

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

Principal risks and uncertainties

There are a number of potential risks and uncertainties that could have a material impact on the Company's long-term performance. The Company has a comprehensive system of risk management in place across all parts of its business. The key risks are described below:

1. **Cyber security:** Internal or external cyber-attacks could result in system disruption or sensitive data being compromised
2. **Health & Safety:** Danger of incident or accident, resulting in injury or loss of life to employees, customers, or the general public
3. **Macro-economic uncertainty:** Macro-economic volatility may impact the Company's ability to accurately forecast and to meet internal and external expectations
4. **Attract, recruit and retain our people:** Failure to attract and retain people with the right skills, drive and capability to reshape and grow the business
5. **Data quality and governance:** Poor data quality could impact our financial management, fact-based decision-making, business efficiency and credibility with customers
6. **Environmental, social and governance (ESG):** Potential reputational impacts from poor environmental, social and governance arrangements and performance
7. **Mergers, acquisitions and disposals:** Inability to successfully execute, integrate and leverage merger, acquisition and disposal opportunities
8. **Legal or regulatory compliance:** Failure to comply with, or breaching, legal or regulatory requirements
9. **Modernisation:** Failure to deliver the digital capabilities necessary to support improved efficiency and productivity or to remain competitive in the marketplace
10. **Change management:** Inability to change and grow the organisation as planned in order to meet growth targets

Further details on developments and mitigating activities undertaken in 2025 are provided in the SIG Group Annual Report and Accounts on pages 46 to 49.

S172 and stakeholder engagement

The Directors consider that they have performed their fiduciary duty, as stipulated under s172 of the Companies Act 2006 in good faith to promote the success of the Company for the benefit of its members as a whole. They have taken into consideration, amongst other matters: the likely consequence of any decision in the long term; the interests of the Company's employees; the need to foster relationships with suppliers, customers and others; the impact of the Company's operations on the community and the environment; the desirability of the Company maintaining a reputation for high standards of business conduct; and the need to act fairly between members of the Company.

The Directors have identified its key stakeholders as its employees, customers, suppliers and the communities in which it operates. This section describes how the Board engages with its key stakeholders and how it considers their interests when making its decisions, and provides details on primary methods of engagement, why engagement is considered important, examples of issues raised by stakeholders and actions taken as a result of the engagement.

Employees

SIG is a people business. Engagement by the Group with its stakeholders is through its people. Accordingly, engagement by the Group with its workforce underpins SIG's success. SIG's growth and sustainability depends on having the right company culture, supported by suitable behaviours and with a clear purpose. Engagement activities include the Group Board Workforce Engagement programme, which provides the opportunity for employees to raise and discuss their experiences and identify key priorities and opportunities for improvement, a Group Board visit to the Manchester branch and attendance at the UK Interiors conference, the cascading of SIG plc Group communications, the annual employee engagement survey led by the Group, individual business roadshows and business specific newsletters. Actions taken include continued investment in health and safety, with a new safety reporting tool launched across the group, regular communications to employees on Workvivo relating to company news and recognising achievements, and a focus on wellbeing and mental health. We have continued to expand our toolkits to help line managers better manage the different needs of their people in the workplace, from supporting colleagues with religion-related needs such as fasting around Ramadan, to gender-specific health matters such as menopause.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

S172 and stakeholder engagement (continued)

Customers

Understanding the needs and requirements of our customers is hugely important and the Group seeks to use this knowledge to partner effectively with our customers. Customer service is vital to maintaining and growing revenues and profits, and we engage with our customers to develop and strengthen our sales relationships to improve our service and continually develop and refresh our product offering. Engagement activities include business specific websites, dedicated customer relationship managers for larger customers, and listening to customer feedback to understand the needs of our customers. Actions taken during the year include progressing the digitalisation and modernisation of processes in response to customer requests and to anticipate future demands.

Suppliers

SIG enjoys a pivotal position in industry supply chains. The Company connects suppliers and customers in ways which they would be unlikely to achieve without SIG's presence. We are a principal route to market for many of our suppliers and we seek to add value for our suppliers by operating as their supply chain partner of choice. We engage with our suppliers to understand their businesses and to identify ways in which we can work with them strategically. Engagement with suppliers relates both to immediate or short-term trading matters and longer-term issues. During the year we have met with suppliers at the UK Interiors conference, and we have worked with suppliers and manufacturers to identify opportunities for improvements in sustainability measures, whilst addressing the potential challenges and barriers to change. We've taken a collaborative approach and are supporting efforts on compliance and reporting. We've also had discussions on supply chain (Scope 3) carbon emissions.

Local community and environment

The Directors recognise that close relationships with the communities in which the business operates supports the long-term success of the business. SIG is part of its local communities, and its actions should have a beneficial impact on those communities. The Company seeks to operate sustainably for the benefit of communities and the environment. Throughout the year, our local businesses supported various charities through fundraising efforts and other initiatives to help those in need in the communities in which we operate, including donating to local foodbanks. We continued to develop our initiatives to increase mental health awareness within the broader building industry and to support skin cancer awareness among our at-risk roofing contractor customers, a campaign that was recognised with an industry award in 2025.

CAUTIONARY STATEMENT

This review and other sections of this report contain forward looking statements that are subject to risk factors associated with the building and construction sectors. It is believed that the expectations set out in these statements are reasonable, but they may be affected by a wide range of variables which could cause actual results or trends to differ materially from those expressed or implied by the forward looking statements, including but not limited to, risks associated with changes in economic conditions, the Company's growth strategy, fluctuations in product pricing or availability and changes in exchange and interest rates.

This report was approved by the Board on 30 April 2026 and signed on its behalf.



Ian Jackson
Director