

SIG RECOGNISES ITS CORPORATE RESPONSIBILITIES TOWARDS ITS SHAREHOLDERS, EMPLOYEES, CUSTOMERS AND SUPPLIERS AND IS COMMITTED TO SOCIALLY RESPONSIBLE BUSINESS PRACTICE. IN 2015 SIG CONTINUED TO INTEGRATE CORPORATE RESPONSIBILITY (“CR”) ACROSS THE GROUP.

The Group implements policies that include social and environmental issues in our decision-making process, and is investing in the development and wellbeing of its people and communities. SIG believes this approach supports the Group in achieving its business goals as well as growing shareholder value. As a constituent of the FTSE4Good Index of socially responsible companies, SIG is pleased to inform stakeholders of the measures it is taking to continually develop its approach to CR, including how it monitors and improves performance reporting.

BUSINESS PRINCIPLES AND CODE OF ETHICS

The Group has in place Group-wide Ethics, Anti-Bribery & Corruption and Ethical Trading & Human Rights policies. These policies, which are regularly reviewed, underpin the Group’s CR programme and support its business integrity.

Ethics Policy

SIG issues to all employees a Group-wide Ethics Policy which sets out the standards and behaviours that are expected throughout the Group’s operations. The policy is designed to ensure that the business conforms to the highest ethical standards. The policy can be viewed on the Company’s website (www.sigplc.com).

The policy sets out the following key principles:

- To abide by the laws applicable to each country of operation;
- Not to tolerate any kind of discrimination or harassment;
- To be a responsible partner within local communities;
- To take into account the legal and moral rights of others in business transactions;
- To maintain a safe and healthy working environment;
- To be proactive in managing responsibilities to the environment;
- Not to knowingly make misrepresentations;
- Not to make political donations;
- Not to give or receive bribes;
- To avoid, and in all cases report conflicts of interest; and
- Encourage employees to report any suspected wrongdoing.

A confidential and independent hotline service is available to all employees so that they can raise any concerns they have about how the Group conducts its business. SIG believes this is an important resource which supports a culture of openness throughout the Group. The service is provided by an independent third party with a full investigation being carried out on all matters raised and a report prepared for feedback to the concerned party.

Ethical Trading & Human Rights Policy

The Ethical Trading & Human Rights Policy covers the main issues that may be encountered in relation to product sourcing and sets out the standards of professionalism and integrity which should be maintained by employees in all Group operations worldwide.

The policy expresses the standards concerning: safe and fair working conditions for employees; responsible management of social and environmental issues within the Group; and the international supply chain.

SIG promotes human rights through its employment policies and practices, through its supply chain and through the responsible use of its products and services.

There is no separate policy in place which deals specifically with human rights; however, SIG will keep under review the need for a specific human rights policy over and above its existing policies.

Anti-Bribery & Corruption Policy

SIG has a number of fundamental principles and values that it believes are the foundation of sound and fair business practice, one of which is a zero tolerance position on bribery and corruption. The Group’s Anti-Bribery & Corruption Policy clearly sets out the ethical values required to ensure compliance with legal requirements within countries in which SIG and its subsidiary companies operate.

Anti-bribery and corruption training is provided across the Group to all senior management through to branch managers and external salespeople. This training is provided via our online training resource, and also includes modules on competition law.

SIG values its reputation for ethical behaviour, financial probity and reliability. It recognises that over and above the commission of any crime, any involvement in bribery will also reflect adversely on its image and reputation.

Corporate Responsibility CONTINUED

Its aim therefore is to limit its exposure to bribery and corruption by:

- Setting out a clear policy on anti-bribery and corruption;
- Training all employees so that they can recognise and avoid the use of bribery by themselves and others;
- Encouraging employees to be vigilant and to report any suspicion of bribery, providing them with suitable channels of communication and ensuring sensitive information is treated appropriately;
- Rigorously investigating instances of alleged bribery and assisting the police and other appropriate authorities in any resultant prosecution; and
- Taking firm and vigorous action against any individual(s) involved in bribery or corruption.

A copy of the Anti-Bribery & Corruption Policy is available to view on the Company's website (www.sigplc.com).

Modern Slavery Act 2015

The Modern Slavery Act came into force in 2015 and the requirement to publish an anti-slavery statement applies to companies with financial years ending on or after 31 March 2016. SIG plc is subject to these new disclosure requirements for its 2016 financial year end and will therefore publish its anti-slavery statement in respect of 2016 on its website (www.sigplc.com) within six months of the year ending 31 December 2016.

ENVIRONMENT

Environmental management

SIG's Environmental Policy and management system is combined with the Health and Safety management system to maximise the opportunities for continual improvement that an integrated system provides. The programme optimises resources to ensure that communication and auditing programmes are focused and targeted to support the business.

The Chief Executive is the Board Director responsible for implementation of the Policy and is the signatory on the Group's Health, Safety & Environment Policy, which is displayed at each location throughout the Group in the local language.

SIG's management system is in its tenth year of accreditation with the international environment standard ISO14001 within SIG's UK operations. Registration to the standard was successfully renewed in 2015. Having an externally verified management system provides the Group with a continuous programme of review and improvement for its businesses with a roll-out programme for new business within three months of acquisition and a target of full accreditation within twelve months.

The key elements of the management system standard are at the heart of SIG's approach to its Group-wide strategy for environmental matters which demonstrates the Group's commitment to environmental management and best practice.

SIG maintains its Environmental Aspects and Impacts Register and Corporate Environmental Risk Assessment to record and assess the principal environmental hazards within the Group. These evaluations formed part of the 2015 Management Review process for each business.

The Group has continued its excellent record of legal compliance and environmentally sound operations throughout 2015 with no prosecutions or actions from the authorities.

The emphasis for the Group's environmental objectives for 2015 are derived from its Low Carbon Business Policy, which sets out its aim to reduce the amount of fuel, energy and water consumption as well as reduce the waste it produces. The progress made by the business is covered in this report.

Carbon management

The Chief Executive is responsible for the Group's environmental performance and for the Group's Low Carbon Policy.

SIG's carbon footprint accounting process has been verified since 2009 through the achievement of the Carbon Trust Standard ("CTS") and independent auditing on behalf of the Environment Agency for the CRC Energy Efficiency Scheme ("CRC"). SIG is no longer included in the CRC and made its final submission in 2014. The Group however continues to publish its carbon footprint through the Carbon Disclosure Project ("CDP").

In order to broaden the scope of its verification to all Group activities, SIG set an objective for 2015 to achieve an internationally recognised verification standard. The Group's partnership with Carbon Credentials culminated in the achievement of "limited verification" to ISO 14064-3. This accreditation has been achieved through a detailed assessment, both qualitative and quantitative, of the Group's Greenhouse Gas ("GHG") emissions assertions. SIG is committed to maintaining the ISO standard and as such the Carbon Trust Standard accreditation was allowed to lapse at the end of 2015.

Adoption of this standard has provided the Group with a renewed framework for its energy reduction programme. The achievement and the continuous strive towards





improving carbon emissions has resulted in a significant improvement in the business' standing in the Carbon Disclosure Project from 73 and "C" in 2014 to 95 and "C" in 2015. SIG also discloses its Carbon Footprint and emissions annually in this report.

The continued reduction in the Group's GHG emissions has been brought about by investment in energy efficient technology installations across the property portfolio, including refurbishment of existing buildings along with the fit-out of new sites. This has been supplemented with the continued consolidation and upgrade of the Group's road vehicle fleet.

ROAD RISK POLICY

SIG recognises that driving is among the most hazardous tasks performed by its employees and that its vehicles and drivers represent SIG and its values whilst they are on the road. The Group also recognises the potential impact that driving has on the local and global environment. Because of this, SIG has worked hard to drive the Occupational Road Risk Policy across the Group, with strong local focus on key elements of the Policy.

This process resulted in SIG being "Highly Commended" in the Safe Vehicles Award section at the Brake Fleet Safety Awards in 2015.

The Occupational Road Risk Policy is a key element of the accident review process across the Group, with Accident Review Panels ("ARPs") meeting regularly throughout the year in each country. In the UK this is carried out in partnership with the Group's insurers and brokers. The purpose of the ARPs is to reduce the risk of accidents and minimise the cost to the business. This is achieved by: raising awareness across the Group of the outcomes of accidents; targeting improvements in the speed of reporting; improving the quality of investigations to identify the causes of specific accidents or trends; and recommending action and further training where appropriate.

The Fleet Operator Recognition Scheme ("FORS") is an over-arching scheme that encompasses all aspects of safety, fuel efficiency, economical operations and vehicle emissions. FORS is a voluntary scheme for commercial vehicle operators, which is designed to help improve operators' performance in each of these areas. SIG has adopted the scheme across its UK businesses. In 2015, SIG was awarded Whole Fleet Accreditation status, one of the first large fleets in the UK to do so. The branch network has a combination of Gold, Silver and Bronze accreditation statuses nationwide for sites operating commercial vehicles.

Work continued in 2015 to minimise the risk to vulnerable road users such as cyclists and pedestrians. SIG are active champions of the Construction Logistics and Cyclist Safety ("CLOCS") group. SIG also initiated an "Exchanging Places" campaign in which employees exhibited a commercial vehicle at various cycling events

and invited cyclists and other members of the public to sit in the vehicle to gain an understanding of the driver's field of vision. The work in this field led to SIG being part of Transport for London's finalised bid in the Partnership Award at the Motor Transport Awards in 2015.

Continuing this work on safety with vulnerable roads users in mind, SIG has designed a new Urban Delivery Vehicle with features designed to greatly enhance the driver's primary vision of critical areas of the vehicle and to reduce blind spots. The vehicle was launched at the CLOCS progress event in February 2015 and is believed to be the first of its kind in its sector. Following the success of the first vehicle, a second Urban Delivery Vehicle went into operation at one of SIG's London locations in November 2015.

The work carried out on these vehicles resulted in SIG winning the Fleet Innovation Award at the Brake Fleet Safety Awards in 2015.

TRANSPORT

Along with electricity, road vehicle fuel consumption makes up 89.8% of the Group's total carbon footprint emissions (2014: 90.5%). SIG has targeted an absolute reduction year-on-year in fuel consumption since the base year of 2010. Due to the growth of the business through acquisition, the number of vehicles and delivery miles has increased in 2015 compared to 2014. However, the business has maintained an overall reduction in its fuel consumption against the base year of 2010 of 16.5%.



Corporate Responsibility CONTINUED

Early gains were made largely through: greater efficiency in journey planning and the replacement of older vehicles with new vehicles; the introduction of vehicles fitted with energy reducing features; the introduction of the driver eco training programmes; and accurate efficiency measurement through the Masternaught telematics programme. These have enabled the business to maintain the downward trend during a period of expansion.

SIG continued in 2015 to measure absolute consumption and target reductions across the core business. This was achieved through further consolidation of its branches and sharing of its fleet, whilst targeting efficiencies across the broader business in terms of improved km per litre ratios to take account of the impact of SIG's plans for business growth.

The Driver Certificate of Professional Competence ("CPC") training programme continued in 2015 across the UK & Ireland and similar programmes are in place across the Mainland European businesses in compliance with EU Legislation. The Group maintains its policy to purchase commercial vehicles to the latest Euro standard, and low emissions vehicles to facilitate deliveries into "Low Emission" zones across Europe.

In order to further improve the efficiency of vehicle routing, fuel consumption and enable accurate mileage measurement, the programme to install Telematics in commercial vehicles has now been completed in all commercial vehicles under operational control across the Group.

SIG is keen to promote driver efficiency and driver safety across its fleet. In support of its EKO efficient driving programme, SIG Poland has continued to deliver its comprehensive in-vehicle driver training programme for both commercial and business drivers. SIG France delivered a "Twelve Actions in Twelve Months" information and instruction programme over 2015, including topics such as Access to Vehicle, Load Security and Tachographs.

SIG UK continued to deliver the CPC training programme to its workforce in partnership with Mercedes and bolstered its support for drivers with an auditing and advice programme through its Fleet Management Trainers. The highlight of this year's programme was the Driver of the Year competition which reached its conclusion in June 2015. Awards were issued in several categories and the overall winner was Michal Paszt from SIGD Croydon.

ENERGY

Emissions from electricity consumption account for 14.7% of the Group's Scope 1 and 2 emissions (2014: 14.8%). SIG is committed to taking action to improve the efficiency of its properties through the capital projects scheme for replacing inefficient lighting with energy efficient daylight and movement sensed systems. SIG has invested over £750,000 in capital projects since the base year of 2010. This has not only improved the efficiency of the building stock, but has also provided a safer working environment.

A key element of the Group's compliance with the Energy Saving Opportunities Scheme ("ESOS") scheme in 2015 was the reintroduction of the buildings energy audit, which has identified a range of opportunities to improve energy efficiency which will feed into the objectives for 2016 and beyond. These initiatives along with the earlier "Switch Off" campaigns and printer/copier/fax consolidation have enabled the Group to achieve a further absolute reduction of 4.4% in 2015.

The projects completed under the Low Carbon Policy since the base year of 2010 have generated annual savings in excess of 1.85 million kWh of electricity, and 850 tonnes of CO₂ emissions, with a payback period for the capital projects of less than four years.

In 2016 the business will continue with its programme for replacing inefficient lighting with low energy systems, installing energy efficient hand dryers and providing water heaters to replace inefficient kettles.

GREENHOUSE GAS EMISSIONS

SIG is committed to providing full and accurate data for its carbon footprint across all of its operational businesses. SIG reports on all emission sources as required under the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013. The achievement and maintenance of this objective is evident by the achievement of the ISO 14064-3 standard in 2015.

SIG uses the emission factors from the UK Government's GHG Conversion Factors for Company Reporting 2014 to calculate its GHG disclosures.

In order to provide for auditing and assessment of the Group's carbon footprint accounting process, SIG has used a period non-coterminous with the Group's financial year, with current year data reflecting the year to 30 September 2015. The adoption of this process enables more accurate carbon reporting, enabling actual data to be used as opposed to estimates. In 2015, 95.2% of calculations are based on actual data. Estimates are prepared on the basis of applying equivalent emission rates to the remainder of the Group's footprint.

The comparatives prior to 2013 are also for a twelve month period, but are based on the calendar year. However, the method of collecting data on CO₂ emissions has not changed; therefore the prior year numbers have been included within this report as the Group feels that they provide meaningful comparison. The method of collection for each component of CO₂ emissions has been disclosed in the footnotes to each table.

The Group's carbon footprint includes Scope 1 CO₂ emissions, for which businesses are directly responsible, and Scope 2 CO₂ emissions from the generation of electricity by a third party resulting in indirect emissions. The Group has also disclosed Scope 3 CO₂ emissions over which the business has limited control, being third party air and rail transportation.

In 2015 the processes and procedures used in the UK have been audited and assessed by Carbon Credentials who have provided a "limited verification" to ISO 14064-3. Previously the accounting process was audited by the Carbon Trust with the achievement of the Carbon Trust Standard for the UK element only. The achievement of the ISO standard is for the full Group footprint.

As a result, the Group's carbon footprint for the year ended 30 September 2015 has been externally audited by Carbon Credentials, to ISO 14064-3 at a level of limited assurance. This process has highlighted the continuous improvement in systems and procedures related to carbon management and reporting along with identifying areas where further improvements can be made.

SIG is a participant in the statutory ESOS, which is the UK Government's approach to implementing Article 8 of the EU Energy Efficiency Directive (2012/27/EU). Through its work to gain ISO 14064-3 verification and its energy audit process, SIG achieved full compliance with ESOS ahead of the December deadline. This achievement is testimony to the Group's self-auditing programme and Low Carbon Policy.

The Group achieved an absolute reduction of 3.5% in Scope 1 and 2 emissions combined year-on-year, with an overall reduction of 16.7% compared to the base year (2010).

The overall footprint of the business for Scope 1, 2 and 3 emissions improved, with a reduction of 3.6% year-on-year. The figures represent an overall reduction of 1.7% in emissions per £m of revenue in 2015 compared to 2014 as a result of the measures taken to reduce road vehicle fuel and energy consumption.

CO₂ EMISSIONS – SCOPE 1 – DIRECT

	Metric tonnes 2015	Metric tonnes 2014	Metric tonnes 2013	Metric tonnes 2012
Road vehicle fuel emissions ¹	63,352	65,686	68,560	72,223
Plant vehicle fuel emissions ²	4,562	4,993	4,934	5,369
Natural gas ³	2,772	2,452	3,372	2,999
Coal/coke for heating ⁴	45	55	52	70
Heating fuels (Kerosene & LPG) ⁵	801	832	1,313	943
Total	71,532	74,018	78,231	81,604

Data source and collection methods

1. Fuel cards and direct purchase records in litres converted according to Defra guidelines.
2. Direct purchase records in litres converted according to Defra guidelines.
3. Consumption in kWh converted according to Defra guidelines.
4. Purchases in tonnes converted according to Defra guidelines.
5. Purchases in litres converted according to Defra guidelines.

CO₂ EMISSIONS – SCOPE 2 – INDIRECT

	Metric tonnes 2015	Metric tonnes 2014	Metric tonnes 2013	Metric tonnes 2012
Electricity ¹	12,307	12,870	13,142	14,346

Data source and collection methods

1. Consumption in kWh converted according to Defra guidelines.

CO₂ EMISSIONS – SCOPE 3 – OTHER INDIRECT

	Metric tonnes 2015	Metric tonnes 2014	Metric tonnes 2013	Metric tonnes 2012
Third-party provided transport (air and rail) ¹	352	405	308	349

Data source and collection methods

1. Distance travelled converted according to Defra guidelines.

Emission per £m of revenue	Metric tonnes 2015	Metric tonnes 2014	Metric tonnes 2013	Metric tonnes 2012
Scope 1	27.9	28.0	28.8	31.2
Scope 2	4.8	4.9	4.8	5.5
Scopes 1 & 2 as required by GHG Protocol	32.7	32.9	33.6	36.7
Scope 3	0.1	0.2	0.1	0.2
Scopes 1, 2 & 3	32.8	33.1	33.7	36.9

The data relating to CO₂ emissions has been collected from all of the Group's material operations and is based on a combination of actual and estimated results where actual data is not available. The data excludes the impact of businesses divested during 2014.

WATER CONSUMPTION

The Group uses an estimated 1% of its water consumption for manufacturing processes with the remainder used for welfare purposes. However, SIG does recognise that potable water is a precious resource and continues to maintain its water recycling and reuse practices for the processes in Southport (UK) and Alizay (France).

SIG continues to identify significant opportunities for water consumption efficiencies through the branch audit and bill validation process. Water efficiency is a key element of the specification for new and refurbished properties and facilities. All Group companies now report their water consumption.

	Litres ('000) 2015	Litres ('000) 2014	Litres ('000) 2013	Litres ('000) 2012
Third-party provided water supply from national network for processes and welfare	104,999	106,546	107,604	108,201

The above data is based on a combination of actual and estimated data.

Corporate Responsibility CONTINUED

WASTE MANAGEMENT

The Group continues its programme to reduce the amount of waste generated, with the introduction of paperless delivery processes, online activity reports and the consolidation of photocopying facilities. However, SIG's key measurement of performance for waste management is the percentage of waste diverted from landfill. Each business within the Group partners with a waste management provider to provide waste segregation and recycling facilities. These are monitored centrally and through the health, safety and environmental audit and inspections process. To maximise opportunities and minimise storage and welfare risks, waste bailers and compactors are provided where practicable.

SIG has partnered with its suppliers to provide for waste take-back schemes for its customers for materials including: plasterboard and plaster products, uPVC windows, fibre ceiling tiles, vinyl floor covering materials and batteries. This enables the business to comply with their Producer Responsibility Obligations under waste management legislation.

As a break bulk supplier of products, the greatest potential for waste production is packaging materials. By re-using opened packaging products, purchasing second-hand pallets and bearers, and the operation of packaging return schemes for items like pallets and bearers, branches actively minimise their backdoor waste.

Given the difficulty in measuring the amount of waste produced, SIG ensures wherever possible that the data is accurate by working with its waste management recycling provider in order to produce its best estimates.

SIG is a member of the Valpak compliance scheme and continues to comply with its commitments under the Producer Responsibility Obligations (Packaging Waste) Regulations.

Hazardous waste

	Absolute tonnes* 2015	Absolute tonnes 2014	Absolute tonnes 2013	Absolute tonnes 2012
Landfill	2	60	13	21
Recycled	28	41	139	279
Incinerated	—	—	65	72
Total	30	101	217	372

	Absolute tonnes* 2015	Absolute tonnes 2014	Absolute tonnes 2013	Absolute tonnes 2012
Hazardous waste per £m of revenue	0.01	0.04	0.08	0.14

Non-hazardous waste

	Absolute tonnes* 2015	Absolute tonnes 2014	Absolute tonnes 2013	Absolute tonnes 2012
Landfill	4,469	5,626	4,283	8,743
Incinerated	15	12	12	—
Total	4,484	5,638	4,295	8,743

Other waste diverted from landfill

	Absolute tonnes* 2015	Absolute tonnes 2014	Absolute tonnes 2013	Absolute tonnes 2012
WEEE (Waste, Electrical and Electronic Equipment)	2	8	5	3
Glass	1	3	3	3
Wood	1,145	904	1,324	2,058
Metal	1,249	1,098	977	1,234
Plasterboard+	973	2,502	1,258	390
Paper/cardboard	747	588	1,024	1,165
Plastic	353	383	440	762
Other	8,284	6,573	10,860	8,250
Total	12,754	12,059	15,891	13,865

	Absolute tonnes* 2015	Absolute tonnes 2014	Absolute tonnes 2013	Absolute tonnes 2012
Non-hazardous and other waste per £m of revenue	5.0	6.7	7.4	8.7

* Volume per annum converted to tonnes.

+Recycling facility withdrawn in 2015.

The above data is based on a combination of actual and estimated data.

HEALTH, SAFETY AND ENVIRONMENT

The Chief Executive is the Board member responsible for health and safety and is signatory to the Group's Health, Safety and Environmental Policy, which is displayed in the local language at each operating branch.

The Zero Harm health and safety programme, which was launched in 2014 and headed by the Chief Executive, is now fully embedded in the business' structure. The initial aim of the programme was to provide management with a renewed understanding of the programme and their responsibilities, and to provide them with the tools to enable them to achieve the objective of the programme, being "the health, safety and wellbeing of employees and others is the primary consideration for management at all levels in the development, growth and day-to-day operation of the business, products and services."