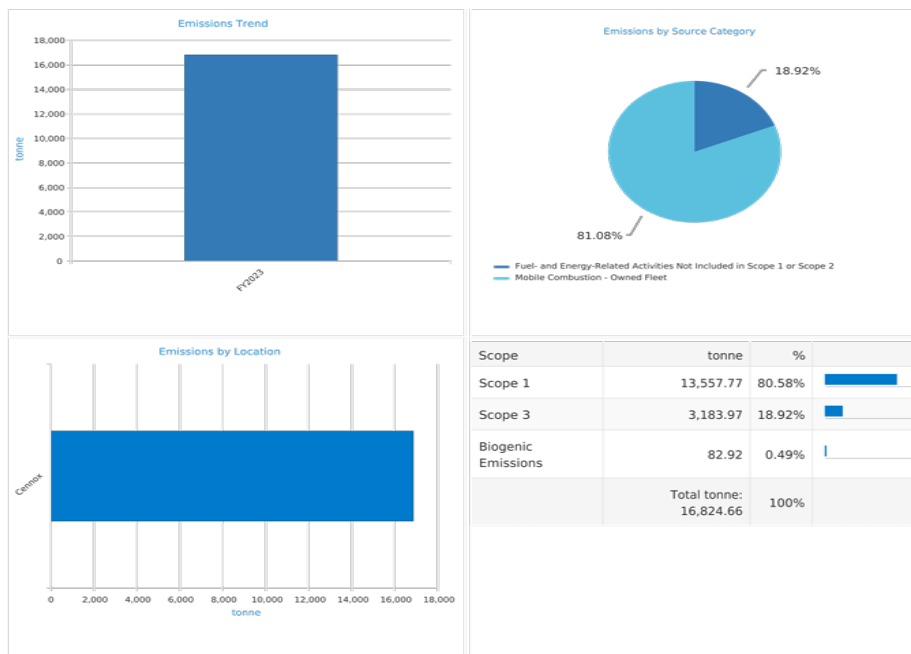
Cennox Group Key Points and Reduction Targets:

- Cennox established ambitious GHG reduction targets in alignment with international standards such as the Paris Agreement. These targets provided a clear roadmap for the company's sustainability efforts.
- Target reduction in Greenhouse Gas Emissions by the maximum practicable rate, aligned with the United Nations Intergovernmental Panel on Climate Change recommendations to reduce emissions by 45% by 2030 with the aspiration of 100% by 2050. Net zero means cutting greenhouse gas emissions to as close to zero as possible, with any remaining emissions re-absorbed from the atmosphere, by oceans and forests for instance.
- Target energy reductions to identify and implement net present value positive energy conservation measures in our buildings, eventually providing 80% renewable energy across all regions with an aspiration of 100% renewable energy usage by 2050.
- Target reducing global waste 50% by 2040, with the aspirational goal of becoming a zero-waste business.
- Develop company-wide standards for utilising environmentally and socially preferred products, making environmentally and socially preferred products preferential in sourcing by 2030.
- Require all major vendors to report on progress in meeting Cennox standards and specified third-party environmental certifications and demonstrate their commitment to sustainability through corporate responsibility reporting by 2025.

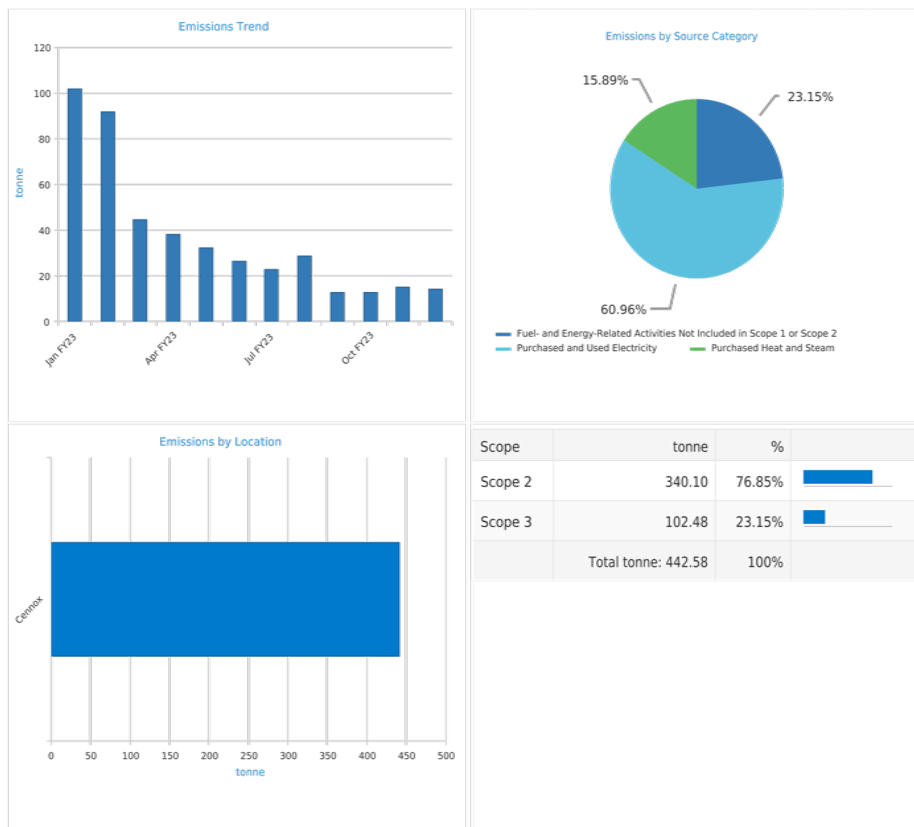
GHG Data, Scope 1, 2 and 3 2023



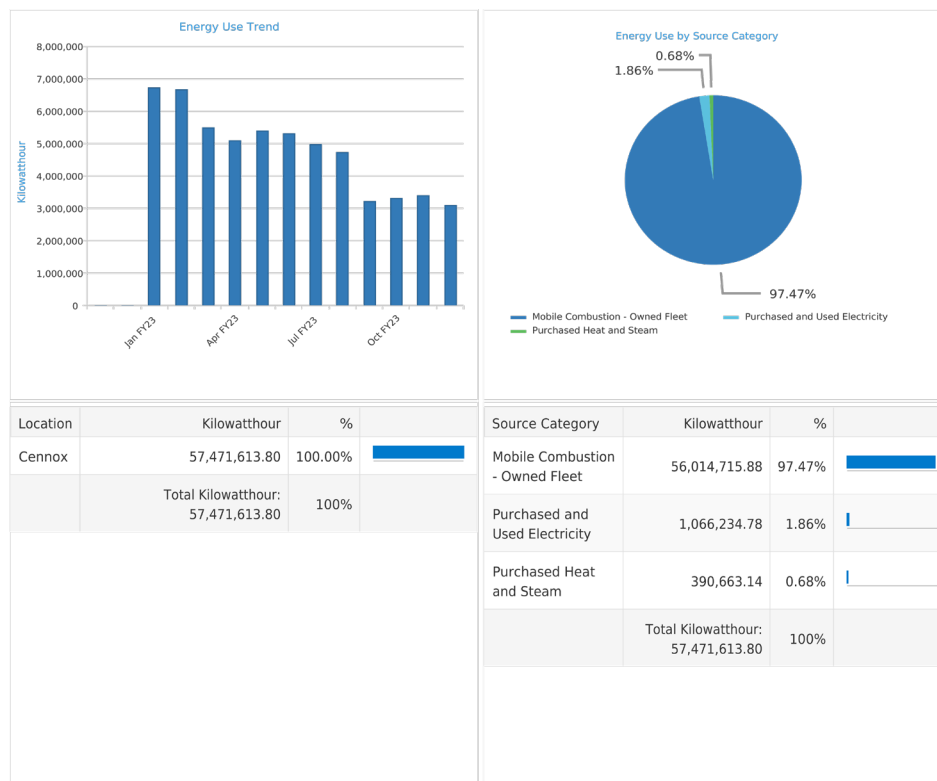
GHG Data Transport 2023



GHG Data Purchased Heat & Electricity 2023



GHG Data Energy Use 2023



Emission Reduction Initiatives:

- Implemented energy efficiency measures across facilities, including increased use of timed/motion and LED lighting and energy-efficient equipment.
- Optimised transportation logistics to minimise emissions associated with product distribution and employee commuting (a continuous process).
- More meetings now online, minimising business travel.
- Centralised business travel scheduling in the US as a pilot programme, with global rollout planned.
- Engaged in waste reduction and recycling programmes to minimise emissions from waste disposal processes.

Technological Innovations:

- Reviewing and implementing technologies and automation to optimise processes and reduce energy consumption (e.g., heat pumps, smart HVAC vents, smart thermostats, automatic faucets and dryers, etc.).

Monitoring and Reporting:

- Implemented robust monitoring systems to track GHG emissions across operations accurately.
- Regularly reported emissions data to stakeholders, demonstrating transparency and accountability.
- Utilised data insights to identify areas for improvement and inform decision-making processes.
- With the new Diligent ESG Platform, we can now record GHG data across our facilities and vehicle fleet. Even in our first year we have a better understanding of where our footprint is affected and areas for improvement.

Collaboration and Partnerships:

- Collaborated with suppliers and partners to promote sustainability throughout the supply chain.
- Engaged with industry peers and stakeholders to share best practices and collectively address environmental challenges.
- Audited suppliers bi-annually to track sustainable performance.
- We now have the ability to track and audit our suppliers through our ESG Platform, enabling us to understand what metrics they have in place and whether or not suppliers are following our commitment to GHG reductions.

Strengths:

- Demonstrated strong leadership and commitment to sustainability.
- Implemented a comprehensive range of initiatives to reduce GHG emissions.

- Utilised data-driven approaches to monitor, analyse, and optimise performance.
- Fostered collaboration and partnerships to enhance sustainability efforts.

Areas for Improvement:

- Explore additional opportunities for renewable energy adoption.
- Enhance employee engagement and awareness regarding sustainability initiatives.
- Continuously evaluate and update targets to reflect evolving environmental goals and priorities.
- GAP analyse to be completed on scope 1,2 and 3.

Recommendations:

- Continue to prioritise innovation and invest in emerging technologies to further reduce GHG emissions.
- Strengthen engagement with employees, suppliers, and stakeholders to foster a culture of sustainability across the organisation.
- Regularly review and update sustainability targets to ensure alignment with global climate objectives and industry best practices.

Sustainable Procurement

Environmental Impact:

One of the primary concerns for Cennox is the environmental impact of its procurement practices and how we can make those practices more sustainable. The company sources a wide range of products and services, from hardware components to transportation, which can have a substantial carbon footprint. Addressing this issue requires assessing the life cycle of products and services, considering their environmental impact, and prioritising suppliers with sustainable practices that minimize negative effects on the world.

Recommendations include:

- Conducting life cycle assessments to understand the environmental impact of products and services.
- Prioritising suppliers with environmentally friendly practices, including reduced energy consumption, waste reduction, and renewable energy usage.
- Setting specific environmental targets and incorporating them into supplier contracts.

Ethical Sourcing:

Ethical sourcing is another pressing concern for Cennox. The company sources various materials, including metals, plastics, and electronics, which can be linked to human rights abuses or unethical labour practices in the supply chain.

Recommendations include:

- Supplier audits and due diligence processes are being implemented to ensure ethical practices throughout the supply chain. In March 2024, our supplier questionnaire, which requires the upload of supporting documentation, goes live.
- Enhancing our code of conduct for suppliers, emphasising respect for human rights and labour standards.
- Collaborate with industry organisations and NGOs to stay informed about best practices and emerging issues in ethical sourcing.

Supply Chain Resilience:

Supply chain resilience is crucial for Cennox, as disruptions can lead to costly downtime and customer dissatisfaction. Sustainable procurement practices must consider supply chain risks, including geopolitical instability, natural disasters, and changing regulatory environments.

Recommendations include:

- Diversifying supplier sources to reduce dependence on a single region or supplier.
- Creating contingency plans for various supply chain disruptions and testing these plans regularly.
- Implementing real-time monitoring and data analysis to identify potential issues early.

Cost Efficiency:

Sustainable procurement can sometimes be perceived as cost-prohibitive, which may deter companies like Cennox from investing in eco-friendly and ethical practices. However, implementing sustainable procurement can lead to long-term cost savings.

Recommendations include:

- Calculating the long-term cost benefits of sustainable procurement, such as reduced energy consumption and waste disposal costs.
- Exploring partnerships and collaborations with suppliers to jointly invest in sustainable practices.
- Engaging with industry peers to share best practices and successful cost-efficient sustainable procurement approaches.

Regulatory Compliance:

Sustainable procurement is subject to a growing body of regulations and reporting requirements. Cennox must stay up to date with the latest regulations and ensure compliance throughout its procurement processes.

Recommendations include:

- Designating a dedicated team or individual responsible for tracking and ensuring compliance with relevant sustainability regulations, which in regard to Cennox falls under the Group Chief Legal Officer and the ESG Manager.
- Regularly updating procurement policies and practices to align with changing legal and reporting requirements.
- Conducting regular internal and external audits to assess and verify compliance.

Employee Safety

At Cennox, we are committed to upholding the highest standards of ESG principles across all aspects of our business operations. A principal component of this commitment is our unwavering dedication to ensuring the safety and well-being of our employees.

Environmental Responsibility:

We understand that promoting employee safety is interconnected with environmental responsibility. In coordination with embracing sustainable practices and minimising our environmental impact, we strive to create safe working conditions for our employees now and also contribute to the preservation of the planet and safe working conditions for future generations.

Social Impact:

Cennox places the safety of our employees at the forefront of our social initiatives. We foster a culture of safety consciousness and empowerment, where every team member feels valued and accountable for their well-being and that of their colleagues. Through ongoing training, education, and transparent communication, we empower our workforce to identify hazards, mitigate risks, and actively participate in creating a safer workplace for all.

Governance Commitment:

Our commitment to employee safety is deeply embedded in our corporate governance framework. We adhere to rigorous policies and procedures designed to comply with all relevant health and safety regulations, as well as industry best practices. Our leadership team is dedicated to providing the necessary resources and support to uphold these standards and continuously improve our safety performance.

Continuous Improvement:

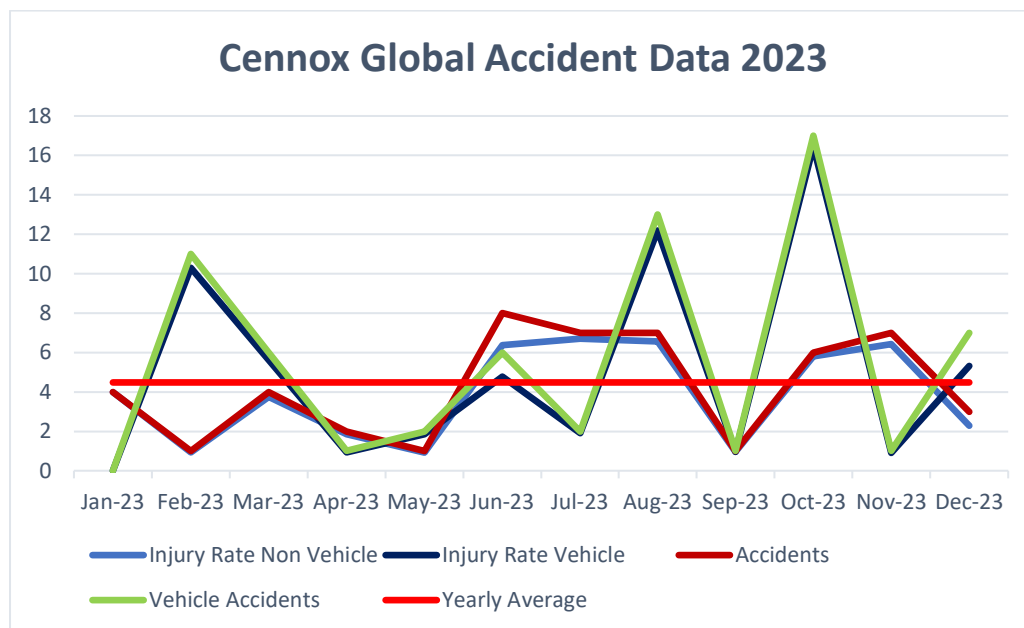
At Cennox, we recognise that achieving and maintaining a safe working environment is an ongoing journey that requires continuous improvement. We conduct regular assessments of our safety protocols, invest in technology and infrastructure upgrades, and solicit feedback from employees to identify areas for enhancement. By embracing a culture of constant progress, we strive to achieve our ultimate goal of zero accidents and injuries.

Transparency and Accountability:

We are committed to transparency and accountability in our approach to employee safety. We regularly communicate our safety objectives, performance metrics, and progress toward goals to all stakeholders, including employees, investors, customers, and the communities in which we operate. Through open dialogue and collaboration, we aim to build trust and demonstrate our steadfast commitment to protecting the well-being of our employees.

In summary, at Cennox, we firmly believe that prioritising employee safety is not only a moral imperative but also a strategic business imperative. By integrating ESG principles into our core values and operations, we are dedicated to creating a safe and secure working environment where every employee can thrive, innovate, and contribute to our collective success.

Health & Safety Data 2023



Waste Management

At Cennox, we recognise that effective waste management is critical not only for environmental sustainability but also for fostering a culture of social responsibility and ethical governance. As a company committed to advancing positive change in our communities and minimising our environmental footprint, we prioritise responsible waste management practices across all facets of our operations.

Environmental Commitment:

Cennox is dedicated to reducing our environmental impact through sustainable waste management practices. We strive to minimise waste generation through efficient resource utilisation, waste reduction initiatives, and responsible procurement strategies. Our commitment extends to minimising single-use plastics, promoting recycling and reuse

programmes, and implementing innovative technologies to optimise waste diversion from landfills. Through continuous monitoring and improvement of our waste management processes, we aim to mitigate pollution, conserve natural resources, and contribute to a healthier planet for future generations.

Social Responsibility:

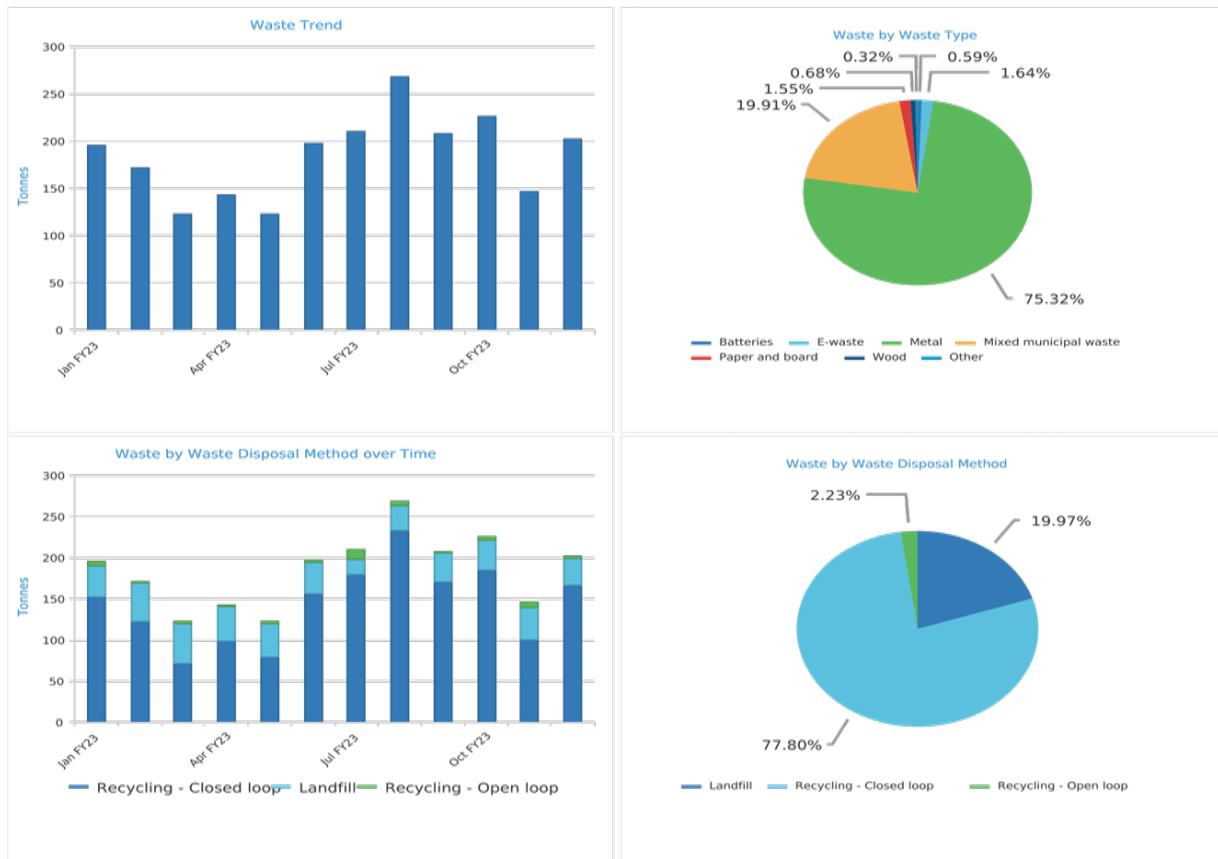
Cennox recognises the social implications of waste management and is committed to fostering positive social outcomes within the communities we serve. We actively engage with local stakeholders to understand their waste management needs and concerns, seeking collaborative solutions that prioritise community well-being. By supporting local recycling initiatives and providing educational resources on waste reduction and recycling, we strive to empower individuals and communities to participate in sustainable practices. Additionally, we prioritise the safety and well-being of our employees by implementing rigorous health and safety protocols to mitigate risks associated with waste handling and disposal.

Governance and Ethics:

Cennox upholds the highest standards of governance and ethics in our waste management practices. We adhere to all relevant regulations and compliance requirements, ensuring transparency, accountability, and legal compliance throughout our operations. Our governance framework emphasises ethical decision-making, risk management, and stakeholder engagement to uphold the trust and confidence of our investors, customers, employees, and communities. We are committed to regular reporting and disclosure of our waste management performance, enabling stakeholders to assess our progress and hold us accountable for achieving our environmental and social objectives.

In conclusion, Cennox is dedicated to advancing sustainable waste management practices as an integral component of our environmental, social, and governance responsibilities. Through collaboration, innovation, and a steadfast commitment to continuous improvement, we strive to make a positive impact on the planet and the communities we serve.

GHG Waste Data 2023



Corporate Governance

At Cennox, we recognise that effective corporate governance is essential for driving sustainable growth, fostering trust among stakeholders, and creating long-term value for our shareholders, employees, customers, and the communities in which we operate. Our commitment to ESG principles is integral to our corporate philosophy and helps guide our decision-making processes.

Governance Principles:

Ethical Conduct and Integrity:

We are committed to upholding the highest standards of ethical conduct and integrity in all aspects of our business operations. With strong anti-bribery, anti-corruption, and anti-money laundering policies and programmes, we promote transparency, honesty, and accountability at every level of the organisation.

Board Independence and Diversity:

Our Board of Directors comprises individuals with diverse backgrounds, experiences, and perspectives. We value independent oversight and ensure that our board members bring a broad range of skills and expertise to effectively govern the company.

Risk Management:

We prioritise proactive risk management practices to identify, assess, and mitigate risks that may impact our business objectives, operations, or stakeholders. We regularly evaluate and adjust our risk management strategies to adapt to evolving internal and external factors.

Compliance and Legal Framework:

We adhere to all applicable laws, regulations, and industry standards in every jurisdiction where we operate. Compliance with legal requirements and industry best practices is non-negotiable, and we continuously monitor changes in regulations to ensure our practices remain up to date.

Stakeholder Engagement:

We actively engage with our stakeholders, including shareholders, employees, customers, suppliers, and communities, to understand their perspectives, address concerns, and incorporate feedback into our decision-making processes. We believe in fostering constructive dialogue and building mutually beneficial relationships.

Transparency and Reporting:

We are committed to providing transparent and accurate disclosures regarding our governance practices, financial performance, ESG initiatives, and impacts. We will regularly communicate with stakeholders through various channels, including annual reports, sustainability reports, industry reporting (e.g., CDP and Eco Vadis), and other relevant mediums.

Continuous Improvement:

At Cennox, we recognise that corporate governance is not a static concept but rather an ongoing journey of continuous improvement. As we regularly review our governance practices, we will also solicit feedback from stakeholders and benchmark ourselves against industry peers to identify areas for enhancement to implement meaningful changes.

Cennox's Commitment to Sustainability in the Local Community

At Cennox, we recognise the critical importance of ESG factors in driving long-term value for our stakeholders and the communities in which we operate. As a leading provider of integrated solutions within the financial and retail sectors, we are dedicated to enhancing our sustainability efforts and positively impacting the local community.

Environmental Responsibility:

Cennox is committed to minimising our environmental footprint by implementing sustainable practices across our operations. We pledge to reduce energy consumption, minimise waste generation, and promote the use of renewable resources wherever possible. Through continuous improvement initiatives, we aim to mitigate environmental impacts and contribute to a healthier planet for current and future generations.

Social Impact:

Our engagement with the local community extends beyond business operations. We are dedicated to fostering meaningful relationships and supporting initiatives that address social challenges. Cennox is committed to promoting diversity, equality, and inclusion within our workforce and partnering with local organisations to empower underrepresented groups. Additionally, we seek to prioritise community engagement through volunteer programmes, charitable giving, and initiatives that promote education and economic development.

Governance Excellence:

Transparency, integrity, and accountability are fundamental principles that guide our governance practices. Cennox is committed to upholding the highest ethical standards in all aspects of our business operations. We continuously assess and enhance our corporate governance framework to ensure compliance with regulatory requirements and best practices. By maintaining robust governance structures, we aim to build trust among our stakeholders and uphold the long-term interests of our company and the communities we serve.

Enhancing Sustainability Goals:

As part of our ongoing commitment to sustainability, Cennox is dedicated to enhancing our impact within the local community. We will strive to:

- Collaborate with local stakeholders to identify and address key environmental and social challenges.
- Invest in sustainable infrastructure and technologies to minimise our carbon footprint and promote resource efficiency.
- Support local initiatives that promote education, workforce development, and economic empowerment.
- Engage in transparent communication with our stakeholders to foster trust and accountability.

- Continuously evaluate and report on our ESG performance to drive progress and accountability.

Products/Services & Materials

At Cennox, we are committed to upholding the highest standards of Environmental, Social, and Governance (ESG) principles in the development, delivery, and support of our products and services. Our dedication to ESG guides our decisions and actions, ensuring that we positively impact the world around us while meeting the evolving needs of our customers and stakeholders.

Environmental Responsibility:

Cennox recognises the importance of minimising our environmental footprint throughout the lifecycle of our products and services. We strive to design and deliver solutions that prioritise energy efficiency, resource conservation, and waste reduction. By embracing sustainable practices in our manufacturing processes, supply chain management, and product lifecycle management, we aim to minimise environmental impact and contribute to a more sustainable future.

Social Impact:

We understand that our products and services have a direct impact on the communities and individuals we serve. At Cennox, we are committed to promoting social equity and inclusion through our offerings. We prioritise accessibility and usability in the design of our solutions, ensuring that they meet the diverse needs of all users, including those with disabilities or limited resources. Additionally, we actively engage with local communities to understand their unique challenges and tailor our products and services to address their specific needs.

Governance Commitment:

Cennox is dedicated to upholding the highest standards of corporate governance in the development and delivery of our products and services. We adhere to strict ethical guidelines and regulatory requirements to ensure transparency, accountability, and fairness in all aspects of our operations. Our governance framework emphasises integrity, responsibility, and compliance, providing our customers and stakeholders with confidence in the reliability and trustworthiness of our solutions.

Continuous Improvement:

We recognise that innovation and continuous improvement are essential to meeting the evolving needs of our customers and stakeholders. At Cennox, we invest in research and development to enhance the performance, reliability, and sustainability of our products and services. We actively seek feedback from customers, partners, and industry experts to identify opportunities for innovation and refinement, driving positive change and delivering greater value to all stakeholders.

Transparency and Accountability:

Cennox is committed to transparency and accountability in our products and services. We provide clear and accurate information about the environmental and social impacts of our offerings, enabling customers and stakeholders to make informed decisions. Additionally, we actively engage with stakeholders to solicit feedback, address concerns, and demonstrate our commitment to continuous improvement. Through open communication and collaboration, we strive to build trust and foster positive relationships with all stakeholders.

In summary, at Cennox, we believe that responsible innovation and collaboration are essential to delivering products and services that create value for our customers, stakeholders, and the world around us. By integrating ESG principles into our products and services, we are committed to driving positive environmental, social, and economic impact while meeting the evolving needs of our customers and communities.

Conclusion:

At Cennox, promotion of ESG principles and sustainability is not just a goal but a core value that guides our decision-making and actions. We are committed to driving positive change within the local community and beyond, leveraging our resources and expertise to create a more sustainable and equitable future for all.

Cennox has made significant progress in understanding its present and past state greenhouse gas emissions, fuel consumption, utility usage, and demonstrated a strong commitment to environmental sustainability. By leveraging technological innovations, fostering collaboration, and maintaining a focus on continuous improvement, the company is well-positioned to further enhance its performance in this critical area.

With continuous effort and proactive measures, Cennox can be a leader in GHG emissions reduction, contribute to the global fight against climate change and make a positive impact on our world.