Climate Action report

Climate change, together with its associated environmental and socioeconomic impacts, presents both current and emerging risks to Synthomer's operations, supply chains, customers and end markets.

At the same time, as a speciality chemicals business, the transition to a lower-carbon, more sustainable economy presents opportunities for innovation, product development and long-term value creation.

This section provides information pertaining to climate-related financial disclosure requirements following the framework of recommendations set out by the Task Force on Climate-related Financial Disclosures.

Synthomer has actively assessed and responded to climate-related risks and opportunities for many years. We remain committed to taking action and to supporting policies that are aligned with the goals of the 2015 Paris Climate Agreement to limit the increase in global average temperatures to well below 2°C above pre-industrial levels, while striving to limit warming to 1.5°C.

In 2025, we worked with a leading climate analytics firm to initiate the second phase of our climate risk assessment and scenario analysis. This phase aimed to:

- Identify and prioritise material physical and transition climate-related risks and opportunities across all Synthomer's operations
- Quantify the potential financial impacts of these risks and opportunities
- Integrate climate considerations into our enterprise risk management, business strategy, innovation and financial planning
- Enhance the quality of our disclosure, while ensuring it is aligned with emerging global sustainability standards.

The results of this analysis confirmed that the five primary responses to manage climate-related risks and capture associated opportunities – identified in our 2021 and 2022 analyses – remain appropriate and robust across a range of possible future scenarios. These responses reinforce the importance of taking tangible action now, irrespective of how future climate pathways evolve. We set out a summary of our primary responses and progress to date in the table below, which is supported by more information throughout this Annual Report, as well as in our **Climate Action insight paper** and our online **ESG Data Pack**.

	TCFD recommendation	Our disclosure	Supplementary/complementary information	
	Governance			
a	Describe the Board's oversight of climate-related risks and opportunities.	• The Board is responsible for the overall oversight of strategic risk management, including climate-related risks and opportunities. • The Board reviews our risk profile twice a year. The material is prepared by the Executive Risk Committee (ERC), which reports to the Audit Committee. • The Audit Committee ensures that the Board's risk management is effective. Climate-related risks are part of the agenda. • Any large capex, M&A and business plan proposals, including sustainability projects, are approved by the Board – climate change risks and our internal carbon price are considered as factors when assessing these plans. • The Board engages quarterly with the Vice President, ESG, to review and monitor progress against the Vision 2030 goals and objectives associated with addressing climate-related issues. They also review the climate-related risks and opportunities in relation to Synthomer's ability to drive strategic value.	Managing risk: page 44 to 56 Our governance framework: page 74 The Board's year: pages 75 to 77 Audit Committee report: pages 88 to 94	F

Consistency with TCFD recommendations

F Fully consistent

TCFD recommendation	Our disclosure	Supplementary/complementary information
Governance continued		
b Describe management's role in assessing and managing climate-related risks and opportunities.	• The ERC is chaired by the CFO and includes all members of the Executive Committee and key functional vice presidents (including VP, ESG). It meets twice-yearly to identify, assess and manage the risks and opportunities for Group strategy (including those related to climate change). • The Executive Sustainability Steering Committee is chaired by the CEO and includes all members of the Executive Committee and key functional vice presidents (including VP, ESG). It meets quarterly and its role includes ensuring that our plans for climate change are strategically aligned across Synthomer, properly resourced and coordinated, and that our climate-related metrics and targets are managed effectively. • Each Divisional President is a sponsor of the climate transition action plan (CTAP), including the delivery of the science-based Scope 1 and 2, and Scope 3 targets as they relate to their division. They are responsible for ensuring we have the right plans in place to deliver within the 2030 timeframe. • The Divisional Presidents each undertake quarterly innovation portfolio assessments to assess and prioritise product development, including for lower-carbon products.	Sustainability in focus: pages 26 to 31 Managing risk: pages 44 to 48 Innovation in focus: pages 34 to 35 F
Strategy		
a Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Our enhanced deep-dive scenario analysis conducted in 2025 assessed potential climate-related risks and opportunities across all Synthomer operations under five shared socioeconomic pathways (SSPs): Paris Ambition SSP1-1.9, Paris Agreement SSP1-2.6, Stated Policy SSP2-4.5, Current Policy SSP3-7.0 and No Policy SSP5-8.5. We conducted the analysis over three time horizons: the near-term (to 2025), mid-term (to 2030) and long-term (to 2050), using CMIP6 climate models. The analysis assessed the following risk categories: • **Transition risks:** policy, technology, market demand, litigation and reputation • **Physical risks:** flood (coastal, riverine and flash), drought/water stress, temperature and wind. The following specific climate-related issues could potentially have a material financial impact: **Transition risks** across all three time horizons include the risk to earnings value as a result of evolving carbon price/tax regulations, particularly in Europe, related to our raw materials and own operations, as well as increasing energy costs. In addition, in the medium term, we also expect to see increasing market and environmental policy changes drive the need for a transition in our future product portfolio, requiring greater low-carbon product innovation. Failure to deliver Scope 1 and 2, and Scope 3 GHG emissions reductions by 2030, in line with our science-based targets, could give rise to market and reputational risk. **Physical risks** do not increase materially across each of the three time horizons, meaning that the level of site exposure and vulnerability that we are experiencing today will likely continue in the short, medium and long term. Flash flooding, riverine flooding and heatwave were shown to be the three physical risk categories with the greatest potential for supplier and facility disruption, giving rise to revenue loss and asset damage costs.	Managing risk: pages 44 to 48 Sustainability in focus: pages 26 to 31 Climate Action insight paper at **Synthomer.com** F

TCFD recommendation	Our disclosure	Supplementary/complementary information
Strategy continued		
a Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term – continued.	**Opportunities** **Growth in demand for products and services** that will service a low-carbon or circular economy in various markets and regions. In the short term, we have had increased positive engagement with key customers regarding the potential for lower-carbon products and have already sold some, including our ISCC PLUS and CLIMA products (see pages 26 to 33). The enabling environment is still maturing, but in the medium term we expect new business models, regulatory frameworks and end-market requirements to drive increased demand for such products and services and deliver higher medium-term EBITDA. **Cost savings and market growth** through the early adoption of low-carbon technologies, for example using renewable energy or switching to lower-carbon and renewable raw materials. This depends on the speed at which such technologies or materials become cost effective and widely available. **Competitive advantage from our network of sites across the world.** Since we can service customers from a variety of manufacturing sites, with a variety of raw material sources, our network makes us a more reliable supplier, meaning we are more resilient to physical operational risks. **Our strategic direction towards a more speciality portfolio** where sustainability benefits including lower-carbon options are integrated into our innovation pipeline and support the customer proposition.	Managing risk: pages 44 to 48 Sustainability in focus: pages 26 to 31 Climate Action insight paper at **Synthomer.com** F
b Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• Synthomer identifies transition risk (carbon pricing, including the EU ETS) as the most significant climate-related risk, affecting both current profitability and forward planning; with physical risks (flooding, water stress) shaping site-level resilience. • In the medium term (to 2030), around 80% of any potential financial impact of the risks from climate change for our business will come from transitioning to a low-carbon, circular economy (mainly policy-driven higher costs). The remaining 20% will come from physical risks under a 2°C temperature rise scenario. • Under this scenario, we also see the greatest potential opportunity for growth in demand from our customers and their consumers, for those products that offer lower-carbon or circularity benefits. • Looking beyond 2030, transitioning to a low-carbon economy would remain our most significant potential climate-related financial risk; by 2040 and 2050 the relative weighting of transition risks compared to physical risks will increase (approximately 8:1 versus approximately 4:1 in 2030). • Synthomer's strategy is informed by its CTAP, which structures actions across three time horizons (2025; 2026–2030; 2030–2050). • The CTAP is focused on four specific areas: integrating GHG emissions forecasting into business plans; reducing operational emissions; reducing value chain emissions; and improving our strategic understanding of the financial impact of climate risk. • Indirect emissions from our value chain (Scope 3) make up almost 90% of our total carbon footprint, of which Category 1 (Purchased goods and services) accounts for almost 90%. • We focus, therefore, on reducing our value-chain GHG emissions with lower-carbon/circular products and ISCC PLUS mass-balance feedstocks underpinning downstream opportunity and portfolio shift.	Sustainability in focus: pages 26 to 31 F

Consistency with TCFD recommendations

F Fully consistent

TCFD recommendation	Our disclosure	Supplementary/complementary information
Strategy continued		
c Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	**Key features demonstrating the resilience of our strategy** • The SBTi's Target Validation Team has determined our Scope 1 and 2 target is in line with a 1.5°C trajectory, while our Scope 3 target is in line with a <2°C trajectory. • Transition risks (particularly carbon pricing) remain the dominant financial driver in <2°C aligned scenarios, and Synthomer integrates these impacts into capital planning and its CTAP. • Physical risks (e.g. flooding, drought, heat stress) are evaluated for all global sites. • We perform sensitivity analysis for our Scope 1 and 2, and Scope 3 GHG emissions, taking account of each division's strategic business plans to inform and assess the resilience of our business planning. • Overall, Synthomer demonstrates strategic resilience by integrating scenario-based insights into capital allocation, R&D priorities, site improvements and commercial strategy, with explicit modelling under <2°C pathways. • Through our scenario analysis we identified five primary strategic responses, whichever climate scenario ultimately plays out. The five responses have already been incorporated into Synthomer's strategic objectives, CTAP and Vision 2030 goals. • Our five responses (in order of priority) and the work conducted in 2025 are: **1 Work with selected suppliers**: we have begun to engage key raw materials suppliers to identify options to source the lowest-carbon monomers from existing feedstocks. This is where we have the potential to make the most immediate impact on our Scope 3 emissions. Our models suggest initial action taken in 2025 would have reduced our Scope 3 emissions by more than 2% if secondary data sources had not been revised upwards. In the medium term, we are also working to identify and introduce alternative feedstocks, including those from bio-based or circular sources where they offer a lower-carbon solution, although we may have to consider trade-offs with other environmental factors, such as land use change. **2 Reduce our Scope 1 emissions:** we have already taken significant action by ending the use of coal in our manufacturing sites. In the short term, we have continued to decarbonise our operations through process optimisation as part of our Manufacturing Excellence programme. In the medium term, we have identified projects focused on electrification, heat pumps and solar power. And for the long term, we are involved in a feasibility project for the use of green hydrogen at one of our key European sites. **3 Reduce our Scope 2 emissions:** we will continue to work towards sourcing 80% of our purchased electricity from renewable sources by 2030, reducing and optimising electricity and heat consumption, and exploring options to enter into or expand power purchase agreements linked to clean-energy generation. **4 Innovate to decarbonise our products:** we are continuing to create and respond to demand from our customers for more sustainable products. In 2025, we successfully delivered our first ISCC PLUS certified bio-products and CLIMA products, and continue to focus on lower-carbon product development for commercialisation in the medium term. **5 Enhance our physical resilience:** using the World Resources Institute (WRI) Aqueduct tools, we have assessed the water-related risks at our own operations. We are now implementing improvement plans for the three sites identified as being at high risk. In 2026, we will use the results of our physical risk assessment to adjust business continuity planning and site level investments.	CEO review: pages 7 to 9 Innovation in focus: pages 34 to 35 Sustainability in focus: pages 26 to 31 F

TCFD recommendation	Our disclosure	Supplementary/complementary information	
Risk management			
a Describe the Company's processes for identifying and assessing climate-related risks.	• We conduct quantitative and qualitative climate risk assessment and scenario analysis for Synthomer's direct operations in all geographies across five CMIP6 pathways, including Paris Ambition SSP1-2.6 (<2°C) over three time horizons. • We used a digital twin to determine the likelihood of a risk occurring, its impact and velocity, and to stress-test revenue and EBITDA to enable robust forward planning. • Synthomer has a structured, organisation-wide process for identifying, assessing and prioritising risks. The way we identify and assess climate-related risk is integrated into the following risk management activities: – Our enterprise risk management (ERM) framework integrates risks, including climate-related risks, into strategic, operational, compliance and financial risk categories – Our divisions and functions conduct bottom-up risk assessments, which are recorded in a Group risk register and assessed using a standard likelihood × impact × velocity matrix – The Executive Risk Committee (ERC) conducts a top-down review, validating emerging and principal climate-related risks – Our double materiality assessment (DMA), which includes stakeholder engagement.	Sustainability in focus: pages 26 to 31 Managing risk: pages 44 to 48 How the Board engages: pages 78 to 82	F
b Describe the Company's processes for managing climate-related risks.	• We address actions to mitigate climate-related risk as an integrated part of our risk management activities and through the work of the Executive Sustainability Steering Committee. • We prioritise risks according to their residual risk score, from which we determine responses and actions (terminate, treat, transfer or tolerate). • In 2024, we updated our 2021 sustainability materiality assessment with our first DMA, which highlighted climate-related risks as a material issue. The DMA helps us identify our most material sustainability topics.	Sustainability in focus: pages 26 to 31 Managing risk: pages 44 to 48	F
c Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management.	• Climate-related risk management forms an integrated part of Synthomer's ongoing risk management work. Significant risks are addressed in alignment with our ERM framework, where the Board of Directors oversees the effectiveness of risk management in Synthomer.	Managing risk: pages 44 to 48	F

Consistency with TCFD recommendations

F Fully consistent

	TCFD recommendation	Our disclosure	Supplementary/complementary information	
Metrics and targets				
a	Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management processes.	• We report on environmental targets and KPIs in our Annual Report and our online ESG data pack. • Relevant climate metrics include energy consumption (by type), leading and lagging absolute GHG emissions (Scope 1 and 2, and Scope 3), GHG intensity (Scope 1 and 2, and Scope 3), % Scope 1 emissions operating under carbon tax regulations, % capex for climate-related projects, number of sites in areas of high water risk, volume of water use and consumption, % revenue from sites in areas of extremely high water risk, % new products with enhanced sustainability benefits, % procurement spend with a sustainability rating.	Sustainability in focus: pages 26 to 31 Our Vision 2030 progress: pages 41 to 43 Environmental performance summary: pages 203 to 206	F
b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas (GHG) emissions, and the related risks.	• We report intensity and absolute GHG emissions on Scope 1, 2 and 3 in our Annual Report. • We report according to the Greenhouse Gas (GHG) Protocol and our data reporting is subject to a limited assurance statement by an independent auditor.	Sustainability in focus: pages 26 to 31 Environmental performance summary: pages 203 to 206	F
c	Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets.	• We have set validated science-based targets for Scope 1 and 2, and Scope 3 GHG emissions. • Scope 1 and 2 targets are included in the Long-Term Incentive Performance Share Plan (PSP).	Sustainability in focus: pages 26 to 31 Directors' remuneration report: pages 113 to 126	F

Section 172(1) statement and stakeholder engagement

We value our engagement with all our stakeholders, including our key stakeholders: customers, employees, communities, suppliers, investors, and governments and authorities. Our s.172 compliance statement, which is on pages 78 to 82, describes how the Directors have had regard to stakeholders' interests and other matters when discharging Directors' duties set out in Section 172 of the Companies Act 2006. It includes examples of how stakeholders' interests were considered during principal decisions taken as part of the year.