CLIMATE ANALYSIS REPORT

At discoverIE, we understand the urgent need to preserve our planet for future generations and to mitigate the impact of climate change. We contribute to the transition to a low-carbon economy through our products that help others reduce their emissions, and through our own operations by committing to become a net-zero emissions business.

This report is prepared in accordance with UK Listing Rules 6.6.6 (8) and the UK Climate-Related Financial Disclosure Requirements ("CFD") and is consistent with the recommended disclosures of the Task Force for Climate-Related Financial Disclosures ("TCFD"). Being in the electrical and electronic components sector, the Group follows the TCFD's All Sectors Guidance in the preparation of this report.

Climate-related risks and opportunities are routinely considered in our strategic and financial planning, operational management, mergers and acquisitions, and capital allocation decisions. In this report, we outline how we identify, assess, and manage these risks and opportunities, as well as our plan for transitioning to a low-carbon economy.

In accordance with previous years' reports, our assessment of the risks and opportunities posed by a changing climate is that they do not have a net material effect on the Group's future financial performance. However, this year, we have taken the opportunity to describe the offsetting risks and opportunities separately, to enhance readers' understanding of our strategy and management.

What's in this report

1 Governance

Whilst the Board has responsibility for overseeing our approach to sustainability, the Sustainability Committee (the "Committee"), on behalf of the Board, reviews the Group's sustainability strategies and policies, and oversees and monitors practices and performance against commitments and targets.

The oversight and management of climate-related risk and opportunities are accomplished through the same governance processes as other sustainability-related issues, as described in the Governance section of our Sustainability Report on pages 44 to 45.

Our sustainability governance framework describes our approach to managing sustainability, including climate-related issues.

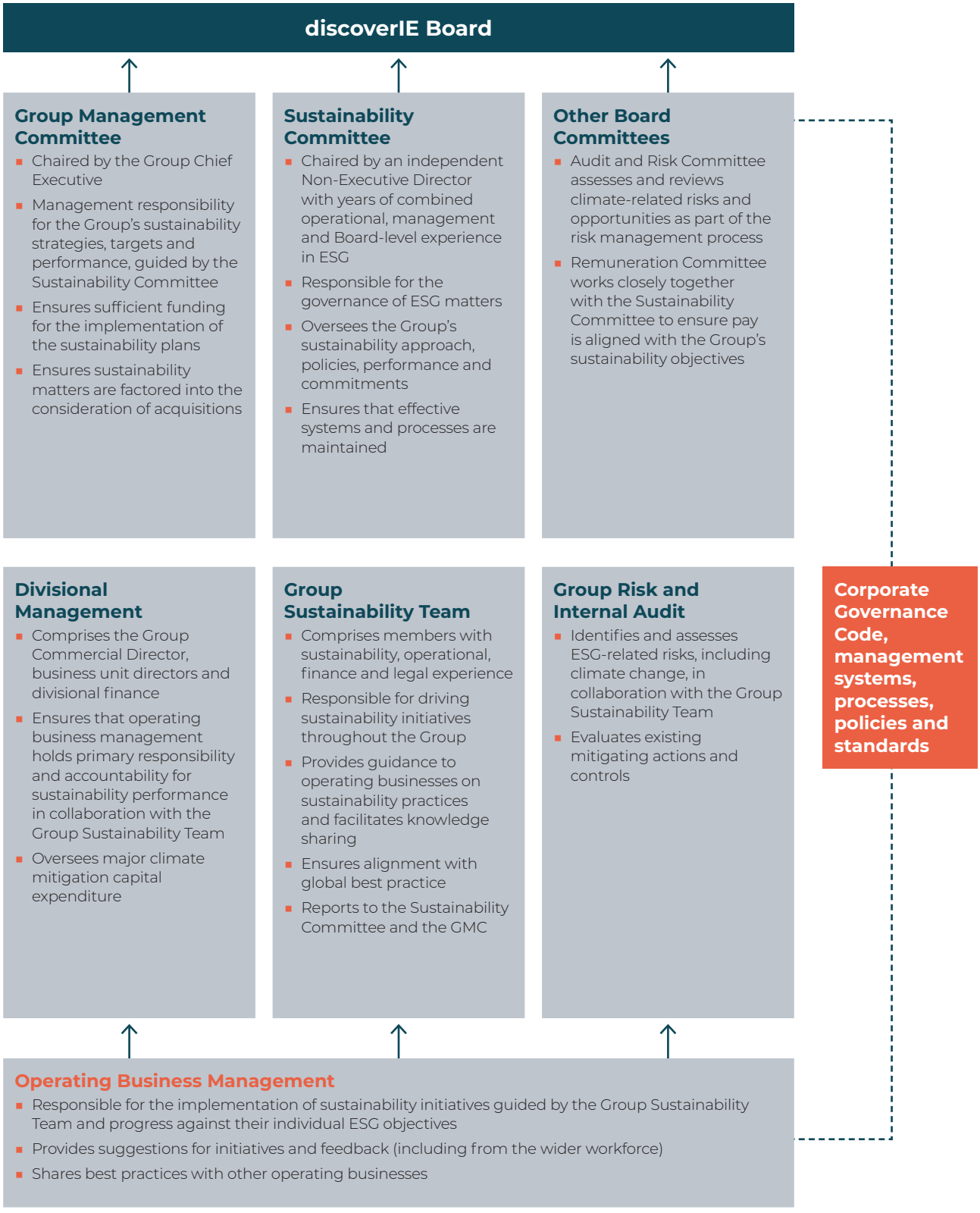
This year, mindful of the reporting changes anticipated when the UK introduces Sustainability Reporting Standards ("SRS") governing the disclosure of climate-related risks and opportunities (expected for the Group's FY2028 reporting cycle), we have chosen not to publish detailed financial quantification of the risks and opportunities likely to impact our business. Instead, we have taken the decision to assess the potential impacts in broad terms, and analyse the additional information we will need to gather in future to fulfil the requirements of UK SRS. The process followed and the impacts identified are outlined on pages 60 to 62.

TCFD recommended disclosures

- describe the Board's oversight of climate-related risks and opportunities
- describe management's role in assessing and managing climate-related risks and opportunities

Further information

- Corporate Governance Report **on pages 90 to 102**
- Sustainability Governance **on pages 44 to 45**
- Risk Management **on pages 74 to 78**


discoverIE Board
Group Management Committee
Chaired by the Group Chief Executive
Management responsibility for the Group's sustainability strategies, targets and performance, guided by the Sustainability Committee
Ensures sufficient funding for the implementation of the sustainability plans
Ensures sustainability matters are factored into the consideration of acquisitions
Sustainability Committee
Chaired by an independent Non-Executive Director with years of combined operational, management and Board-level experience in ESG
Responsible for the governance of ESG matters
Oversees the Group's sustainability approach, policies, performance and commitments
Ensures that effective systems and processes are maintained
Other Board Committees
Audit and Risk Committee assesses and reviews climate-related risks and opportunities as part of the risk management process
Remuneration Committee works closely together with the Sustainability Committee to ensure pay is aligned with the Group's sustainability objectives
Divisional Management
Comprises the Group Commercial Director, business unit directors and divisional finance
Ensures that operating business management holds primary responsibility and accountability for sustainability performance in collaboration with the Group Sustainability Team
Oversees major climate mitigation capital expenditure
Group Sustainability Team
Comprises members with sustainability, operational, finance and legal experience
Responsible for driving sustainability initiatives throughout the Group
Provides guidance to operating businesses on sustainability practices and facilitates knowledge sharing
Ensures alignment with global best practice
Reports to the Sustainability Committee and the GMC
Group Risk and Internal Audit
Identifies and assesses ESG-related risks, including climate change, in collaboration with the Group Sustainability Team
Evaluates existing mitigating actions and controls
Corporate Governance Code, management systems, processes, policies and standards
Operating Business Management
Responsible for the implementation of sustainability initiatives guided by the Group Sustainability Team and progress against their individual ESG objectives
Provides suggestions for initiatives and feedback (including from the wider workforce)
Shares best practices with other operating businesses

2 Strategy

In 2026 we reviewed the qualitative and quantitative analysis of the resilience of our business model and strategy under two Representative Concentration Pathway ("RCP") scenarios – RCP2.6 and RCP8.5 – representing the best- and worst-case scenarios projected by the Intergovernmental Panel on Climate Change ("IPCC").

As part of this review, we updated the assessment of the physical risks of climate change posed to our sites. Using CLIMADA climate data we created a bespoke program, which enabled us to overlay established climate science on the precise locations of our sites.

The analysis showed that, on balance, the Group's business model and strategy are not expected to be materially affected by climate-related risks and opportunities, and that the net financial impact of climate change was considered to be immaterial. We review this analysis annually, to monitor potential changes to our risk profile, and to ensure the data on which we report remains current.

In order to better understand the potential financial impact of climate-related risks on the Group's Statement of Financial Position and future cash flows, during the year we conducted a high-level review of the potential financial impact of the identified risks and opportunities. The financial impact is considered in the estimates of future cash flows used in the Group's goodwill impairment and viability assessment, as detailed on pages 85 to 86 of this Annual Report.

We assess and report the climate change-related transition risks and opportunities on short (up to 4 years), medium (5-10 years) and long (more than 10 years) term bases. For physical risks, we define short term as the period up to 2030, medium term up to 2050 and long term up to 2100. Given the fast-changing and unpredictable nature of economic and environmental conditions, the potential financial impact was modelled up to 2030 only.

During the process, we identified and assessed 12 climate change-related risks, of which eight were transition risks and four physical. Following this, we then prioritised four transition risks and two physical risks, being those with the highest risk scores, based on a combination of impact magnitude and likelihood.

We also identified three climate-related opportunities. We modelled the financial impact of these six risks and three opportunities. Assessment of all 12 climate-related risks identified can be found on page 63.

The highest ranked risk was the risk of capital markets shifting investment to low-carbon activities, which may impede the Group's acquisition-fuelled growth strategy.

The other key risks include customers shifting to low-carbon substitutes, and raw material price increases. The financial impact of these risks was modelled by applying estimates of attrition rate to affected revenues for the RCP2.6 and RCP8.5 scenarios, respectively.

For the physical risks, we considered likely mitigation costs. In the case of possible site relocations due to changes in climate patterns, we factored in relocation costs such as fit-out, staff relocation, recruitment and training, and certification, as well as insurance coverage. Because the risk profiles were similar for both scenarios, the same mitigation approach was applied in both cases.

For the climate-related opportunities, we applied an estimated excess growth rate to each of the opportunities in the RCP2.6 scenario and halved the rate in the RCP8.5 scenario, on the assumption that growth in renewable energy, electrification of transportation, and automation would accelerate under the more aggressive reduction scenario.

We considered materiality both in terms of potential financial impact on the Group and the importance of climate change to our internal and external stakeholders.

TCFD recommended disclosures

- Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term
- Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning
- Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Further information

- Sustainability Materiality Assessment **on pages 47 to 48**
- Principal Risks and Uncertainties **on pages 79 to 84**
- Our Sustainability Strategy **on page 46**
- Our Strategy **on pages 10 to 13**

RCP2.6

The outcome of the assessment showed that, under the RCP2.6 scenario, the net financial impact over the five-year period to 2030 is immaterial and represents less than 2% of the Group's operating cash flows. The net financial impact considered both the increased operational costs of quantifiable climate-related risks and mitigation costs, offset by the benefits arising from the climate-related opportunities.

Assessed in isolation, the total risks estimated to our business under RCP2.6 are unlikely to have a material financial impact on the Group's performance. This factors in the costs of the six climate-related risks identified, with the main financial impacts a result of an assumed decline in higher-carbon markets (such as oil and gas, consumer electronics and sales through wholesalers) and an increase in the cost of our commoditised raw materials (assuming that this cost cannot be passed on to customers).

We remain confident of our strategy under an RCP2.6 scenario, as we believe that the assumed accelerated growth in low-carbon markets (such as renewable energy, electric vehicles and the electrification of rail) offers increased margin growth which more than offsets the negative effects, above. We believe growth in these markets could offer increased operating profit which comfortably offsets the negative impacts of the risks described above in the years to 2030. The Group's resilience to the modelled risks is also mitigated by our broad customer portfolio beyond the market segments assumed to be at risk, and by our pricing structure, which enables us to pass a proportion of cost increases on to our customers.

RCP8.5

Under the RCP8.5 scenario, we assumed that the decline in high-carbon markets such as oil and gas would be less pronounced, as demand would continue longer if society makes less attempt to abate these sectors. However, the increased cost of commoditised raw materials was assumed to be higher, with an assumed inability to pass these costs to customers. In addition, we assumed that greater competition for coverage under an RCP8.5 scenario would add additional freight and insurance costs. If all potential unmitigated negative impacts identified should come to pass, our operating profit could be reduced by a material amount.

Compounding the effects of assumed higher costs is our assumption that growth in low-carbon markets (such as renewable electricity) would be slower in an RCP8.5 scenario. Although the Group would still benefit from some growth in these markets, the opportunity would clearly not be as beneficial as on a lower-carbon pathway.

Taken together, our assumptions of increased costs and decreased sales growth under RCP8.5 results in a decrease of operating profit, estimated to be no greater than 1% to 2% of operating cash flows.

As the division with the highest proportion of raw material costs, Magnetics and Controls is more at risk from increased commodity costs, particularly under the RCP8.5 assumptions. However, it also has the greatest potential opportunities in low-carbon growth markets, having already developed expertise and close customer relationships in these markets. The division has expertise in sourcing materials at competitive cost, and currently has pricing contracts which permit cost increases to be passed on to customers.

CLIMATE ANALYSIS REPORT CONTINUED

Climate-related risks		Estimated financial impact[1]	Timeframe			Scenario sensitivity	
			Short	Medium	Long	RCP2.6	RCP8.5
Transition risks	1 Capital markets shifting investment to low-carbon activities	Unquantifiable			●	■■■■	■■
	2 Changing customer preferences	Medium			●	■■■■	■■
	3 Substitution of existing customer products and services			●		■■■	■■
	4 Commodity and raw material price increases	High		●		■■	■■■■■
Physical risks	5 Acute risks, e.g. extreme weather events	Low		●		■■	■■■
	6 Chronic risks, e.g. rising sea levels and temperature				●	■	■■
Climate-related opportunities	7 Acceleration of renewable energy market	High		●		■■■■■	■■■■
	8 Electrification of transportation			●		■■■	■■
	9 Electrification and automation of plant and machinery				●	■■■	■■

Anticipated onset of risks and opportunities

Estimated full impact of risks and opportunities:

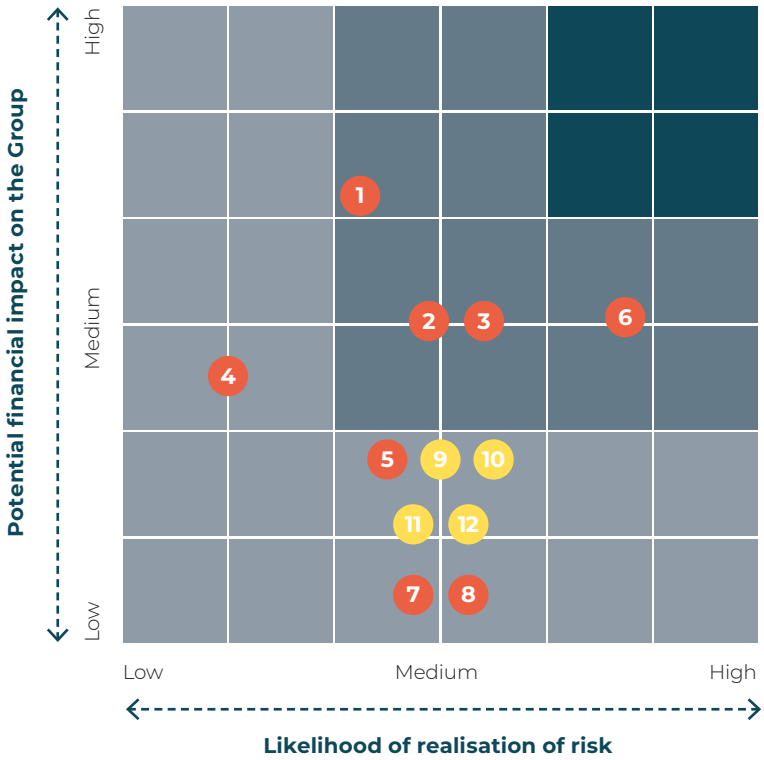
Low likelihood

High likelihood

[1] Estimated financial impacts rated as 'High' are those with the potential to have a material impact on the Group.

Aided by CLIMADA, we also assessed the emerging trends affecting the exposure of our physical assets to climate-related risks in the medium (up to 2050) and long term (up to 2100) under two scenarios: RCP4.5 and RCP8.5. We chose RCP4.5 instead of RCP2.6 for assessing physical risks because it is assumed that our assets would not be at risk if the long-term temperature rise stabilises at 2°C or below. RCP4.5 is the current climate development trajectory, which we have chosen for physical risk assessment for prudency. It is estimated that 32% of the Group's 69 facilities would be exposed to some sorts of physical risks, such as heat stress, precipitation and river flooding. Fifteen sites (22%) across ten different countries were more vulnerable, the costs of which were also factored into the financial impact model.

Climate-related risk matrix



1. Capital markets shift investment to low-carbon activities
2. Changing customers' preference to low-emissions alternatives
3. New and emerging technologies substitute our customers' existing products and services
4. Increased stakeholder concern or negative stakeholder feedback from lack of climate action plan
5. Increased energy costs due to increasing carbon taxes and alternative low emission energy sources
6. Increasing costs of commodity and raw materials
7. Increased borrowing costs
8. Mandatory environmental standards or requirements for existing products and services
9. Extreme weather events such as cyclones or floods
10. Changes in precipitation patterns and extreme variability in weather patterns
11. Gradual changes in key climate variables such as temperature, humidity and precipitation
12. Rising sea levels

KEY

- Priority C (low/medium)
- Priority B (medium/high)
- Priority A (high/very high)
- Transition risk
- Physical risk

In summary, the estimated net financial impact of climate-related risks and opportunities is considered immaterial to the Group in the short term (up to 2030) under the RCP2.6 scenario. However, the potential impact under the worst-case scenario (RCP8.5) means that it is appropriate for us to provide commentary on the individual risks and opportunities identified. We also acknowledge that climate change remains a threat to the Group's assets in the long term and that there are growing expectations amongst our stakeholders that we, as a responsible corporate citizen, address climate risks in our business operations. As such, we have incorporated climate-related risks into our principal risks and uncertainties and manage them as such.

Risk description	Our response	FY 2025/26 progress
Climate-related risks: transition risks		
1 Capital markets shifting investment to low-carbon activities		
Our growth strategy relies on both organic sales generation and acquisitions. Both require capital investment. We may need to raise additional funding in the capital markets. The shifting of investment to low-carbon or green activities may impact our ability to raise capital or increase our cost of capital, in turn reducing our ability to invest in the existing business or acquire new businesses. **Timeframe** Medium – long term	Our strategy focuses on markets with structural, sustainable growth, such as renewable energy, electrification of transportation, industrial automation and connectivity, all of which support the transition to a low-carbon economy. We constantly work to target 'green' markets and reduce our greenhouse gas emissions, and improve capital market perceptions of our performance in these areas by providing timely and transparent disclosures.	▪ 79% of revenue from target markets (FY2025: 79%). ▪ Publicly demonstrated our continuing commitment to environmental governance by maintaining our Carbon Disclosure Project ("CDP") rating at B.
2 Changing customers' preference to low-emissions alternatives		
The majority of our customers are industrial OEMs. They may adopt an aggressive approach to reducing emissions in their value chain. This could mean developing low-emission versions of their products to reduce their downstream emissions, or engaging suppliers with lower-emission products and processes to reduce their upstream emissions. **Timeframe** Medium – long term	We have long-lasting relationships with our customers. Our business model of designing and manufacturing customised electronics means that we work closely and collaboratively with our customers, which allows us to support them in the development of new low-carbon products and ensures environmental compliance. We have set emission reduction targets and made good progress against these. This helps our customers reduce their Scope 3 emissions. We also work closely with our customers and suppliers to find better solutions to reduce carbon emissions where possible, such as replacing plastic packaging with sustainable options.	▪ Reduced Group Scope 1 and 2 emissions for continuing operations by 68% against the CY2021 baseline, including acquisitions.
3 New and emerging technologies substitute our customers' existing products and services		
We supply to industrial OEMs. If our customers' existing products and services become obsolete, our ability to achieve growth well above GDP may be impacted. **Timeframe** Short – long term	The impact of this risk is minimised, as our product and technologies portfolio and customer base are broad. We do not rely heavily on single customers or end markets. Our customer concentration is considered low, with the top ten customers representing around a quarter of Group revenue. We continue to focus our attention on supporting customers in markets which are essential for the transition to a low-carbon economy, such as renewable energy.	▪ Completed one acquisition during the year, Storm Interface, and the acquisition of Trival Antene was completed on 1 April 2026. The acquisitions give the Group exposure to new verticals, such as the defence sector.

Risk description	Our response	FY 2025/26 progress
4 Increasing costs of commodity and raw materials		
Some of our products use raw materials, such as copper and aluminium, which are also used in electric vehicles and electrification projects. Prices of such materials are expected to continue to rise as supply cannot meet rapid increases in demand. Significant price rises may cause customers to switch to low-cost suppliers. The raw material shortage may impact our ability to continue to supply certain products. **Timeframe** Short – long term	Our products are designed and customised for specific applications and are priced according to project specifications and material costs at the point in time, which to some extent protects the Group from price fluctuation. Furthermore, our products are designed in applications and are often protected by our design IP, preventing customers switching to low-cost suppliers. Our supply chain is resilient, as tested and proven during the pandemic and, more recently, during the disruption caused by conflict in the Middle East. We source materials and components from multiple suppliers where possible, except for those specified by customers. Copper and aluminium have similar conductivity and can be interchangeable in some cases.	▪ A Group-led initiative was set up during the year to enable our operating businesses to share materials and components sourcing information and seek help if needed. ▪ Several operating businesses have introduced dual-sourcing for critical components.
Climate-related risks: Physical risks		
5 Acute risks – Extreme weather events such as cyclones or floods		
Increased severity of extreme weather events, such as cyclones and floods, may disrupt production activities and incur higher operating costs. **Timeframe** Short – long term	The Group has 69 sites globally, including 41 manufacturing facilities across Asia, Europe and North America. Some production activities can be transferred to other locations to ensure business continuity, if necessary. We have experience in moving manufacturing between sites where circumstances require us to do so.	▪ Developed an in-house bespoke climate analysis tool to enable ongoing monitoring of specific risks to our sites. ▪ The resilience of our operations was demonstrated when our operating sites in Thailand and Sri Lanka were hit by flooding during the year, yet were able to continue their operations with only minimum impact on short-term productivity.
6 Chronic risks – Gradual changes in key climate variables such as temperature, humidity and precipitation		
Rising average temperature causes heat stress, drought, wildfires and changes in rainfall patterns. Some of the Group's manufacturing sites are in areas exposed to heat stress and precipitation, and some are at risk of rising sea levels. Our workforce may be affected if the average temperature continues to rise. Our supply chain may also be disrupted, causing delays and cancellations. **Timeframe** Medium – long term	Using our new in-house Climate Analysis Tool, we have identified a number of sites that may be affected by changing climate patterns in the next 30 and 80 years. The analysis showed rising temperatures and precipitation were likely to impact a number of our businesses. Based on the insured asset value of each site and the predicted future impact, we have prioritised fifteen sites for further analysis and investigation. We are now working on plans that aim to mitigate the key risks within the next ten years. For leased properties at high-risk sites, relocation may also be considered when the lease is up for renewal.	▪ We continue to monitor the ongoing risk at our most vulnerable sites. ▪ Approved capital expenditure for electric air-source heat pumps at our site in Noratel Poland will also protect our employees from increasingly high summer temperatures.

Opportunity description	Our response
Climate-related opportunities	
7 Acceleration of renewable energy	
Driven by decarbonisation and increasing regulations, the renewable energy market will continue to grow in the RCP8.5 scenario and accelerate in the RCP2.6 scenario. The International Energy Agency has estimated that renewable energy production will be 2.6 times higher than 2022 in 2030, generating almost 45% of global electricity requirements. **Timeframe** Short – long term	Renewable energy is one of our target markets, and we are leading in the fields we serve, such as transformers for wind turbines and DC isolator switches for solar systems. Our products can also be applied to other types of renewable energy, such as hydro, which will be an addition to our existing renewable energy exposure. Our broad range of technologies is applicable to many parts of the renewable energy value chain. From generation to transportation and distribution, we will be able to take advantage of these opportunities.
8 Acceleration of electrification of transportation	
Decarbonisation and the recent energy crisis have driven the acceleration of the electrification of transportation. This is reflected both in personal vehicles and mass transportation infrastructure. The power supplied to the global transport system by renewable energy is expected to increase seven-fold between 2024 and 2030. **Timeframe** Short – long term	Transportation is one of the major sources of carbon emissions globally. Switching to cleaner methods of transportation is crucial for meeting the net-zero goals of many governments. Being one of the Group's target markets, we focus on mass transportation, such as rail, buses and ships, and specialist vehicles, such as delivery trucks. We are targeting retrofitting ageing systems as well as developing new applications. In addition, our knowledge and know-how of magnetic components will enable us to take advantage of growth in the electric vehicle infrastructure market, such as charging stations.
9 Acceleration of plant and machinery automation	
Climate change could reduce productivity as the workforce is impacted and production disrupted. An increasing number of companies will look to automate processes to improve efficiency and productivity. **Timeframe** Medium – long term	Industrial & connectivity is our largest target market. Our fibre optic and wireless connections and a broad range of sensing capabilities, essential for automation, will enable us to continue growing in this market.

3 Risk management

Climate-related risks are considered one of our principal risks and this is reflected in our financial reporting. The process for identifying climate-related risks is integrated into our risk management framework.

As part of the climate change scenario analysis exercise, a multi-function working group was established in 2022. This comprises members from finance, divisional management, risk and internal audit, and the GST. This working group is a subset of the GMC.

In identifying and assessing climate-related risks to the Group's operations, assets, and reputation, we used primarily a top-down approach. Given the Group's decentralised structure, we consider this approach more appropriate for assessing climate-related risks, particularly physical ones. However, we have also taken a bottom-up approach by factoring in the feedback from our operating businesses where appropriate.

The scenario analysis working group conducted a top-down review of the Group's climate-related risks and opportunities in order to identify new or emerging risks and opportunities. The assessment considers two categories of climate-related risks: the transition to a low-carbon economy (transition risks) and risks associated with the physical impacts of climate change (physical risks). The risks assessed for both the RCP2.6 and RCP8.5 scenarios were drought, heat stress, wild fires, precipitation, river and coastal flooding, and tropical cyclone.

How we identify and prioritise climate-related risks

To assess transition risks, we engaged with each operating business to better understand the preferences of our customers, suppliers and employees and the challenges they face in tackling climate change. The outcome was factored in during the risk identification process. Each risk was discussed and scored based on the probability and magnitude of potential financial impact, and the multiplication of the two scores determined the materiality of the risk. Through this process, the most material risks were identified. Those risks that were deemed to be quantifiable were included in the financial modelling. Existing mitigations and progress made were also factored in during the quantification process. Cost and benefit analysis for the mitigations of each quantifiable risk was carried out. A five-year cashflow forecast was modelled for both RCP2.6 and RCP8.5 scenarios.

TCFD recommended disclosures

- Describe the organisation's process for identifying and assessing climate-related risks
- Describe the organisation's process for managing climate-related risks
- Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Further information

- Risk management **on pages 74 to 78**
- Sustainability risk management **on page 48**

For physical risks, we interrogated open-source data available on the CLIMADA platform to help us with scenario analysis. We assessed our resilience in a time horizon between 10-80 years for relatability with asset lifespan, as recommended by TCFD. The CLIMADA data was combined with the precise locations of our sites to consider combined exposure to extreme weather events (acute risks) and to gradual changes in weather patterns (chronic risks) for each of our 69 facilities globally, including warehouses and offices. Based on the insured asset value and risk exposure, each site scored between 1 and 5 (5 being the highest risk). For those with the highest scores, mitigation plans were drawn up, and associated costs were assessed and factored into the scenario financial models.

Once the climate-related risks were identified and prioritised, the financial impact of the key risks up to 2030 was estimated for both RCP2.6 and RCP8.5 scenarios. The key climate risks, mitigation plans, and the net financial impact in both scenarios were presented and discussed at the GMC before being reviewed by the Sustainability Committee, which also included the Chairs of the Audit and Risk Committee and Remuneration Committee.

CLIMATE ANALYSIS REPORT CONTINUED

How we manage climate-related risks

We use the scenario analysis to inform our decision-making in the following areas:

- Strategic and financial planning
- Capital investment
- Acquisition suitability assessment
- Goodwill impairment assessment
- Insurance
- Lease renewals and procurement of new leases

Climate-related risks are managed as part of the Group risk management process, alongside other strategic and operational risks and, as with all matters in the Group Risk Register, these risks are reviewed annually. Action plans to mitigate such risks are managed and reported at Group level, whereas the responsibility for implementing the plans is delegated to the management of the operating businesses.

The GST conducts annual reviews with operating business management at the end of each financial year regarding progress against their ESG objectives. This is then reported to and discussed with the GMC and Sustainability Committee. The operating businesses report on ESG progress, including carbon reduction actions, in regular business reviews chaired by the business unit directors. The GST also provides progress updates to the Sustainability Committee at each Committee meeting.

Climate-related risks and mitigation progress are monitored by the Risk and Internal Audit team on an ongoing basis, who update the Audit and Risk Committee at each meeting. The GST is responsible for identifying existing and new regulation applicable to the Group. It is supported by the Group's auditors and external consultants in this regard, and reports all changes to the GMC and Sustainability Committee.

4 Metrics and targets

Since publishing our revised greenhouse gas emissions target to reduce emissions by 90% on 2021 levels by 2030, we have reduced our Scope 1 and 2 carbon emissions by 68% against the 2021 baseline.

In November 2022, we announced our commitment to achieve net-zero emissions and set science-based targets for the medium and long term. In May 2025, our targets were approved by the SBTi.

We aim to achieve net-zero emissions for Scope 1 and 2 by 2030 and for Scope 3 by 2040, and have published a transition plan for net-zero Scope 1 and 2 emissions by 2030.

Key elements of the plan and all material information are contained in this report. Supplementary information can be found in the Road to Net-Zero Emissions Report on our website: www.discoverIEplc.com

The following sections outline the progress we have made in the past year.

TCFD recommended disclosures

- Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG emissions, and the related risks
- Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Further information

- Strategic and operational review **on pages 24 to 33**
- Key strategic indicators **on page 11**
- Our business model **on pages 16 to 17**
- Our Strategy **on pages 10 to 13**

Scope 1 and 2

Our net-zero plan for Scope 1 and 2 focuses primarily on addressing four of the Group's largest emission sources: electricity, natural gas, company cars and refrigerants, and aims to achieve an absolute reduction of 90% by 2030 from the 2021 baseline. In CY2025, we reduced Scope 1 and 2 emissions for continuing operations in absolute terms by 68%, primarily driven by more sites switching to renewable energy sources and reduced electricity consumption.

We report our greenhouse gas emissions using the operational control method to establish our organisational boundary. As all our subsidiaries are 100% owned by the Group, there is no difference between this and the financial control or equity share methodologies.

Scope 1 and 2 emissions by source

To accelerate the transition to net-zero emissions, we have set out our strategy and a detailed plan to reduce our Scope 1 and 2 emissions.

Our net-zero strategy has three priorities: Reduce, Replace and Remove.

Reduce

Reduce energy intensity across the Group

Replace

Replace higher carbon energy sources with lower or zero carbon options

Remove

Invest in removing emissions that cannot be replaced or reduced

Based on the strategy, we have developed the following action plan and milestones:

	Actions	Milestones
Reduce	Reduce energy intensity by promoting process efficiency, employee awareness and engagement	▪ Reduce energy intensity by 10% by 2030
Replace	Switch to zero-emission energy sources through direct tariffs or renewable energy certificates ("RECs")	▪ 80% zero emission energy by 2025, and 100% by 2030
	Replace gas heating with electric options	▪ 50% reduction by 2030
	Replace company-owned cars with fully electric vehicles	▪ 100% EV fleet by 2030
Remove	Remove all refrigerants	▪ 100% removed by 2030
	Invest in carbon removal projects to offset residual emissions	▪ In 2030 and beyond

By the end of CY2025, 85% of our electricity was from renewable or clean sources (CY2024: 83%), benefitting from increased use of renewable tariffs, as well as the solar panels installed at numerous sites. This means that we have comfortably exceeded our target of 80% renewable electricity by CY2025.

Energy consumption during CY2025 was 2% higher, with the increase driven by acquisitions. Energy intensity (expressed as kWh per £1m revenue) increased 2% year-on-year, due to lower revenue than the previous calendar year. However, energy intensity was 21% lower than in CY2021, well ahead of our 10% target by 2030. We continue to find ways to reduce energy consumption, particularly given our experiences of the difficulties of swapping out fossil fuel heating systems, and the fluctuating costs of fossil fuel, over the last few years.

Key metrics

	Total Emissions[1] (tonnes)					Like-for-like Emissions[2] (tonnes)				
Location-based	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**
Scope 1	1,488	1,338	1,606	1,546	**1,650**	1,991	1,802	1,894	1,677	**1,650**
Scope 2	9,365	8,710	6,736	6,749	**5,853**	9,754	9,068	7,012	6,869	**5,853**
Total Scope 1 and 2	10,853	10,048	8,342	8,295	**7,503**	11,745	10,870	8,906	8,546	**7,503**
Scope 3			2,626,882	2,640,536	**2,671,103**			2,683,232	2,642,818	**2,671,103**
Total emissions			2,635,225	2,648,831	**2,678,606**			2,692,138	2,651,364	**2,678,606**
Intensity – tCO_2e/£m revenue (Scope 1 and 2)	30.73	23.49	18.61	18.99	**17.26**	28.05	22.18	19.42	18.80	**17.26**

	Total Emissions[1] (tonnes)					Like-for-like Emissions[2] (tonnes)				
Market-based	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**
Scope 1	1,488	1,338	1,606	1,546	**1,650**	1,991	1,802	1,894	1,677	**1,650**
Scope 2	6,460	4,392	2,820	2,006	**1,154**	6,765	4,658	2,991	2,010	**1,154**
Total Scope 1 and 2	7,948	5,730	4,426	3,552	**2,804**	8,756	6,460	4,885	3,687	**2,804**
Reduction on CY21		28%	44%	55%	**65%**		26%	44%	58%	**68%**
Scope 3			2,626,882	2,640,536	**2,671,103**			2,683,232	2,642,818	**2,671,103**
Total emissions			2,631,309	2,644,088	**2,673,907**			2,688,117	2,646,505	**2,673,907**
Intensity – tCO_2e/£m revenue (Scope 1 and 2)	22.50	13.39	9.88	8.13	**6.45**	20.92	13.18	10.65	8.11	**6.45**

	Total Energy					Like-for-like Energy[3]				
Location-based	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**	**CY2021**	**CY2022**	**CY2023**	**CY2024**	**CY2025**
Energy consumption (MWh)	25,575	24,118	22,578	24,616	**25,024**	29,294	27,615	24,901	25,658	**25,024**
Energy intensity (kWh/£m revenue)	72,406	56,379	50,365	56,366	**57,555**	78,954	61,975	53,426	56,451	**57,555**
UK-based energy consumption[3]	7.2%	8.9%	10.1%	8.9%	**9.1%**	N/A	N/A	N/A	N/A	**N/A**

1 The "Total Emissions" columns include all continuing operations owned by the Group as at the end of each calendar year. The discontinued operations Vertec SA (disposed January 2022) and Acal BFi (disposed March 2022) are excluded from all figures.

2 "Like-for-like Emissions" include the assumed impact of emissions from companies acquired since 2021. In accordance with GHG Protocol guidance, historic emissions for these companies are deemed to be the same in prior years as in the year of acquisition.

3 The energy consumption of our UK-based businesses as a percentage of our total Group power consumption.

Net-zero KPIs	**CY2021**	**CY2025**	**Target**
Carbon reduction – absolute (Scope 1 and 2)	n/a	**68%**	65% reduction by 2025
Energy intensity – continuing operations (kWh/ £m revenue)	72,406	**57,555**	10% reduction by 2030
% electricity from renewable/clean sources	58%	**85%**	80% by 2025
Company cars (EV/hybrid)[1]	19%	**58%**	50% by 2025
ISO 14001 accreditation[2]	61%	**74%**	80% by 2025

1 Measured as a % of Group company cars that are electric or hybrid.

2 Measured as a % of Group revenue generated by operations with a ISO 14001 accreditation.

Scope 3

This year we completed our third comprehensive Group-wide exercise to capture data on all Scope 3 emissions. The exercise sought to cover the entire Group (including new acquisitions), and included as many of the Scope 3 sub-categories defined by the GHG Protocol as possible. Despite the significant improvements in processes already made, we are aware that data collection in respect of Scope 3 emissions is more challenging for businesses than for Scope 1 and 2. The Group will continue to take this into account as our processes evolve in future years.

Compliance with SBTi performance reporting requires us to calculate emissions for the downstream Scope 3 categories processing of sold products (3:10), use of sold products (3:11) and end-of-life treatment of sold products (3:12) for our base year of CY2023 and subsequent reporting years. We completed the calculation of these figures based upon a cross-section of our key products and continue to use these broad assumptions as a repeatable and practical methodology. Influencing the emissions from the use of sold products category, in particular, is largely out of our control, reliant as it is on the huge variety of applications for our products and the electrical energy generation mix of the countries into which they are sold. For this reason, we continue to collect source data for our Scope 3 reporting of CY2025 from our operating businesses for categories 1–9 and estimate categories 10–12 centrally.

Like Scope 1 and 2, Scope 3 emissions are reported on a calendar year basis, from 1 January to 31 December. This differs from our financial year to be consistent with previous emission assessments.

There were two key elements to the exercise in our third year:

- To enhance the availability and accuracy of emissions drivers and reduce our reliance on spend-based data.
- To sense-check and analyse trend data over the three years of data now available.

A summary of the key findings is as follows:

- Our CY2025 Scope 3 emissions were 1% higher than those identified last year, at 2,671,103 tCO_2e (CY2024: 2,642,821 tCO_2e), comprising over 99% of the Group's total emissions across all of Scope 1, 2 and 3. This increase was driven by more extensive data collection for our downstream transportation (category 3:9) calculation. We recognise the limitations in our data, and we will continue to enhance accuracy and completeness in future years.
- The largest category of Scope 3 emissions was from emissions in use (category 3:11), with that category alone representing over 87% of Scope 3 emissions. Emissions were 1% lower than in CY2024, as we benefitted from lower emissions location-based electricity conversion factors in the geographies into which we sell our products.
- The second largest source of Scope 3 emissions was purchased goods and services (category 3:1), which comprised 7% of total Scope 3 emissions. This year we were able to gather a more complete data set for the category, and included a higher volume of primary data in our calculations.
- The third and fourth largest sources were downstream (category 3:9) and upstream (category 3:4) transportation, representing 4% and 1% of our Scope 3 emissions, respectively. Data collection for downstream transportation poses a particular challenge because the data is often held by customers rather than the Group. We will continue to refine the data collection and accuracy of intra-Group shipments and customer distribution.

Our Scope 3 emissions calculation methodology is as follows:

- For Purchased Goods and Services (category 3:1), we enhanced our analysis from last year, increasing the amount of activity-based data available, particularly in using the weights and quantities of raw materials consumed. Where quantity data was not available, all other goods and services purchased used spend-based data relating to the type of goods and materials purchased at a generic level (for example, copper, aluminium, plastics, paper, etc.). That data was then processed by our carbon emissions data capture and calculation tool. This is in line with the GHG Protocol reporting methodology but is less accurate than supplier-specific data (where such data is available). It also relies on the correct material codes having been applied. We expect our calculations to become more established and accurate as we continue to refine our methods and processes in the coming years. To this end, we have developed a taxonomy of purchases for use by our businesses, which was used to enhance detail and consistency across our Scope 3:1 data collection in CY2025.
- Transportation data was based on weights carried, distances travelled and mode of transportation used where possible. Where such data was not available, spend on transportation was used to calculate an assumed emissions profile.
- Our downstream calculation methodology requires us to make a number of assumptions including, but not limited to, usage intensity, expected performance, source of power and the carbon intensity of that power, and the economic life of our products. Given the long service life of some of our product portfolio, and the broad range of our total portfolio, there is a significant level of uncertainty associated with this methodology. We make use of the allowance in the GHG Protocol's Technical Guidance to group similar products together, and use average statistics for a typical product in that class to extrapolate emissions numbers for the whole of the discoverIE Group.

We recognise that this is an iterative process, and our methodology and systems will be refined over time. This work will help us achieve our ultimate goal of becoming a net-zero emissions business across all Scopes 1, 2 and 3 by 2040.

A summary of each of the categories within Scope 3, and their relevance and materiality to us as a Group, is provided below:

Category	Description	CY2023		CY2024		CY2025	
		tCO_2e	%	tCO_2e	%	tCO_2e	%
1 Purchased goods and services	Extraction, production, and transportation of goods and services purchased	151,290	5.7%	213,713	8.1%	**187,305**	**7.0%**
2 Capital goods	Extraction, production, and transportation of capital goods purchased	661	0.0%	2,228	0.1%	**6,078**	**0.2%**
3 Fuel- and energy-related activities	Extraction, production, and transportation of purchased fuels and energy that are not already accounted for in Scope 1 and 2	2,281	0.1%	2,132	0.1%	**1,905**	**0.1%**
4 Upstream transportation and distribution	Purchased transportation and distribution of products and services	58,165	2.2%	53,667	2.0%	**29,311**	**1.1%**
5 Waste generated in operations	Disposal and treatment of waste generated in operations	104	0.0%	141	0.0%	**42**	**0.0%**
6 Business travel	Transportation of employees for business-related activities in vehicles not owned by the Group	642	0.0%	2,204	0.1%	**1,807**	**0.1%**
7 Employee commuting	Transportation of employees between their homes and workplaces	2,236	0.1%	2,406	0.1%	**1,993**	**0.1%**
8 Upstream leased assets	Operation of assets leased by the Group that are not included in Scope 1 and 2			N/A			
9 Downstream transportation and distribution	Transportation and distribution of products paid for by customers	12,817	0.5%	13,409	0.5%	**103,424**	**3.9%**
10 Processing of sold products	Processing of intermediate products sold by downstream companies	3,382	0.1%	2,734	0.1%	**5,642**	**0.2%**
11 Use of sold products	End use of goods and services sold	2,450,543	91.3%	2,349,168	88.9%	**2,333,351**	**87.4%**
12 End-of-life treatment of sold products	Waste disposal and treatment of products sold	1,111	0.0%	1,019	0.0%	**245**	**0.0%**
13 Downstream leased assets	Operation of assets owned by the Group and leased to other entities			N/A			
14 Franchises	Operation of franchises			N/A			
15 Investments	Operation of investments			N/A			
		2,683,232	100%	2,642,821	100%	**2,671,103**	**100%**