ESSENTRA

Our Climate Transition Plan

Contents

IN THIS DOCUMENT

SCOTT FAWCETT
Chief Executive

Chief Executive's introduction

Welcome to Essentra's first climate transition plan. This is our opportunity to outline our ambitious emissions reduction targets, and our goals and focus areas for implementing our climate strategy.

I am proud to introduce Essentra's first Climate Transition Plan, a strategic roadmap that embodies our commitment to mitigating the environmental impact of our operations while fostering innovation and resilience. This plan acknowledges the critical role we play in the larger systems where we operate, and outlines a comprehensive roadmap for achieving emissions reduction across our entire value chain.

At the heart of our Climate Transition Plan lies an acknowledgment of the challenges posed by climate change. From resource depletion to carbon emissions, the manufacturing sector is a significant contributor to environmental degradation. However, we firmly believe that with purposeful action and strategic investments, we can transform these challenges into opportunities for positive change, and we recognise our responsibility to lead the charge towards a more sustainable future.

With this plan, we are taking a proactive step to ensure that our operations, products, and services contribute positively to the global effort to combat climate change. The science is clear: we must act now to curb greenhouse gas emissions and transition to a low-carbon economy to avoid the most severe impacts of climate change. Our Climate Transition Plan is built on a foundation of rigorous analysis, stakeholder engagement, and an unwavering dedication to progress. It sets forth a comprehensive strategy to reduce our carbon footprint, enhance our energy efficiency, and foster innovation in sustainable product design.

At Essentra, we understand that sustainability is not just a trend but a business imperative. We see it as an opportunity to lead, to differentiate ourselves, and to deliver long-term value to our employees, customers, shareholders, and the communities in which we operate. This plan details our targets for reducing emissions across our value chain, from sourcing raw materials to manufacturing processes, to the end-of-life of our products. We have charted a path toward net-zero emissions, with clear milestones and accountability measures to ensure that we remain on track. Our goals are aligned with the latest climate science and international agreements, and have been approved by the Science Based Targets initiative.

As we embark on this journey, we understand that achieving sustainability requires continuous learning, adaptation, and collaboration. Our Climate Transition Plan is not just a static document but a living framework that will evolve in response to emerging challenges and opportunities. We are committed to regular reporting on our progress, to maintain transparency and foster trust with all our stakeholders. Our Climate Transition Plan also emphasises the importance of collaboration. We cannot achieve our goals alone. We will work closely with our suppliers, customers, and industry partners to drive change throughout our supply chain and beyond.

I am confident that with the dedication of our talented team and the support of our stakeholders, Essentra will not only meet the challenges presented by climate change but will thrive in a low carbon, more resilient economy.

Scott Fawcett
Chief Executive
18 March 2024

> "We are committed to regular reporting on our progress, to maintain transparency and foster trust with all our stakeholders."

Introduction and background

Essentra is a global market leader in the manufacture and distribution of essential components. We have a history of over 65 years, with customers across a huge range of industries and applications. Making it easier for our customers is our top priority, with every order, we aim to offer a hassle-free experience. We operate across four continents, through our 14 manufacturing facilities, 24 distribution centres and 33 sales and service locations.

Our purpose is to build a sustainable future for our customers. Climate change is one of the biggest challenges that humanity faces. We are committed to playing our part in solving global sustainability challenges, and helping our customers achieve their sustainability goals.

Our ESG strategy sits across five pillars, which considers our operations, customers, products, employees, value chain and communities in which we operate. We have had greenhouse gas ("GHG") emissions reduction targets in place since 2020, and in early 2024, the Science Based Targets initiative ("SBTi") approved our near-term and net-zero targets. We have created this climate transition plan to set out our net-zero emissions reduction targets, and our approach to reducing GHG emissions from our operations and value chain. This plan contains the actions, owners, timelines and anticipated costs to make the transition to net-zero.

This plan supports our ESG strategy, and is supported by our assessment of risks and opportunities using the Taskforce for Climate-Related Financial Disclosures ("TCFD") framework. We will report on this plan annually, and update this plan no less than every three years to ensure relevance with latest standards and developments.

> We are committed to playing our part in solving sustainability challenges, and helping our customers achieve their sustainability goals."

Essentra at a glance

14 manufacturing sites	**24** distribution centres	**33** sales and service centres	**c.3,000** employees worldwide

Strategic ambition

Our ambition is to reach net-zero GHG emissions across our value chain by 2050. We are committed to reducing our absolute scope one and two GHG emissions 90% by 2040, from a 2019 base year, and reducing our absolute scope three GHG emissions 90% by 2050, from a 2022 base year. Our targets are approved by the Science Based Targets initiative ("SBTi"). In 2022, we also signed up to the Business Ambition for 1.5° campaign, led by the United Nations Race to Zero, and our approved targets are aligned with limiting warming to 1.5°C.

When developing this plan, three time horizons were used, which align to our business planning and TCFD assessments. These are short-term (one – three years), medium-term (three – seven years) and long-term (over seven years).

BUSINESS AMBITION FOR 1.5°C

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Business model implications

Our ambition to transition to net-zero has implications for the way we operate, and engage with our value chain. Within our ESG strategy, our customer pillar sets out how we will increase the number of sustainable products being offered to our customers, including substitution of our products with low-carbon alternatives, collaborating to reduce emissions at the end of a products life, and investment in research and development to provide innovative new products. Our components pillar details our aims to increase the sustainable materials within our product ranges, and increasing the efficiency of our designs, to reduce the lifecycle emissions of our products. This will require cultivation of new collaborations with our suppliers, research bodies and academic institutions to drive innovation across our diverse product ranges.

Key assumptions and external factors

We have set out our key risks and opportunities relating to climate change in our latest **TCFD report, which is in our 2023 Annual Report and Accounts.**

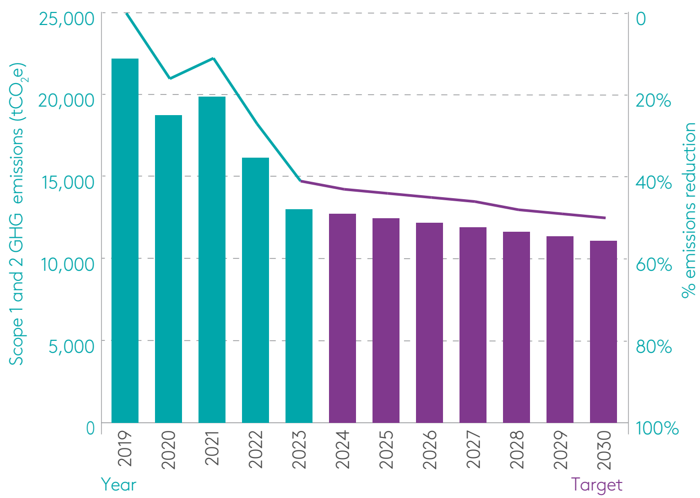
The following assumptions and dependencies have been made with regards to this transition plan:

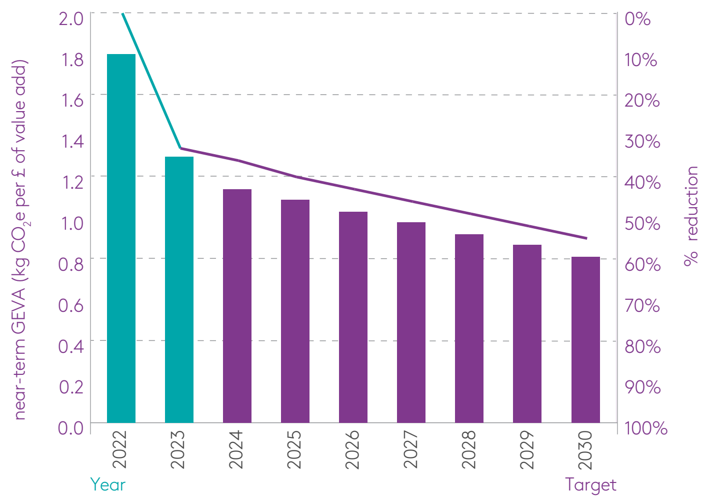
- high quality carbon offsets will be available to offset residual emissions when required
- key suppliers within our value chain will engage and collaborate to transition their own operations to net-zero
- grid decarbonisation will continue at the pace required to meet our reduction targets.

Our SBTi approved targets

	Near-term	Long-term
Scope 1 & 2	Reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from 2019 base year	Net-zero by 2040 at the latest
Scope 3	Reduce scope 3 emissions from purchased goods and services and upstream transportation and distribution 55% per GBP value add by 2030 from 2022 base year	Net-zero by 2050 at the latest

Our pathway to net-zero





Our climate transition plan on a page

Focus	2023	2024	2025	2026	2027	2028	2029	2030+
Our operations	Transition to renewable electricity at all of our sites							Maintaining 100% renewable
	Develop plans for renewable heating for key sites			Implement at key sites, plan smaller sites				Implement smaller sites
	Develop and implement regional policies for low and zero emission vehicles			Transition to low and zero emissions vehicles as leases expire				No new fossil fuel vehicles leased or purchased
Our supply chain	Goods for resale: initial supplier engagement to agree initiatives to lower the embodied emissions in products			Implement category specific ESG initiatives to reduce emissions				Ongoing improvements using supplier engagement processes
	Logistics: move to central freight emissions monitoring system globally		Route optimisation to reduce travel time and distance of products to customers. Engage transport and distribution suppliers, to agree on low and zero emission vehicle transition					Continue collaboration with providers on renewable fuels
Our products and services	Sustainable materials: 20% target achieved	Increase to 50% of polymer from sustainable materials by 2030. 100% of general protection and security seal ranges transitioned to sustainable materials by 2030						Maintaining progress and new targets implemented
	Creation and roll-out of packaging sustainability standard to support targets of 50% recycled content by 2030, and 100% of packaging recyclable, reusable or compostable by 2030							Continue to reduce emissions per package

Our operations

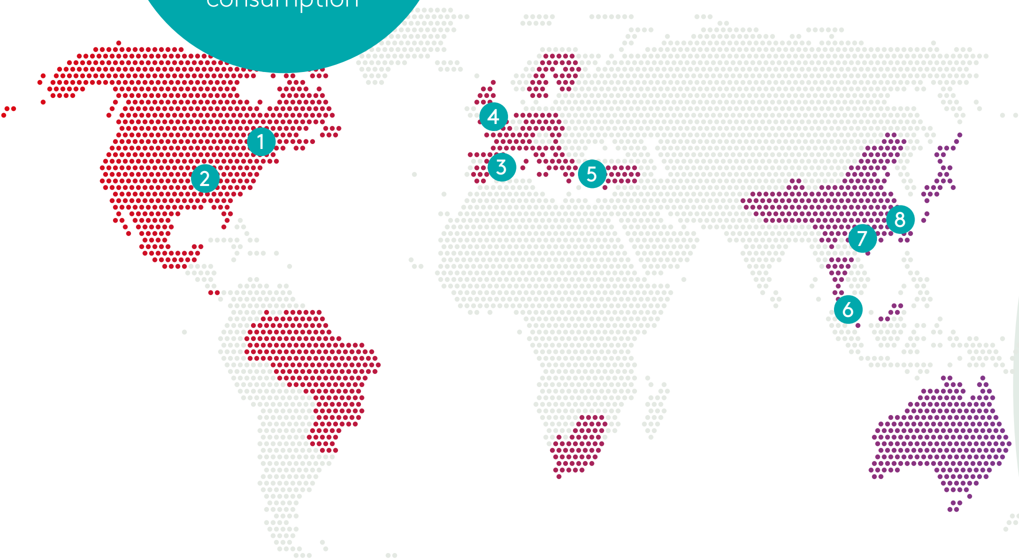
We have made good progress in 2023, reducing our scope one and two emissions by 38% from 2019, through a combination of transitioning to renewable energy and investing in energy efficiency measures. We have the most control over GHG emissions in our operations, and electricity use is the biggest source of these emissions, with our top eight sites representing 89% of our electricity usage. Our roadmap focuses on continuing our transition to renewable electricity across our sites, both from the grid and installing on-site solar where possible, alongside improving our energy efficiency, and a transition to renewable fuels for heating.

Transportation is a small but highly visible part of our direct emissions, however, we are mindful that as we move to renewable and zero emission electricity across our sites, our transport emissions will become a larger part of our emissions profile. Therefore, our aim is to move to low and zero emission vehicles across our fleet. In 2023, we commenced installation of electric chargers and leased an electric vehicle and two hybrid vehicles for our sales team in our Paris-Roissy site, and one at our Nettetal site. Our aim is to expand this programme from 2024–2030 to move our fleet progressively to low and zero emissions vehicles.

Percentage of 2023 scope one and two GHG emissions	Our focus areas	Short-term (2023–2026)	Medium-term (2026–2030)	Long-term (2030–2040)
76%	**Renewable electricity** Transition to 100% renewable electricity	• On-site solar projects • Sourcing of renewable electricity at sites in deregulated markets	• On site solar projects • Progressively increase energy attribute certificates to close gap at sites in regulated markets	• Maintain 100% renewable energy across all sites
	Energy efficiency Continue to optimise our energy demand through machine replacements and energy efficiency programmes	• Machine replacements • Targeted energy audits for top eight largest sites	• Continue machine replacements • Energy audits for distribution sites	• Move to a business as usual replacement plan • Rolling audit programme
17%	**Renewable heating** Transition fossil fuel heating sources at all sites to renewable energy sources	• Develop plans for top three consuming sites at Yichun, Erie, and Silivri	• Commence programme for top three sites • Plan smaller sites	• Commence smaller sites
5%	**Transportation fleet and machinery** Introducing low and zero emissions vehicles progressively into our fleet	• Develop and implement regional policy to replace leased vehicles • Plan transition and process for owned fleet	• Continue lease replacements • Commence replacement of purchased fleet and equipment at end of life	• Continue lease replacements • No new lease or purchases of fossil fuel vehicles and machinery
2%	**Reducing refrigerants** Eliminate any high global warming potential ("GWP") refrigerants, retrofitting or replacing them with low GWP refrigerants	• Audit of cooling systems to determine current state	• Develop plan to retrofit or replace systems	• Implement plan

Worldwide facilities electricity consumption in 2023 (GWh)

8 sites represent **89%** of Essentra electricity consumption



1	2	3	4	5	6	7	8
Erie, PA, USA	**Flippin, AR, USA**	**Barcelona, Spain**	**Kidlington, UK**	**Istanbul, Turkey**	**Rayong, Thailand**	**Yichun, China**	**Ningbo, China**
4.2GWh	6.5GWh	1.5GWh	6.4GWh	5.5GWh	5.7GWh	5.9GWh	1.8GWh

Total energy usage

13.9 GWh	14.6 GWh	13.8 GWh
AMERS	EMEA	APAC

Our supply chain

Within our supply chain, we will be focusing on three areas, which are our largest impact areas included in our SBTi approved scope three near-term target. These are raw materials, goods for resale, and transportation.

Sustainable materials

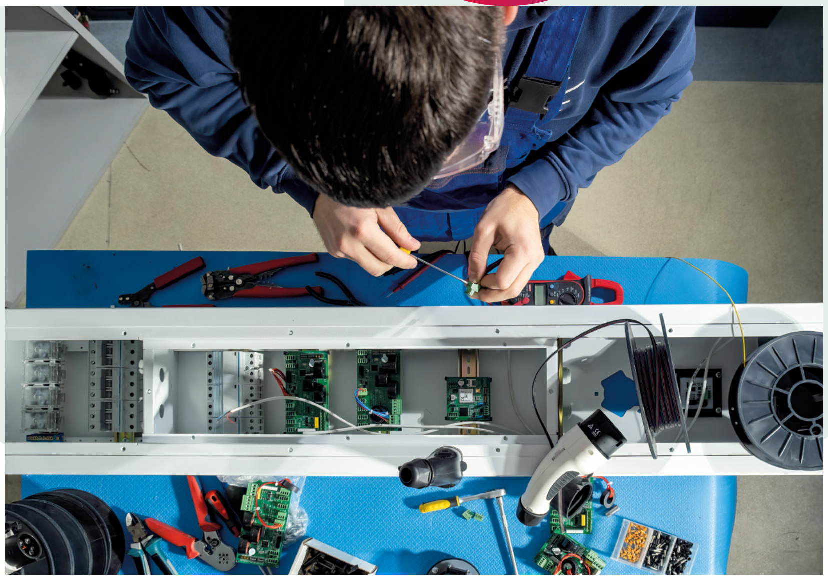
As a manufacturer, our raw materials are of great importance to us and our customers. We will continue transitioning our plastic products to sustainable alternatives. Our metals manufacturing sites will also increase focus on recycled content, and we will work with our suppliers to ensure they have plans to transition to renewable energy sources.

In addition to our net-zero targets, we have a target that 50% of our polymers will be sustainable by 2030, and 100% of our general protection and security seals ranges. In 2023, we invested in our Centre of Excellence, at our Kidlington, UK site. The Centre allows us to trial innovative materials with lower emissions and improved environmental impacts, across our diverse product range. Since 2019, we have substituted recycled content into over 7,000 products across our ranges, providing products with lower emissions and reduced environmental impact.

Goods for resale

Products that we buy to distribute to our customers is a key emissions hotspot. Our main short-term actions in this area are a review of products to determine which can be brought in-house, and a series of supplier engagement campaigns to begin collecting product level emissions information from our suppliers.

28% of our scope three emissions is from our metal and polymer materials



Our sustainable product journey

2022		2023	2030
99% recycled content used across much of our LDPE range.	**31%** reduction in GHG emissions per kg of LDPE.	**20%** of polymers from sustainable sources, reached two years ahead of target.	**50%** of all polymer materials used will be from sustainable sources.

Transportation

Our focus on transport will be across three areas. Firstly, we will continue to optimise where products are made to reduce transport distances to customers. We will support this by using transport tracking software to use the most efficient and low emission routes and providers, and alongside this we will work with our supply chain to transition to low-carbon vehicles.

In 2023, we implemented a transport tracking software, which provides us with real time tracking of our shipments, and the GHG emissions of each movement. It also allows us to optimise routes and choose providers based on their sustainability credentials, allowing us to include the sustainability of shipments in our decision making.

23% of our value chain emissions is from transport

Percentage of 2023 scope three GHG emissions	Our three focus areas	Short-term (2023–2026)	Medium-term (2026–2030)	Long-term (2030–2050)
28%	**Sustainable materials** • **Polymers:** development of solutions to decarbonise our polymer products in our Centre of Excellence • **Metals:** engagement with supply chain to determine and then transition to sustainable material options • **Packaging:** develop packaging standard to meet 2030 targets of 50% recycled content across all packaging; and 100% to be reusable, recyclable or compostable	• Continued focus on polymer alternatives • Develop product specific GHG emissions inventory for metals • Engage supply chain to develop packaging standard	• Increasing replacements to reach 50% polymer target • Commence transition to low GHG emission metals • Implement packaging standard across all sites	• Develop and implement 2030+ targets • Develop and implement 2030+ targets for metal across categories • Develop and implement targets for 2030+
23%	**Transport** • **Make where buy:** ongoing project to reduce transport distances of our products using our global presence • **Improved analytics:** transport tracking software providing greater visibility and insights to make cost and emissions improvements	• Transport tracking implemented globally • Make where buy project commenced	• As transport contracts expire, sustainability to be key part of new award criteria	• Continued collaboration with providers to move to renewable fuel options
14%	**Goods for re-sale** • **Bringing in house:** strategy to transition to manufacturing ourselves where possible • **Supplier engagement:** working with suppliers to determine and then transition to sustainable material options	• Development of decarbonisation strategy at category level	• Implement product strategy and sustainability decision making process	• Develop and implement 2030+ targets

Our products and services

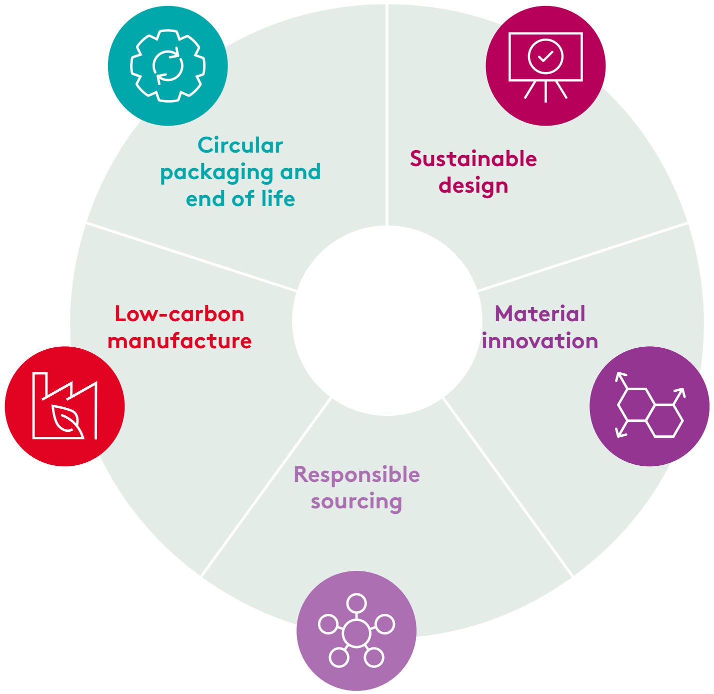
The work on reducing GHG emissions in our operations and supply chain will support our net-zero transition in our products and services. Our focus will span five focus areas:

- sustainable design
- material innovation
- low-carbon manufacture
- responsible sourcing
- circular packaging.

We recognise the importance of leading by example, which is why we have set ambitious targets and are implementing strategic measures to decarbonise our own operations and empower our suppliers to do the same. Within our supply chain, our focus is now on further eliminating and reducing our scope three GHG emissions, with a particular focus on the circular economy and initiatives to buy or make goods closer to our customers.

Our initial focus on decarbonising our supply chain has been led through raw material replacement, and engagement with suppliers to identify opportunities for improvement. Through this engagement we share best practice to support their journeys, and our own, to net-zero. Our short-term focus is to scale up our engagement with key suppliers. In the medium-term, our goal is to integrate carbon pricing into sourcing and procurement decisions, alongside net-zero clauses in our contracts, and including emissions reduction criteria in our tender processes.

Our focus will span five focus areas:



Sustainable design
Adopt circular economy principles to reduce material use per product and per process cycle. Maximise resource efficiency and design out waste.

Material innovation
Transition to more sustainable materials and increase recycled content across our product ranges.

Responsible sourcing
Embed environmental and social objectives and targets into our supply chain, and engagement to identify decarbonisation opportunities.

Low-carbon manufacture
Reduce the emissions intensity of our products by decarbonising our energy usage, increase our energy efficiency through new technologies, and reduce waste through employee engagement and improved tooling.

Circular packaging and end of life
Increase the circularity of our packaging through initiatives like increasing recycled content and ensuring reuse, recyclability or compostability at end of life.

Financial planning

Each of the actions detailed within this plan in our operations has been assessed to quantify the financial impact, and we expect to be able to fund this plan through our existing capital and operational expenditure models. In the short-term, we have no additional capital expenditure beyond the ongoing planned machine replacement programme, and Centre of Excellence project. In the medium and long-term, we anticipate additional capital expenditure to transition our heating and owned-transportation, and this will be reflected in our forecasting once fully quantified, but is expected to be less than 10% of 2023 adjusted operating profit. Our transition to renewable electricity is considered in our ongoing operational expenditure, and we forecast this will be less than 0.5% of adjusted operating profit each year. Within our value chain, we have commenced engagement within our implementation focus areas to ascertain what (if any) the financial impact of our increasing climate-related requirements will be on our existing relationships in the medium and long-term. In the short-term, our sustainable material and goods for resale initiatives are currently cost-neutral, and our transport optimisation work is realising cost savings.

Our climate-related risks and opportunities includes revenue shift from current technologies to emerging low-carbon markets. More information on our climate-related risks and opportunities including financial impacts is available in our TCFD report, within our **2023 Annual Report and Accounts.**

Our policies

We have policies in place to support our transition to net-zero. We have a Sustainability Policy which sets out our emissions reduction targets, including our commitment to continue to set science-based targets across our scope one, two and three emissions. We also have a Renewable Energy Policy which states our objective to transition to renewable energy at all of our sites.

Engagement with value chain

Having an effective, efficient and sustainable supply chain is essential to enable us to deliver for our customers and end-users. Engagement with our suppliers is a key element of our transition plan, as emissions from our purchased goods and services is the biggest proportion of our total GHG emissions.

Engaged suppliers perform at a much higher level, knowing they are regarded as valued partners and critical to mutual success.

We work hard to engage directly with our key suppliers and maintain close relationships to ensure continuity of supply, and to proactively manage potential risks of supply chain disruption. During 2023, we have focused on how to better support our suppliers, for example by providing extended demand visibility, and providing our expertise to find mutual solutions to identified risks. We also refreshed and launched our Supplier Code, to all our suppliers with annual spend over a material spend threshold. Our Supplier Code sets out our expectations with regards to ESG performance from our suppliers, including our emissions reduction targets and objectives for the coming years.

Identification of our key suppliers, who contribute the highest proportion of our GHG emissions, has been established based on the products and services they provide. This information has then been used to implement targeted campaigns with suppliers based on spend category, to set specific objectives based on the most material impacts of their services as they relate to our ESG targets. For example, our packaging providers will support our target to reach 50% recycled content in our packaging by 2030, which in turn reduces our emissions from materials and waste.

We will continue these campaigns, focused on alignment to the topics most material to each spend type. In addition, from 2024, we will commence engagement to encourage suppliers to set their own science-based targets for emissions reduction with the SBTi. This will ensure we continue to decarbonise our value chain.

We recognise that our supplier base will change over time as we update and replace existing procurement arrangements. Our engagement with suppliers will be maintained by integrating ESG requirements, such as requirements for emissions reduction targets, into our procurement processes, contracts and ongoing supplier management.

Engagement with industry, government, public sector, communities and civil society

We engage with industry groups to further our ESG strategy and goals. We are a member of the British Plastics Federation ("BPF") and engage with their events and frameworks on sustainability. We also recognise the importance of collaboration with local authorities and communities in our transition to net-zero, and as a global business acknowledge this requires engagement in the UK and internationally. We are a member of the European Circular Plastics Alliance, and have joined their initiative to boost the EU market for recycled plastics with a commitment to increase the amount of recycled plastics in our products to 20% by 2025, a target we hit two years early at the end of 2023.

Category	2023 Spend (%)	2023 GHG emissions (%)
Materials	15	28
Transport	11	23
Goods for resale	22	14

We are a member of the European Circular Plastics Alliance

Our climate-related targets and metrics

We report on a variety of operational metrics that support our net-zero transition, as part of our ESG strategy and regulatory disclosures. Many of these metrics also align to the guidance provided by the Transition Plan Taskforce ("TPT"), and reporting frameworks including TCFD, the Global Reporting Initiative ("GRI") and the International Sustainability Standards Board ("ISSB"). Our progress across all of our ESG metrics can be found in our **2023 Annual Report and Accounts.**

Energy metrics

- Total energy consumed, and energy consumption broken down by source
- Total transport fuel consumed , and broken down by type
- The percentage of renewable electricity consumed, and generated on site

Environmental metrics

- Water usage and water drawn in areas of high water stress
- Waste intensity and waste volumes by end destination
- Sites with zero waste to landfill

Products and material metrics

- The percentage of raw material from sustainable sources
- Number of new products introduced with sustainability criteria

Our GHG targets and progress

As outlined in our strategic ambition, our aim is to reach net-zero GHG emissions across our value chain by 2050. We are committed to reducing our absolute scope one and two GHG emissions 90% by 2040, from a 2019 base year, and reducing our absolute scope three GHG emissions 90% by 2050, from a 2022 base year.

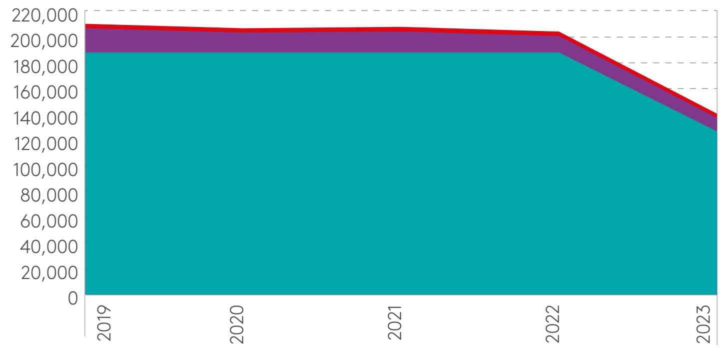
Our scope one and two near-term target includes all GHG emissions within our operational control. Our scope three near-term target includes our purchased goods and services, and upstream transportation and distribution. A screening assessment was carried out to determine our applicable and material scope three categories, and this is reviewed annually.

Our targets are approved by the Science Based Targets initiative ("SBTi"). In 2022, we also signed up to the Business Ambition for 1.5° campaign, led by the United Nations Race to Zero, and our approved targets are aligned with limiting warming to 1.5°C.

Our SBTi approved targets

Scope	Near-term	Long-term
1 & 2	Reduce absolute scope 1 and 2 GHG emissions 50% by 2030 from a 2019 base year	Net-zero by 2040
3	Reduce scope 3 emissions from purchased goods and services, and upstream transportation and distribution, 55% per GBP value add by 2030 from a 2022 base year	Net-zero by 2050

2023 GHG emission reduction progress



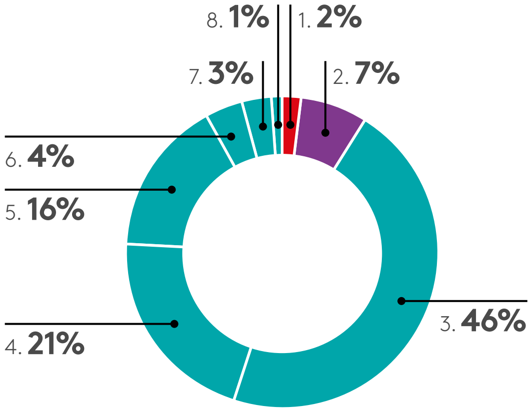
Scope 1
Scope 2
38% reduction since 2019

Scope 3
30% reduction since 2022

2023 total GHG emissions

Scope 1
Scope 2
9%
13,765 tCO_2e

Scope 3
91%
131,733 tCO_2e



1. Scope 1
2. Scope 2

Scope 3

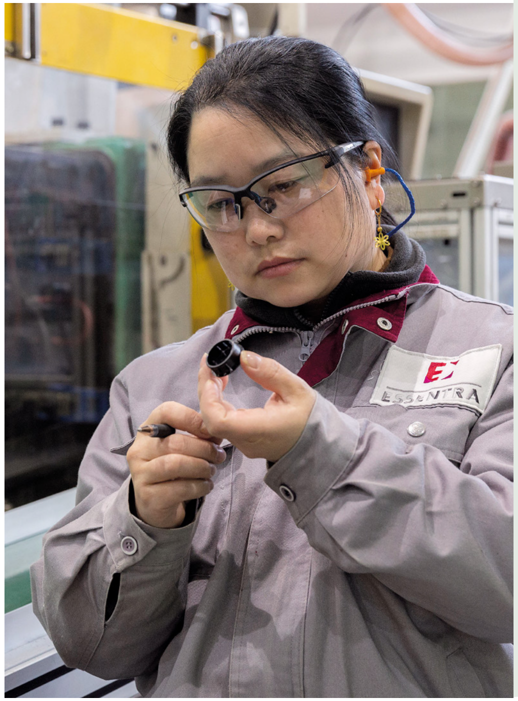
3. Purchased Goods and Services
4. Transport and Distribution
5. Processing and treatment of Sold Products
6. Employee commuting
7. Fuel and Energy related activities
8. Business travel

Carbon credits

Our net-zero target is aligned to the Science Based Targets initiative ("SBTi") Net-Zero Standard, and includes a projected 10% of residual emissions after achieving a 90% reduction from our baseline emission levels. Our approach to achieving net-zero in the long-term will likely include buying high-quality carbon credits to offset the remaining 10% of GHG emissions that we cannot reduce further.

We have no plans in the short-term to use offsetting or carbon credits, and we recognise that the market for carbon credits is developing. Any investments we do make into carbon credits will need assurance that they will provide genuine carbon reduction and are implemented in a way that is not detrimental to the environment. We will disclose any plans to use carbon credits in future transition plans.

Our net-zero target is aligned to the **SBTi** Net-Zero Standard



Reporting and assurance

We understand that transparency of our GHG emissions and how we are making progress against our targets is critical to delivering our ambitions.

We disclose our emissions reduction performance annually, through our Annual Report. We have disclosed in alignment to the Taskforce on Climate-related Financial Disclosures since 2021 and use the framework to disclose our climate-related risks and opportunities in a standardised and comparable way.

We have submitted CDP disclosures since 2012 and most recently received an A– for Climate Change, we also do an annual EcoVadis disclosure, and achieved silver in 2023.

Our scope one and two operational emissions are measured using activity data collected from our internal systems. Our scope three emissions inventory uses a hybrid model of spend and activity data. The model has been developed internally and uses lifecycle analysis, industry databases and supplier specific information where it is available. We are continually improving our scope three inventory as improved data sources and measurement techniques become available. This is tracked internally and reported on annually within our Annual Report. Selected ESG information, including emissions reporting, is externally assured on an annual basis to ISAE 3000, to ensure the data is robust and reliable. In 2023, we engaged ERM CVS to provide limited assurance on selected ESG metrics.

Our 2023 Basis of Reporting, and assurance statements can be found in our **ESG Reporting Centre.**

We have submitted CDP disclosures since **2012**

Culture

Our purpose is that we help customers build a sustainable future, and one of our four goals is our strategy to drive growth supported by sustainability. This transition plan and the aims and actions within is a key part of ensuring we deliver on that purpose. We embed our culture throughout our business via training, engagement, remuneration and annual objective setting.

To ensure our transition is fair, we will provide training to equip our employees with any new skills and capabilities required, and we include ESG in personal objectives and our remuneration systems.

We have an employee recognition awards annually, the Make It Work awards, with a category dedicated to driving a sustainable culture. Our annual engagement survey allows our employees to provide anonymous feedback on our ESG strategy and goals, and we hold monthly town halls, globally, where ESG updates are provided and employees encouraged to participate in the discussion.

We are also considering benefits such as a leasing scheme for low and zero emission vehicles, to give staff the opportunity to choose more sustainable approaches to commuting and support our scope three emissions reduction targets.

Our purpose

We help customers build a sustainable future

Our vision

To be the world's leading responsible, hassle-free supplier of essential components

Our goals

- Market leader with a unique proposition in a fragmented £8–10bn market
- Clear strategy to drive organic growth and market share gains supported by digitalisation and sustainability
- High margin business with scope to expand through scale efficiencies, operational effectiveness and pricing
- Strong returns and cash conversion enabling value-enhancing mergers and acquisitions

Our ambition

To double the revenue and triple operating profits

Living our values

We care about our customers

We care about each other

We deliver

We are an effective team

Incentives and remuneration

The Remuneration Committee has oversight of remuneration policy for all Essentra employees, including how climate and transition related risks and opportunities are taken into account in determining rewards and incentives, linking to our strategic ambition.

For Executive Directors and the Group Executive Committee ("GEC"), a climate transition plan linked objective is set annually, within the short-term bonus structure, which carries at least a 10% weighting. In 2023, this metric was the percentage of sustainable materials used in our polymer ranges, which impacts our product offering and scope three emissions. In 2024, this metric will be focused on waste reduction, which reduces our scope three emissions from materials and transport. In addition, there is a greenhouse gas reduction target within Essentra's long-term incentive plan. This metric comprises 20% of the weighting, and is linked to our greenhouse gas reduction targets.

We operate a performance related pay and bonus structure for all Essentra employees. Where appropriate, responsibilities for implementing this plan are reflected in employee objectives. In addition, from 2024, almost 60% of Essentra employees have an ESG metric within their overall bonus structure, which will be reviewed and set annually. The 2024 metric is linked to waste reduction at sites, which directly impacts our scope three emissions from material usage and waste generation, and has a 30% weighting.

60%
of employees have an ESG metric within their bonus

Skills competencies and training

We recognise that in order to effectively deliver on our transition plan, we need everyone in Essentra to take part and be part of the journey.

At leadership level, we conduct Board effectiveness assessments annually, and this includes an assessment of the skills and competencies required in relation to climate and transition planning. In addition, the Board level ESG Committee assesses whether it has the right knowledge and competencies to carry out its duties. The ESG Committee invites guest speakers to meetings at least twice per year to provide guidance and inspiration on a variety of ESG topics including climate, and these sessions are open to the wider leadership team.

These measures ensure the Board and Executive management have regular opportunities to gain access to skills to oversee implementation of this plan.

Our training team assess competencies and knowledge requirements across the Company, and work with our Sustainability, Compliance, and Health, Safety and Environment teams, to design and develop training to provide employees with new knowledge and skills to support this plan. Training is broadly split into three categories:

Regulatory compliance

Regular training, briefings and guidance is provided to relevant roles to ensure they have the tools and knowledge to comply with new and upcoming ESG legislation.

Internal ESG training

We have a sustainability week which takes place annually, where all employees are provided training, information and tasks on a chosen topic to support our ESG goals and net-zero transition. The aim is to provide all employees with the language, awareness and tools to take ownership in their role. In addition to this, we have developed and delivered training internally for specific groups of employees such as our sales team, providing tailored guidance that equips employees to manage ESG in their areas, and support our customers with their own transition.

Our Centre of Excellence

Our new dedicated research facility at our Kidlington site in the UK, is providing training opportunities for employees on new machinery, materials and processes to ensure we provide employees with the skills we will need, as we transition to new product ranges and innovative material types.

Governance

Climate-related risks and opportunities, and our transition to net-zero is addressed collectively across the Company, from the Board through to management and operations, providing robust governance and alignment to all aspects of company strategy. Our CEO and Executive Board member, Scott Fawcett, has overall responsibility for setting Company objectives and strategy for Board approval. The Board has overall accountability for the management of our Principal Risks, and these risks incorporate climate-related risks and opportunities. More information on our **Principal Risks is available in our 2023 Annual Report and Accounts.**

Our governance structure

Board

ESG Committee
What: sets direction of ESG strategy, reviews and challenges ESG opportunities for improving performance and reducing risk profile. Has oversight of ESG targets and reporting

Audit and Risk Committee
What: oversight of climate-related risks and opportunities process, scrutiny of climate-related risk disclosures, including TCFD and Essentra's Principal Risks

Remuneration Committee
What: aligns remuneration policy with ESG strategy and monitors performance against targets

Management

Executive Committee
What: oversight of ESG activities and process against targets, reviews Principal Risks including climate-related risks and opportunities

Social Steering Committee
What: oversight of initiatives to support social sustainability targets, and manages risks and opportunities

Sustainability Steering Committee
What: oversees initiatives to support environmental sustainability targets, and manages risks and opportunities

Operations

Diversity and Inclusion Team
What: co-ordinates diversity and inclusion activities across the business and shares best practice

Operational Sustainability Committee
What: co-ordinates sites environmental sustainability activities and shares best practice

This transition plan is subject to shareholder approval, via a non-binding advisory vote

The ESG Committee, which is a Board level committee, provides oversight of climate-related risks and opportunities, and oversees the development of our ESG strategy, and this climate transition plan, reviews company-wide opportunities for improving performance and reducing the Company's risk profile through sustainability related activities, and has oversight of our climate and wider sustainability reporting.

The Audit and Risk Committee has responsibility for reviewing and recommending to the Board for approval our climate-related risks and opportunities, our approach to identifying and managing these risks and our alignment to the Taskforce for Climate-related Financial Disclosures ("TCFD") recommendations. Our latest TCFD report is available in our **2023 Annual Report and Accounts**. The Remuneration Committee has oversight of ESG metrics within our rewards and incentives.

Alongside Board oversight, we have various management and operational groups with responsibility and oversight of our climate transition plan and ESG strategy. These groups ensure that our strategic ambitions outlined in this transition plan are embedded throughout the organisation.

Approval of this plan

This transition plan is subject to shareholder approval, via a non-binding advisory vote.

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