



WE DID

The Ibstock Sustainability Report 2022

WE WILL

A MESSAGE FROM OUR CEO

Welcome to our latest sustainability report where we look back on our 2022 progress and learnings.

In March 2022 we published our new ESG 2030 Strategy recognising the progress we made to become a more sustainable, purpose-led business. Drafting the ESG Strategy highlighted our requirements to go much further and much faster on ESG over the next decade.

I am delighted this report shares our progress so far against our new ESG 2030 Strategy ambitions to address climate change, improve lives and manufacture materials for life.

This report also recognises the areas where we do not have all the answers and we will continue to learn and adapt our approach as the environmental landscape, regulation and solutions continue to evolve at pace.

Our targets to reduce 40% of carbon by 2030 and become a net zero operation by 2040 (for scope 1 and 2 carbon emissions) are ambitious and there will be challenges along the way. However, we also know we have a duty, as well as an opportunity, for our business and the wider sector, to embrace change and transform the way our built environment evolves. As I have said before, far from seeing this as a threat, we see this as an opportunity to think differently about our business and to balance our long term carbon transition with short term incremental change.

Our Atlas 'pathfinder' factory plays a critical part on our journey to net zero. Once operational, the redeveloped factory will produce our lowest carbon brick that contains 50% less embodied carbon than the previous factory. The 'pathfinder' element is significant, as we will use the Atlas factory investment to trial, test and learn operational and carbon reduction efficiencies, before scaling solutions across the wider estate. For more details, [click here](#).

Our ESG 2030 Strategy sits at the very heart of our business strategy and integrates across the strategic pillars. This has been embodied throughout 2022 with our focus on culture and employee engagement. Our rallying cry is for colleagues to 'fire up' our business, with everyone having a voice and playing an important part in our success. Inclusion in the workplace and our impact on local communities have also been emotive cultural catalysts for this and I have been proud to witness step changes in the business from our factory floors to our senior leadership. We will only achieve our ambitions, if we make changes and make progress together.



Joe Hudson
Chief Executive Officer

A photograph of a brick wall with a lattice pattern, featuring green plants in the foreground and the word 'CONTENTS' in white text.

CONTENTS

OUR ESG 2030 STRATEGY



Strategic Framework: Our response to the rapidly changing world will re-shape our business. A business that:

- ✓ Values creativity to develop a more diversified product portfolio
- ✓ Invests in innovative low carbon solutions and technologies
- ✓ Drives mainstream circularity in the building sector, conserving finite resources and championing materials transparency
- ✓ Nurtures our people and future skills to achieve our goals in an era led by digital technology and data
- ✓ Develops solutions that support affordability, climate resilience and skills shortages

CARBON REDUCTION

Reduce absolute carbon (Scope 1 and 2) by 40% against 2019 baseline.

WATER EFFICIENCY

Reduce mains water use by 25% per tonne of production against a 2019 baseline.

BIODIVERSITY NET GAIN

Achieve Biodiversity Net Gain across our estate using Biodiversity Metric 2.0.

HEALTH, SAFETY & WELLBEING

Ensure all our employees can be at their best more of the time through our health, safety and wellbeing strategies.

INSPIRING FUTURES

Provide development and growth for all, with every employee developing their skills annually and 10% in Earn and Learn positions.

EMPLOYEE EXPERIENCE

Increase female senior leadership representation to 40% by 2027 as part of our proactive approach to diversity and inclusion.

PRODUCT INNOVATION

Achieve 20% sales turnover from new products and solutions that deliver customer value and improved sustainability.

DEMATERIALISATION

Reduce raw materials consumption with a focus on plastics, secondary aggregate and cementitious replacements.

CIRCULAR ECONOMY

Embed circular economy principles into the business, prioritising zero waste and driving demand for secondary materials markets.

OUR STAKEHOLDERS

We continue to work with our key stakeholders: investors, colleagues, customers, suppliers, local and national Government, regulators, and our communities.

We report on stakeholder insight to the ESG Committee and Executive Leadership Team (ELT) including a quarterly horizon scanning report covering key ESG issues.

ESG is a fast changing agenda and we will continue to anticipate and respond to the evolving regulations, best practice and emerging technology that will inform our decisions going forward. As we deliver against our ESG 2030 strategy we will continue to listen, understand and respond to our stakeholders' priorities. The Listening Post remains our formal mechanism for the Group's Board to engage with our colleagues providing a direct opportunity to hear feedback first hand.



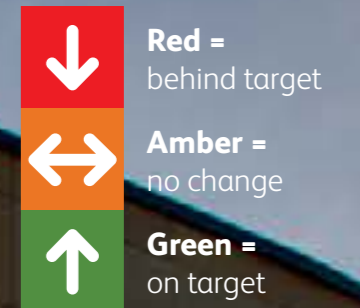
“We are continually striving to improve the energy efficiency and sustainability of our homes and are adapting our home designs in response to both changing home buyer needs, as well as the Future Homes Standard.”



“The Listening Post gives representatives from all sites and departments the opportunity to be heard by the CEO and Non-Exec Directors. We can bring important topics to the table and feel like we have a voice to bring about change when needed.”

Vicki Pennal, Resourcing Business Partner

PROGRESS AGAINST OUR ESG 2030 AMBITIONS AND MILESTONES















ESG 2030 STRATEGY KPIS			2022	TARGET	STATUS
ADDRESSING CLIMATE CHANGE	CARBON (SCOPE 1 AND 2)*	% absolute carbon reduction tonnes CO ₂ (relative to 2019 baseline)	13%	40% by 2030 Net Zero by 2040	↓ ↔ ↑
	WATER	% reduction in mains water use per tonne or production (relative to 2019 baseline)	31%	25% by 2030	↓ ↔ ↑
	BIODIVERISTY	Biodiversity Net Gain	N/A	Net Gain by 2030	↓ ↔ ↑
IMPROVING LIVES	HEALTH AND SAFETY	% reduction in Lost Time Injury Frequency Rate (LTIFR) (relative to 2016 baseline)	61%	50% by 2023	↓ ↔ ↑
	EARN AND LEARN POSITIONS	% of colleagues in Earn and Learn positions	7.5%	10% by 2030	↓ ↔ ↑
	WOMEN IN SENIOR LEADERSHIP	% of women in senior leadership positions	27%	40% by 2027	↓ ↔ ↑
MANUFACTURING MATERIALS FOR LIFE	PRODUCT INNOVATION	% of sales turnover from new and sustainable products	13%	20% by 2030	↓ ↔ ↑
	WASTE	% reduction in general waste to landfill (relative to 2019 baseline)	90%	Zero by 2025	↓ ↔ ↑
	PLASTIC PACKAGING	% reduction in preventable plastic packaging (relative to 2019 baseline)	16%	40% by 2025	↓ ↔ ↑

*13% reduction is for Scope 1 emissions only, including Scope 2 emissions (location based) gives a 15% reduction

ALIGNING WITH THE UN SUSTAINABLE DEVELOPMENT GOALS

We aim to support progress on the UN Sustainable Development Goals through our business and our work on ESG. In the development of our ESG 2030 Strategy we mapped the goals and targets we identified as most relevant to Istock across our three priority areas of the strategy.

	SDGs	RATIONALE FOR IBSTOCK		SDGs	RATIONALE FOR IBSTOCK		SDGs	RATIONALE FOR IBSTOCK
ADDRESSING CLIMATE CHANGE		CLEAN WATER AND SANITATION: Water scarcity is a growing concern in the UK and a risk to our business	IMPROVING LIVES		GOOD HEALTH AND WELLBEING: Wellbeing of our employees is paramount in enabling them to perform, develop and thrive at work and at home	MANUFACTURING MATERIALS FOR LIFE		INDUSTRY, INNOVATION AND INFRASTRUCTURE: Innovation in building products and solutions will support the transition to a low carbon economy and transform the industry
		AFFORDABLE AND CLEAN ENERGY: Self generation of renewable energy reduces our carbon impacts and reliance on the national grid			QUALITY EDUCATION: Education, training and development of our people is essential for our success as is our support for future generations entering our sector			SUSTAINABLE CITIES AND COMMUNITIES: Creating sustainable products that meet the needs of our customers to build connected, integrated and healthy communities presents a growth opportunity
		RESPONSIBLE CONSUMPTION AND PRODUCTION: Production efficiency is at the heart of modern manufacturing and we continuously strive to improve by reducing energy and materials consumption			GENDER EQUALITY: Proactively supporting women into the construction sector helps tackle the skills shortage and brings diversity of thought to the way the sector behaves			RESPONSIBLE CONSUMPTION AND PRODUCTION: Preserving raw materials for future generations and sourcing responsibly safeguards our business and our suppliers
		CLIMATE ACTION: Building climate risk and opportunity into our business model and strategic planning processes supports our decarbonisation journey			DECENT WORK AND ECONOMIC GROWTH: Istock's Modern Slavery Statement can be found on our corporate website https://www.istock.co.uk/modern-slavery-transparency-statement			
		USE OF LAND: All sites operate with due care and consideration for biodiversity. Moving to a net positive position will see Istock introduce more proactive biodiversity programmes						

ADDRESSING CLIMATE CHANGE

WE

WILL

Decarbonise our products, processes and supply chain by focusing on carbon reduction, water efficiency and biodiversity gains to achieve 40% reduction in carbon by 2030 and be Net Zero by 2040.

As an energy intensive manufacturer, the principal driver for sustainable change is the mitigation of climate change through carbon reduction. With 11% of global carbon emissions* attributed to construction products and processes our responsibilities are clear. Focusing on operational efficiency, estate renewal, alternative fuels and new technology we will significantly reduce our impacts.



WE

DID

ACHIEVEMENTS IN 2022

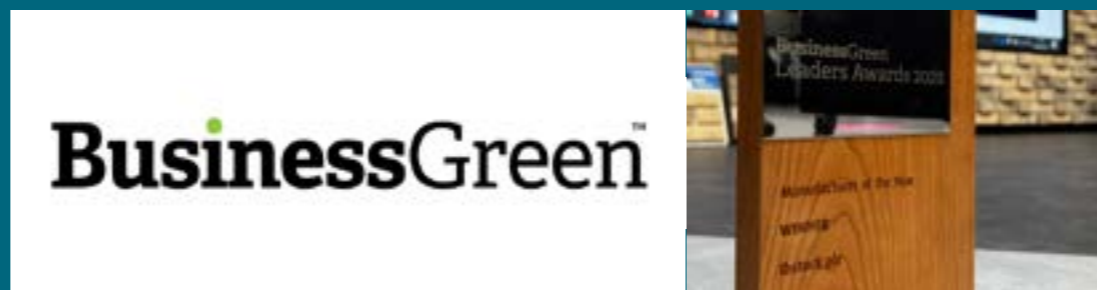
CDP SCORE B
IMPROVEMENT FROM C- IN **CARBON DISCLOSURE PROJECT** CLIMATE SURVEY



13%
ABSOLUTE CARBON
REDUCTION SINCE 2019



WINNER
BUSINESS GREEN LEADERS AWARD -
MANUFACTURER OF THE YEAR 2022



ALTERNATIVE FUEL TRIALS
SUCCESSFUL



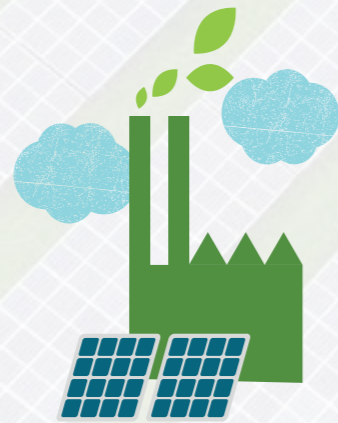
AMBITION

2022 PERFORMANCE

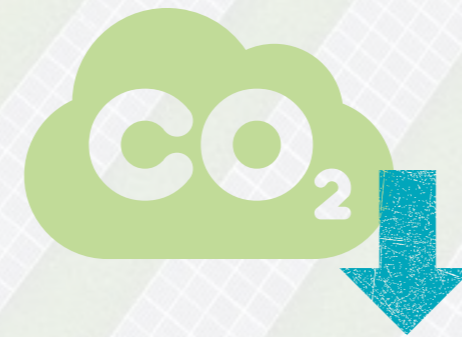
MILESTONES DELIVERED

2030:

40% reduction in absolute carbon against 2019 baseline



13% reduction in absolute carbon



Scope 3 reduction strategy developed



2027:

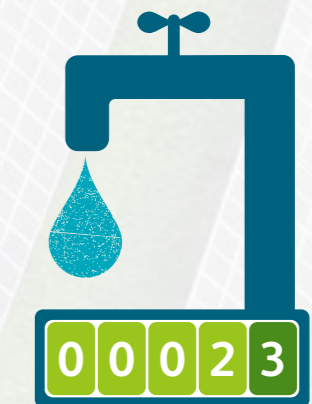
25% reduction in mains water use per tonne of production against 2019 baseline



31% reduction in mains water use per tonne of production*



Automatic Meter Reading rolled out across the estate for mains water use



2030:

To be a **Biodiversity Net Gain** business



Biodiversity Net Gain (BNG) baseline approach reviewed



Estate ecology handbook updated and re-launched to all sites



CARBON

WHY IT MATTERS

As an energy intensive manufacturer, carbon reduction is our main response to mitigate climate change.

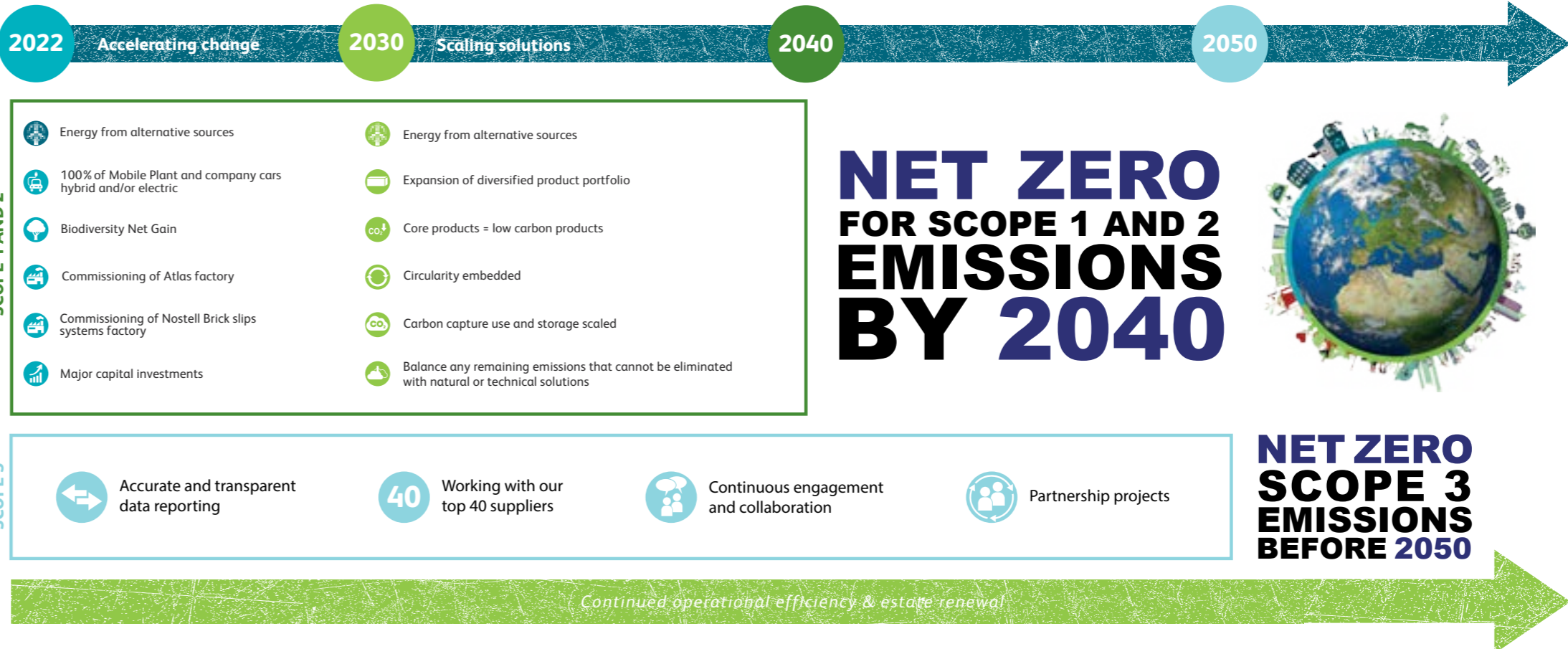
We have a responsibility to reduce our impact and transform our business so that we, alongside our customers, investors and colleagues, are part of the solution to meeting the national and international goals to address climate change.

OUR APPROACH

In 2022 our new ESG 2030 Strategy extended our commitment to further decarbonise our products, processes and supply chain, setting ambitious goals to achieve 40% absolute carbon reduction for Scope 1 and 2 by 2030 and to be net zero operations by 2040.

Our Scope 3 carbon emissions reduction strategy will achieve net zero before 2050.

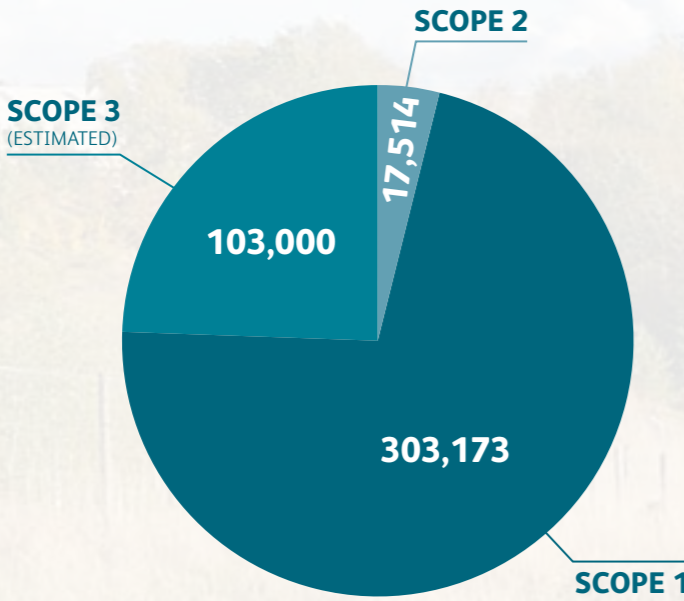
Our carbon reduction journey on our path to net zero



CARBON

OUR IMPACT

Ibstock Plc carbon emissions by tonnes in 2022



REPORTING OUR CARBON

We define our organisational boundary at Ibstock Plc on an operational control basis to determine our emissions based on UK Environmental Reporting Guidelines.

Our emissions factors are from DEFRA 2022 Greenhouse Gas Conversion Factors. Since 2020 we have been purchasing renewable electricity through REGOs and to account for this have calculated our Scope 2 emissions using market based reporting as well as location based methods.

This is our first year at estimating our Scope 3 carbon from the impact of activities outside our operational control.

Our energy use is broken down into gas and electricity and is managed through our ISO50001 certification which covers all Ibstock’s clay manufacturing sites and enables us to focus on continually improving our energy management and efficiency across the business.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

	2015	2019	2020	2021	2022
Scope 1 Tonnes of CO ₂ e combustion of fuel and operation of facilities	329,749	349,200	223,229	299,698	303,173
Scope 2 Tonnes of CO ₂ e (location based)	48,530	28,429	16,429	19,912	17,514
Scope 2 Tonnes of CO ₂ e (market based)	48,530	28,429	-	-	-
Electricity TWh used per annum	0.11	0.11	0.07	0.09	0.09
Solar generated electricity TWh used per annum	N/A	N/A	0.0000021	0.002	0.004
Gas TWh used per annum	1.14	1.23	0.78	1.05	1.08
Scope 3 Tonnes of CO ₂ e (estimated)	N/A	N/A	N/A	N/A	103,000
Intensity Ratio Tonnes of CO ₂ e per tonne of production	0.170	0.159	0.160	0.141	0.145

Scope 1 emissions are approximately 70% of our total carbon emissions. These emissions come from our use of fuels, predominantly natural gas to fire or cure our products and from the process emissions from clay during the firing process. A small proportion comes from on site fuels for mobile fleet, heating, engineering and company cars.

Scope 2 emissions from electricity consumption are around 5% of our total carbon emissions if considered from location based reporting. 100% of our electricity across the Group is from renewable sources and our solar park at our headquarters in Leicestershire provides power to our factories on that site. As such, using the market based reporting method, we can claim zero Scope 2 carbon impact.

Scope 3 carbon emissions are estimated to be 25% of our overall carbon emissions. The development of our Scope 3 carbon emissions strategy involved mapping our emissions against the 15 Scope 3 categories to identify our most material impacts which are as follows:

- Purchased goods and services
- Fuel and energy-related activities
- Upstream transport and distribution
- Waste generated in operations
- Business travel
- Downstream transportation and distribution

Our ambition is to deliver net zero for our Scope 3 emissions before 2050, this is in line with our understanding of the current journey our key suppliers are on.

Our strategy to deliver our Scope 3 carbon emissions reduction will focus on four key areas:

- Accurate and transparent data reporting from our suppliers
- Working with our top materials suppliers based on carbon emissions
- Engagement and collaboration with suppliers
- Partnership projects

CARBON

OUR DECARBONISATION JOURNEY

Our decarbonisation journey to achieve our targets can be split into key investment areas. Each area has a number of active projects and we are at different stages of maturity for each project.

IMPLEMENTING:

Renewable electricity: Our emissions from electricity consumption equates to approximately 5% of our total carbon emissions (Scope 2). 100% of our electricity across the Group is from renewable sources and our solar park at our headquarters in Leicestershire provides power to our factories on that site. The increased cost of electricity means the business case for on site renewables can be significantly strengthened. We are continually re-assessing further sites on our land and property for renewable production.

Operational efficiency: Using ISO50001 for energy management provides a framework for continuous improvement across all of our factory sites. Our Energy and Carbon Manager works across the Group to identify and quantify operational efficiency and initiate changes to optimise our processes. LED lighting has already been rolled out across much of our estate with our focus now on improving energy monitoring, air compressors, motors and drives.

Estate renewal: We have invested over £150m over the last decade in our estate to improve our existing factories as well as build new, more efficient factories. In 2022 we applied for (and have since been awarded) funding from the Government's Industrial Energy Transformation Fund to support investment at our Laybrook Brick factory in West Sussex. The project is estimated to deliver up to 17% reduction in carbon emissions. Our new £60m factory at Atlas will open in 2023 delivering an estimated 50% carbon efficiency saving (Scope 1 and 2) compared to the old factory.



CARBON



ACTIVE TRIALS:

Alternative fuels: At the end of 2022 we had moved 14% of our mobile fleet to electric. Our lease renewals will see this increase in the next two years to over 60%. This is slower progress than we had predicted with the larger plant vehicles in our fleet being more challenging to replace from a technology, supply and economic perspective. Several of our quarry sites have moved to Hydrotreated Vegetable Oil (HVO) pumps but we remain cautious on the overall benefits of HVO as a wholesale alternative due to social and environmental impacts of HVO supply provenance and high costs.

Switching from natural gas to alternative fuel sources will provide the biggest step change in our decarbonisation journey. This is not straight forward as different gases impact both the product and our process in different ways. At the end of 2022 we had completed successful trials to fire bricks using 100% synthetic gas. This ground-breaking waste to energy project has strong potential in terms of decarbonisation, circularity and energy security. This work has been supported by Innovate UK, a strategic partner, and will continue in 2023.

Working with the British Ceramics Confederation on the 'Demonstrating Hydrogen in the Ceramics Sector' project we have successfully demonstrated the potential for firing a range of ceramic products using 100% hydrogen, without affecting product performance or properties. The project has since received a further £6m investment from Government as part of the Net Zero Innovation Portfolio.

We are working with regional hydrogen hubs including the Black Country Decarbonisation hub where both our Atlas and Aldridge factories are located. This engagement ensures we are connected with myriad new innovations and technologies emerging in the development and distribution of alternative fuels.

Product evolution: We are evolving many of our products from more traditional methods, shapes and sizes towards lower mass products with the associated benefits of lower carbon intensity, less material, less transport and ease of handling. We have a number of approaches to this including increasing the void space in our clay bricks and redesigning precast concrete shapes.

In 2022 we began preparing our Nostell site in Yorkshire to become the first purpose built slips factory in the UK with construction starting in 2023. Currently brick slips are made from a full clay brick by cutting off the face and wasting the remaining material. Our Nostell site will manufacture slips reducing waste and taking out significant carbon whilst providing the same qualities and aesthetic of a brick.

We are also evolving the mix design of our products. In concrete this involves the replacement of cement with alternative curing additives and processes – our partnership with Earth Friendly Concrete is enabling us to test and learn with a number of low carbon designs. In our clay division we are in Year 2 of our materials science research with Sheffield Hallam University, exploring alternative body fuels for our products, which can reduce carbon emissions during firing. This is a Knowledge Transfer Partnership funded by UKRI through Innovate UK.

Diversified products: Ibstock Futures was established in 2022 to diversify our product portfolio at Ibstock with a focus on sustainable products and industrialisation of construction processes. The acquisition of Ibstock Telling and Generix Facades in 2022 provides an expanded offering of facade systems including GRC (Glass Reinforced Concrete) and mechanical fix slip systems. These investments will support Ibstock's shift to new markets with lower carbon products.

EMERGING TECHNOLOGY:

Carbon Capture: While technological advancements in alternative fuels and process emissions continue there will be a need to capture unavoidable emissions. There has been significant private and public investment in the development of carbon capture technology with a vast range of approaches being trialed. Ibstock is exploring investment opportunities and is willing to support this sector as it emerges and matures. We feel confident there will be a solution for our specific emissions streams and throughout 2022 we have been engaging with a range of providers with a view to identifying the most effective options.



CARBON

CLIMATE RISK AND OPPORTUNITY

Key to delivering carbon reduction across the business is the integration of climate change risks and opportunities into our decision-making and behaviours.

This has been recognised by the Carbon Disclosure Project (CDP) Climate Change Survey where we achieved B in our second year of reporting. This links closely to our disclosures for the Task Force for Climate-related Financial Disclosure (TCFD) which can be seen in our annual report and accounts.

As part of our Scope 3 carbon emissions reduction strategy in 2022 we ran our second carbon focused, supply chain engagement day with 26 suppliers attending, including representatives from energy, raw materials, packaging and engineering parts sectors.

The aim of the event was to support discussions on meeting some of the sustainability challenges faced by the construction sector, in particular identifying opportunities for collaboration on carbon reduction initiatives.

“Events like our Supply Chain Engagement Day are so important. By understanding the challenges being faced, we can co-create solutions that will lead to more rapid and effective change.”

Joanne Humphrey, Logistics and Supply Chain Director

WHAT NEXT IN 2023

Milestones: Atlas factory opens

- Appointing Sustainability Lead in our procurement team
- Working with our top 40 suppliers to understand their emissions in greater detail to inform our Scope 3 carbon emissions, reporting and reduction strategy



WATER

WHY IT MATTERS

Across the UK we are seeing more frequent and severe flood events, sustained droughts and increased impacts on water quality.

Considerate use of water in our manufacturing processes for both clay and concrete products helps to alleviate the challenges of water scarcity, reduce the carbon associated with mains water consumption as well as reducing our costs.

OUR APPROACH

The majority of our water is from non-mains sources including quarry water, rain water harvesting and limited borehole water extraction.

Our mains water usage remains low, accounting for less than 20% of our overall water consumption with process water recycling functioning at the majority of our factory sites.

We achieved a significant reduction in our mains water metric in 2022. This is largely down to improved data collection with automatic meter readers now operational at 95% of sites enabling more accurate data recording and monitoring. As a result we will carry out a re-baselining exercise as part of our water footprint work in 2023.

Initiatives to reduce water include rain water harvesting. At our Ibstock concrete factory in Northwich we have used rainwater harvesting to capture over 200k litres of water which goes into the manufacturing process avoiding mains water use.

WHAT NEXT IN 2023

Milestone: Water footprint and reduction strategy implemented. Re-baselining our water footprint to reflect our improved data collection.



BIODIVERSITY

WHY IT MATTERS

Climate change poses a great threat to habitats and wildlife across the globe and in turn the continued destruction of habitats contributes significantly to global carbon emissions.

The UK Government has set out a 25-year environmental plan to address this focus on protection and enhancement of our landscapes and habitats. Minerals extraction activity on our sites and activity related to materials and products within our supply chain reduces biodiversity during the active period of extraction. Istock has committed to addressing this impact by becoming a Biodiversity Net Gain business by 2030.

OUR APPROACH

We take our responsibility to manage our estate of 3,673 acres of land very seriously. We implement responsible management through the life of the site and at restoration.

Our quarrying operations are covered by planning consents which include conditions for site restoration in accordance with the local mineral planning authority and take into consideration local and wider environmental needs. Our new commitment will encourage us to question and assess how to maximise the potential of our sites for

biodiversity improvements through the life of the site and ultimately how to balance future negative impacts to achieve a net gain in biodiversity.

In 2022 we began the process of reviewing how we make these assessments to achieve a baseline of information that we can build our biodiversity action plans from. We updated and relaunched our ecology handbook for all sites, building colleague awareness and engagement and our sites reported a fantastic range of initiatives and projects. These included the identification and protection of breeding Peregrine Falcons at Leicester, Great Crested Newt identification, protection and relocation at West Hoathly and rewilding at Chesterton. These initiatives demonstrate the richness of habitat our sites can provide.

WHAT NEXT IN 2023

- Colleague engagement through our Spring Watch campaign
- Estate wide review of our biodiversity assets as part of our baselining work
- Increased focus on nature based reporting as we prepare for the introduction of Taskforce for Nature based Financial Disclosure (TNFD)



IMPROVING LIVES

**WE
WILL**

Build our social value by investing in our people, our culture and our communities. Ensuring our colleagues belong, thrive and grow and that we make a positive impact in the communities that we operate.

The **Improving Lives** strand of our strategy is aimed at attracting and nurturing the talent and skills our industry needs for the future as fundamental changes are required in the sector and our own business. Supporting equality through inclusivity, engagement and opportunity will help ensure we are set up for continued success in the future.



WE

DID

ACHIEVEMENTS IN 2022

7.5%
COLLEAGUES IN **EARN**
AND **LEARN** POSITIONS



27%
FEMALE LEADERSHIP
REPRESENTATION



61%
REDUCTION IN LTIFR
SINCE 2016



£180K
RAISED FOR **SHELTER**



AMBITION

2022 PERFORMANCE

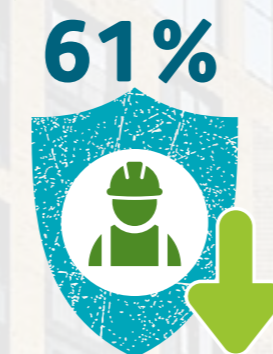
MILESTONES DELIVERED

2023:

50% reduction in Loss Time Injury Frequency Rate (LTIFR) by 2023 against 2016 baseline



61% reduction in LTIFR since 2016



Mental Health programme launches



2027:

Increase female senior leadership representation to **40% by 2027**



27% of senior leaders are **female**



Building Belonging campaign launches



2030:

10% of employees to be in **Earn and Learn** positions by 2030



7.5% of colleagues in **Earn and Learn** positions recognised by the **5% Club**



Social value framework established



SAFETY, HEALTH AND WELLBEING

WHY IT MATTERS

Safety risk exists at all sites, not least where people are interacting with industrial machinery, product handling and mobile plant so we are never complacent.

We have a responsibility to ensure our colleagues are not only safe but also physically and mentally healthy and well. We know that a healthy and happy workplace is a more productive workplace so there is both a moral and business imperative to ensuring the safety, health and wellbeing of our people.

OUR APPROACH

Our ambition is to achieve zero harm for all of our people. We are committed to building a safe, healthy and happy workplace where our employees can be at their best more of the time through our health, safety and wellbeing strategies.

Our commitment to safety is underpinned at the start of each year with our compulsory Safe Start workshops. These interactive sessions are delivered at every operational site as well as to office and Group functions ensuring all employees have a clear focus on our health, safety and wellbeing processes and priorities. We continue to review our processes and implement changes in line with our health and safety standards, sharing lessons learned across

our business divisions. In 2022 we saw improvement in monitoring health and safety with all employees expected to track and report any concerns, areas for improvement, and positive safety observations. This has provided greater reporting as well as oversight efficiencies.

In 2022 we amplified our focus on mental health awareness and removing the stigma of mental health with sites being encouraged and supported to run 'conversations with a cuppa'. Teams embraced this, sharing photos of their conversations on MyIbstock, our intranet, and promoting to other sites and colleagues the message that it is ok to talk about mental health.

Kate Whyte, L&D Manager, and member of our Wellbeing Working Group, said:

"Our main priority has been breaking down the stigma associated with mental health and really encouraging employees to recognise the signs when someone is suffering with mental health. To support this, in 2022, we invested in line manager mental health training, as well as targeting three impactful campaigns. The first campaign was part of our annual Safe Start sessions in January, Mental Health Awareness week in May and then Men's Health month in November."

WHAT NEXT IN 2023

Milestone: Wellbeing Strategy launches



Zero accidents were reported that resulted in colleagues needing time off work within our concrete division in 2022



EMPLOYEE EXPERIENCE

WHY IT MATTERS

We recognise the vital role our people and culture play in the success of the organisation.

Retaining and developing our talent is essential. We want to create a sense of belonging for all our employees through a focus on inclusion, engagement and development.

OUR APPROACH

At Istock we are committed to providing development and growth opportunities for all our colleagues. To support this we have a structured programme to ensure that development plans are discussed and agreed with every employee.

In 2022, we are proud to have increased female senior leadership representation from 23% to 27%. Demonstrating change at senior level is one thing but we are also being led on our inclusion agenda by colleagues across the organisation at all levels who form our Diversity and Inclusion Working Group. This group has taken a lead role in the Building Belonging campaign by educating and supporting employees to celebrate what makes them unique as individuals. This has included a focus on PRIDE, Women in Construction, Ethnicity and Religious Holidays to name a few.

Sheener Ooi, is one of our latest talented hires to the business, as Finance Director for Istock Futures. Sheener said:

“I am very proud to be part of an organisation that truly is a great place to work, where safety, people development and performance delivery is seamlessly embedded in the fabric and culture of the company. It’s the collective team across the business that makes Istock great and I am proud to be part of that team.”

As part of developing our culture we launched our Istock Story in 2022 with representatives from every team across the organisation contributing to its creation. The story unites us in our pride and heritage, captures the importance of ongoing evolution and the desire to ‘fire up’ our organisation with the power of every employee playing their part. The Fire Up campaign provides the framework for engagement at Istock going forwards.

Ensuring all employees are fairly rewarded for their contribution to our business is incredibly important. The current macroeconomic environment makes this even more relevant. In 2022, we took specific steps to further support our employees including:

- An ex-gratia cost of living allowance payment made to all employees earning less than £50k per annum
- A one-off share options grant over 500 ordinary shares for every employee below the Senior Leadership Team
- The launch of a MyIstock retail rewards platform

WHAT NEXT IN 2023

Milestone: Ethnicity data pay gap reporting



INSPIRING FUTURES

WHY IT MATTERS

As a business with a highly skilled and ageing workforce, ensuring we have the right skills to facilitate the transfer of sector specific knowledge to the next generation will be essential.

It is predicted that the construction sector will need 225,000 additional workers by 2027 and this coupled with the shortage of young people choosing to come into construction presents a sector wide talent gap. To attract and nurture the talent and skills our industry needs for the future, fundamental changes are required in the sector and in our business.

OUR APPROACH



Our ambition is to provide development and growth for all our colleagues with every employee developing their skills annually.

In 2022 we obtained official accreditation from the 5% Earn & Learn club, achieving beyond the 5% sector aspiration, with 7.5% of our colleagues on formal courses where they are developing and learning while they earn. Our early careers programme plays a fundamental part in this and in 2022 we expanded our apprenticeships beyond our traditional technical and engineering focus.

We also increased the learning for our internal talent pipelines, supported mature students and our senior leaders in their development.

We are also engaging across our communities to support awareness, talent development and build careers interest in our sector. In 2022 we donated over 140,000 bricks to colleges, schools and community groups and engaged in a range of careers fairs and Science Technology, Engineering and Maths (STEM) sessions with pupils local to our sites. Through these events Istock achieved its first 18 STEM ambassadors (colleagues within the business who have given their time to inspire young people into STEM subjects and careers). It was Istock's third year as sponsors of the North Star Science School in Rotherham where we partnered with Wales High School alongside our partners Well North Enterprise and Barratt Developments, to bring STEM careers to life for over 49 schools, 486 students, 95 school staff and 19 home educated students from across Rotherham and South Sheffield.

Our colleagues exceeded our target for fundraising with Shelter - raising over £180K in three years - and our new employee matched funding scheme has enabled our colleagues to fundraise for causes close to their hearts and apply to the business to match their donations. This has seen a whole range of charities supported throughout the year from Prostate Cancer UK to the Little Princess Trust.



47 active apprentices in 2022
- our highest number to date

SOCIAL VALUE

To better understand the impact we have on society we have developed our social value indicators, which form our social value framework. These include a number of metrics mapped to the National Themes Outcomes and Measures framework (TOMS) in the areas of:

- Our employees
- Future skills and employees
- Our communities and supply chain

WHAT NEXT IN 2023

- Every site connected to a local school or college
- Testing our Social Value framework with data from a number of sites



MANUFACTURING MATERIALS FOR LIFE

WE WILL

Evolve our products, processes and services by incorporating whole life cycle design, preserving raw materials and future proofing our offer to customers through a diversified portfolio.

Challenges remain in the built environment around the whole life impact of materials. To lead in our sector, our core offer will evolve, delivering lower embodied carbon products with full data transparency, enabling informed decision making in the market. As our sector transforms, Istock Futures will focus on the development of new technologies, products and solutions to support the growth in sustainability and more Modern Methods of Construction (MMC).



WE

DID

ACHIEVEMENTS IN 2022

13%
REVENUE FROM **NEW AND SUSTAINABLE PRODUCTS**



REDUCED PREVENTABLE
PLASTIC PACKAGING BY
16% SINCE 2019



1st
DEMATERIALISATION
WHITE PAPER
PUBLISHED



2
STRATEGIC ACQUISITIONS
AS PART OF
IBSTOCK FUTURES



AMBITION

2022 PERFORMANCE

MILESTONES DELIVERED

2030:

Achieve 20% sales turnover from new products/solutions that deliver customer value and improved sustainability



13% of sales turnover from new and sustainable products



Ibstock Futures launched



2025:

Zero waste to landfill



90% reduction in general waste to landfill



Zero waste to landfill included in new waste contractor terms



2025:

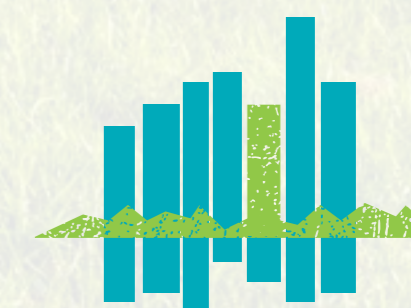
Reduce preventable plastic packaging by **40%** by 2025 against 2019 baseline



16% reduction in preventable plastic packaging



Impacts of **clay dematerialisation** paper published in our **White Paper**



PRODUCT INNOVATION

WHY IT MATTERS

The challenge to reduce embodied carbon and associated negative environmental impacts of construction products through their lifetime is significant.

The solutions to this will come from research, development and innovative ideas to transform what has been a very traditional sector. However change is happening and this presents a huge opportunity for the sector to become part of the solution to a low carbon economy.

OUR APPROACH

Our core products provide durability and performance, with minimal or no maintenance requirements and are typically recyclable at the end of their life, but we know we can still make improvements.

We are evolving our products, processes and services by incorporating whole life-cycle design, preserving raw materials and future proofing our offer to customers through a diversified portfolio. Istock Futures has been established to do just that.

The strategic ambition for Futures is to be a £100m turnover business by 2026, comprising businesses that produce construction solutions

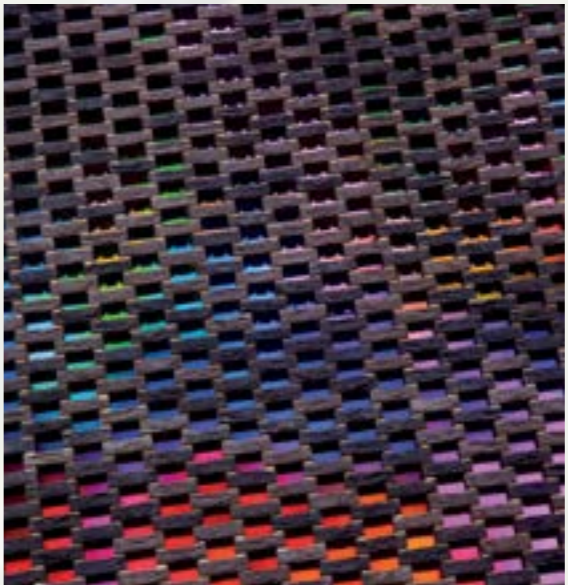
with higher efficiency and a lower carbon footprint. This will be achieved through the industrialisation and scaling up of our existing operations, supplemented by targeted mergers and acquisitions (M&A) and partnerships which will be focused on scalable businesses. Together, this will enable us to develop a broader product offering in the mid-to high-rise facades market and in Modern Methods of Construction (MMC).

Part of our ambition is to predict and influence future industry trends, through technology development and other forms of innovation, which is supported by our 'Ventures' arm. We believe that our initiatives in this area will assist us in driving significant growth opportunities going forward.

In 2022 Istock Futures integrated two businesses under the Istock brand, Istock Telling and Generix Facades. Istock Telling manufactures an innovative Glass Reinforced Concrete (GRC) product. GRC delivers significant sustainability benefits through carbon and weight efficiencies whilst being able to create impressive bespoke shapes, including brick fascias. Generix Facades is a fast growing family of mechanical fix facades systems that offers a brick slips, stone and ceramics range.

WHAT NEXT IN 2023

- Increasing our product data transparency for our customers by developing Environmental Product Declarations (EPDs)
- Construction of Nostell slips factory in Yorkshire commences



CIRCULAR ECONOMY

WHY IT MATTERS

91%* of our world operates within a developed linear economy model, this in essence is a system where we take, make, use and then eventually dispose of materials.

Many experts believe that a more sustainable solution exists through adopting Circular Economy principles. Currently 9%* of the world operates within a circular model. The Circularity Gap Report 2022 has calculated that by doubling our current Circular Economy footprint, not only do we protect our resources and biodiversity, but we would also significantly reduce our global emissions output.

OUR APPROACH

For Ibstock circularity means manufacturing products with a long life span where waste is designed out, recycled materials are maximised and products can be reused or recycled.

By adopting circularity principles we can start to close the gap to a circular economy having a positive impact now and in the future when our products come to the end of their life. By reducing our process waste and increasing the recycled content in our products we reduce the amount of raw material we use. This is an area of focus for both clay and concrete divisions.

Longevity is already designed into our products. The life span of a clay brick is over 150 years and bricks can be recycled at the end of their useful life. Where we manufacture more complex products and systems, our Mechslip panel for example, we are designing for disassembly and re-use so that at the end of their useful life the materials still have value.

The waste that we currently produce during manufacture does not go to landfill and we are prioritising the highest value re-use of these process materials. In our concrete division we recycled 5000 tonnes of material back into our process in 2022.

Our concrete division has been trialling the use of basalt in several of our pre-cast concrete products to provide an alternative to steel reinforcement. One of the benefits of basalt, on top of it being inert and strong, comes at the end of life as the basalt can be broken down into a secondary aggregate without energy intensive separation required to extract steel at the demolition phase.

WHAT NEXT IN 2023

- Trials commence to incorporate waste products back into our process at a number of clay brick factories
- Launch Pro-Fence range with lower embodied carbon, lower virgin material use and enhanced end of life recyclability



DEMATERIALIZATION

WHY IT MATTERS

Minerals are non-renewable resources vital for many of our industrial sectors – not least the construction sector.

However, these resources should be used with greater care and preserved where possible. Reduction in material use presents a key opportunity for our customers as they seek to reduce the embodied carbon of their developments (homes or infrastructure).

OUR APPROACH

We are reducing the pressure on virgin resources, including our own reserves, by focusing on plastic reduction and secondary materials such as aggregates and cementitious replacement.

As part of this commitment we published our first white paper in 2022 'Delivering on Dematerialisation' demonstrating our progress to our stakeholders but also sharing what we have learnt and the challenges we face in order to promote positive action in our sector.

A key focus for the business across our clay division and Ibstock Futures team is the evolution of the brick - how we transform the brick and its application from traditional, to lighter weight, to thinner form, to a brick slip. We are working with our customers on the evolution of the brick and the applicability of different brick formats in the market.

Changing the void pattern in our bricks enables us to reduce the quantity of clay consumed without compromising the physical performance, quality and aesthetic characteristics of the bricks. The outcomes of the change programme include:

- Reduction in embodied carbon of each brick by up to 8% (varies by factory)
- Extended life of our quarry from which the clay is sourced
- Less water usage
- Less energy used in the drying stage due to reduced mass
- Less natural gas used to heat the kiln and
- Reduction in the run time of products, and
- Reduction in transport impacts due to lighter products

WHAT NEXT IN 2023

- Partnering on 'packaging optimisation research and report for the new build residential housing market' in collaboration with Supply Chain Sustainability School and several of our major customers with the intention of identifying and sharing best practice across the sector.



In 2022 we **removed plastic shrink wrap** as standard from all our cast stone manufacturing sites

GOVERNANCE

DOING BUSINESS RESPONSIBLY

Complying with law and regulation and ensuring our judgements and decisions are taken with both the knowledge and application of the highest ethical principles are core to doing business responsibly.

To ensure unethical and illegal practices do not pose a risk to our business we operate appropriate policies and processes to eliminate or reduce these risks as far as possible. These underpin our Code of Business Conduct, which together with our Supplier Sustainability Code of Business Conduct, sets out the behaviours expected of our staff and the third parties we do business with.

In addition, a suite of policies, strategies and processes ensure that we operate in an open, fair and honest manner in all of our business dealings. These include:

- Modern slavery
- Whistleblowing
- Anti-bribery
- Sustainable procurement
- Sustainability
- Diversity and inclusion
- Trade Association
- Health and safety
- Compliance training
- Human rights
- Tax

HOW WE MANAGE ESG AT IBSTOCK

ESG is overseen by the Plc Board, the ESG Committee and the Executive Leadership Team (ELT).

Claire Hawkings, one of our Non-Executive Directors, is the designated Director with overall accountability for ESG matters. Claire oversees the review and performance of our ESG work as Chair of the ESG Committee.

UK Risk Assurance Services LLP (RSM) were appointed to support our work integrating and reporting climate risk and opportunity into the business, ESG horizon scanning and support on the fast changing regulatory and reporting environment for ESG. RSM delivered training to the ESG Committee on climate and carbon reporting during 2022 and reviewed our Task Force for Climate Related Financial Disclosure (TCFD) report in our 2022 annual report.

Ibstock appointed Becky Parker as Group Company Secretary and ESG Director reflecting the importance of ESG representation at the most senior levels of the business. Becky chairs the Net Zero Working Group and leads the ESG Team at Ibstock.



Ibstock Plc Board

ESG matters are considered as a regular agenda item in strategy and performance discussions



ESG Committee

Oversees the EGS Strategy, implementation and progress



Executive Leadership Team (ELT)

Reviews performance and manages the implementation and achievement of ESG strategy



ESG Team

Dedicated professionals in our ESG team drive sustainability strategy and programmes, supporting integration of sustainability across the Group and divisions



Operations

Site level targets on resource safety, efficiency, engagement and community



Innovation and transformation

Sustainability criteria integral to all decision-making



Managers and individuals

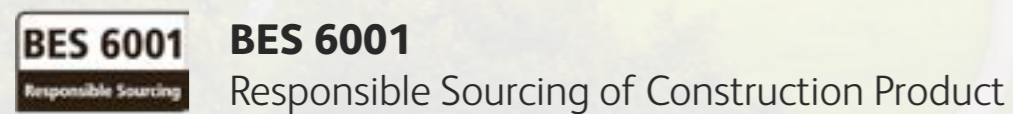
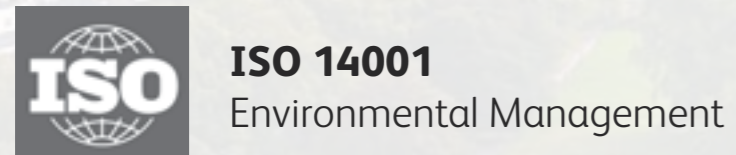
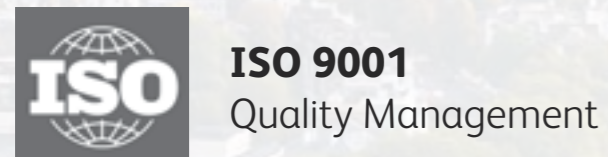
Encouraged and supported to make sustainable changes, share ideas and best practice

GOVERNANCE

CONTINUOUS IMPROVEMENT STANDARDS

Continuous improvement sits at the heart of how we manage ESG at Istock.

All Istock sites are accredited for Quality Management, Environmental Management and Responsible Sourcing. In addition, our clay factories are accredited to ISO 50001 for Energy Management.



ASSOCIATIONS AND MEMBERSHIPS

Representation and collaboration at industry level is crucial to move our sector forward.

Istock is engaged and active with a number of key industry partners including:

- British Ceramic Confederation
- Brick Development Association
- British Precast Concrete Federation
- Mineral Products Association
- Home Builders Federation
- Institute of Materials, Minerals and Mining

In addition in 2022 we became partners of the Supply Chain Sustainability School and members of the UK Green Building Council. Working with these leading sustainability organisations ensures we are collaborating across our value chain and bringing external thinking into the business.



AWARDS

In 2022 Istock received a number of awards in recognition of the investment and leadership it is putting into its ESG commitments.

We were named as the Winner in the Business Green Manufacturer of the Year award and took two awards at the British Ceramics Confederation inaugural Net Zero conference for our Leadership.



A wide-angle photograph of a modern, multi-story residential building constructed from red brick. The building features a curved facade and numerous windows with dark frames. In the foreground, a rooftop garden is visible, featuring a paved area with stone tiles, a curved wooden bench, and various green plants and trees. A black metal fence runs along the edge of the garden. The sky is blue with light clouds.

www.ibstock.co.uk/sustainability