





Overview

Our performance at a glance

<p>Environment</p> <p>36%</p> <p>reduction in carbon emissions since 2019 baseline¹</p>	<p>Social</p> <p>0.33</p> <p>Accident Frequency Rate³</p> <p>2024: 0.27</p>	<p>Environment</p> <p>17</p> <p>carbon tonnes per £m revenue</p> <p>2019 baseline¹: 31</p>
<p>Environment</p> <p>10</p> <p>fully electric commercial trucks</p> <p>2024: 9</p>	<p>Environment</p> <p>97%</p> <p>of electricity sourced from renewables during 2025</p> <p>2019 baseline: 63%</p>	<p>Social</p> <p>60</p> <p>Net Customer Promoter Score</p> <p>2024: 62 Business to Business ('B2B') benchmark: 34</p>
<p>Environment</p> <p>220</p> <p>hours of Sustainability training, including EPR legislation, to customers</p> <p>2024: 350</p>	<p>Social</p> <p>1%</p> <p>positive gender pay gap</p>	<p>Environment</p> <p>430</p> <p>customer engagements through our Innovation Labs²</p> <p>2024: 250</p>

¹ Carbon emissions data has been adjusted for the impact of structural changes within the Group, in line with the Greenhouse Gas Protocol best practice framework.
² Innovation Lab engagement focuses on the Significant Six proposition which specifically addresses packaging efficiency, removal of surplus packaging, enhancing circularity and reduction of carbon emissions.
³ Reportable incidents per 100,000 staff hours worked.

Our commitment to sustainability

2025 marked a challenging year for the Group, with difficult trading conditions persisting across the UK market as many businesses grapple with the impact of rising costs. Despite these challenges the Group has not lost sight of its broader direction on sustainability and has managed to make important progress in several key areas, including transitioning away from fossil fuels, making our operations more efficient and using our resources and tools to offer industry-leading solutions to our customers. In 2025 we became one of the first businesses in the UK to trial a fully electric arctic tractor unit, another milestone on our electrification journey and further evidence of technology advancement over recent years. Challenges remain given cost implications and the current UK charging infrastructure, but the rate of progress is encouraging to see, and we believe we can continue to build further on the 10 fully electric commercial vehicles that we now have.

Also, we have continued to drive further efficiencies within our delivery fleet – introducing 25 streamlined and significantly lighter 12 tonne trucks that we estimate will save 230 tonnes of carbon per year. Progress has also been made on a range of other areas. Solar panels were installed at our new Nottingham site, increasing our on-site solar generation and supporting us to source 97% of Group energy from renewable sources. Investment in solar panels at our Polyformes manufacturing site was approved in 2025 to be installed in 2026. Also ahead of target, the majority of our Company cars are now fully electric and our supplier engagement on sustainability issues has increased. Our customers remain focused on making progress in this area and our Innovation Labs, design teams and packaging experts have continued to be busy supporting them to find the best solutions that meet their operational, commercial, regulatory and sustainability requirements. We have

had a particular focus in 2025 on supporting our customers in the retail sector navigate the challenges of the Extended Producer Responsibility ('EPR') regulations that came into effect in 2025. The road to a more sustainable future was never likely to be a smooth one and there will be plenty more challenges and uncertainties to navigate. However, we continue to see sustainability as a priority and we remain committed to taking demonstrable and progressive action in this area.

Peter D. Atkinson, Chief Executive

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Data methodology and approach

View our Annual Report and Accounts, and other information about Macfarlane Group at www.macfarlanegroup.com

Overview (cont)

Headline progress summary against our six strategic pillars

Environment

Strategic pillar	Strategic goal	Headline progress
1. Reducing our impact See page 4	Transforming our operations to minimise their environmental impact	<ul style="list-style-type: none"> 36% reduction in absolute carbon emissions and 42% improvement in carbon intensity relative to the 2019 baseline Converted the largest commercial truck in our fleet to fully electric Solar panels installed at our new East Midlands distribution site Forecast ongoing saving of 230 carbon tonnes with more efficient vehicles 97% of electricity sourced from renewables during 2025 53% of Company car fleet is now fully electric
2. Supporting our customers See page 9	Enabling our customers to deliver against their sustainability goals	<ul style="list-style-type: none"> Ran 12 sustainability workshops with over 100 customers to improve awareness of key environmental issues Tailored specialist support provided to over 240 customers through our Innovation Labs Extensive support to customers to prepare them for the introduction of EPR packaging regulations, including the launch of our new reporting dashboards Retained a high customer Net Promoter Score at 60 (2024: 62)
3. Partnering with suppliers See page 12	Collaborating with our suppliers to reduce their environmental impact across our industry	<ul style="list-style-type: none"> Extended engagement with our suppliers on carbon reductions Full compliance with our revised supplier risk assessment procedures 100% of sites are now fully Forest Stewardship Council® ('FSC®') certified (FSC-C149407)

Social

Strategic pillar	Strategic goal	Headline progress
4. Caring for our colleagues See page 13	Creating a supportive, inclusive and high-performance culture	<ul style="list-style-type: none"> Extended our World Class Sales training programme to enhance the skills and knowledge of our colleagues Launched our new Learning and Development toolkit and Performance Management framework Rolled out training in a number of key areas, including cyber security, diversity and sustainability Maintained our progress on gender pay gaps, achieving an average gap of 1%
5. Investing in the community See page 15	Investing in our local communities and supporting our colleagues to do the same	<ul style="list-style-type: none"> Over 423 volunteering hours provided to a wide range of local community initiatives Maintained our network of Community Champions to support initiatives at each of our local sites

Governance

Strategic pillar	Strategic goal	Headline progress
6. Doing things the right way See page 18	Led by our core values, embracing best practice and maintaining the highest standards of governance	<ul style="list-style-type: none"> Our silver Ecovadis rating places Macfarlane in the top 10% of businesses assessed globally on sustainability issues Retained the London Stock Exchange's Green Economy Mark for listed businesses that are contributing to the global green economy Awarded Cyber Essentials Plus accreditation in recognition of our work on cyber security Developed a new carbon accounting policy to help ensure reporting aligns with best practice

External initiatives and benchmarks

As a Group we are committed to being held accountable against the leading global standards on sustainability, providing our stakeholders with assurance that we are continuing to make demonstrable progress.

ecovadis

Ecovadis is one of the world's most trusted sustainability ratings agencies, independently assessing over 150,000 businesses across 185 countries. Macfarlane currently has a silver score, placing it in the top 10% of all businesses assessed across the world.



ISO, the International Organisation for Standardisation, set global best practice standards for manufacturing and process management. Macfarlane is currently accredited to ISO 9001 and ISO 14000 standards.

CDP

CDP is a not-for-profit charity, whose primary purpose is to improve disclosure standards, driving companies to make meaningful and demonstrable progress. We are pleased to have achieved a 'B' Management Level, demonstrating the coordinated action that the Group is taking on climate issues.



The Green Economy Mark is awarded independently by the London Stock Exchange to businesses contributing to the global green economy. Macfarlane Group is one of only 101 companies and funds that were awarded the Mark in 2025, representing 4% of the London Stock Exchange's total equity market capitalisation.

The Sustainable Development Goals ('SDGs') consist of 17 overarching Goals which set out the global blueprint for sustainable development. While no individual company or state can deliver on these goals by themselves, all organisations have a role that they can play to support progress. Below, we have set out the SDGs where we believe we can play a role and explained how they link to our strategy.



Focus
Taking urgent and transformative action to combat climate change and its impacts.

Why it is important to Macfarlane?
We believe we have an obligation to take action on climate change and help drive the transformation that is required. That is why we are investing in fully electric trucks, renewable energy and efficiency measures and working with our customers and suppliers to reduce their carbon footprints.



Focus
Ensuring more sustainable consumption and production patterns that respect the boundaries of the natural world.

Why it is important to Macfarlane?
Sustainability is already deeply embedded within our business, as we deploy our resources and expertise to help our customers use less resources within their packaging operations. Our knowledge of the market, best practice techniques and operational excellence allow us to offer expert and independent advice to our customers to support them in achieving their sustainability objectives.



Focus
Reducing inequalities within and among countries.

Why it is important to Macfarlane?
Across the Group we value diversity and are committed to being an equal opportunities employer of choice, in both the UK and Europe. We have developed a progressive business culture that values and respects all individuals. We believe this is an intrinsic part of creating a great place to work.



Focus
Promoting sustained, inclusive and sustainable economic growth, productive employment and decent work for all.

Why it is important to Macfarlane?
We employ over 1,000 people, serve over 20,000 customers and work with more than 1,000 suppliers, many of whom are small and medium sized enterprises. We have strong ambitions and remain focused on sustainable growth by: reducing our environmental impact, investing in innovation and new technology and being an employer of choice for our colleagues.



Focus
Achieving gender equality and empowering all women and girls.

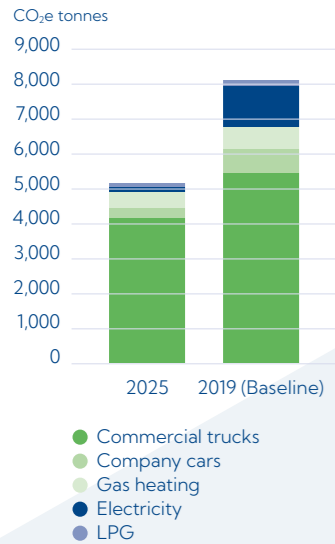
Why it is important to Macfarlane?
We recognise that gender inequality still exists in society and remain committed to providing opportunities for females, at all levels. Through a series of progressive measures, we are pleased to have women representing 1/3 of senior leaders in our business and to have made good progress on key areas, like gender pay gaps.

Environment



1. Reducing our impact Transforming our operations to minimise their environmental impact

Macfarlane Group carbon emissions since baseline



We are focused on three key areas to reduce the Group's impact on the environment, namely:

1. transitioning our delivery fleet away from fossil fuels;
2. moving our energy supply to renewable sources; and
3. striving to implement more efficient practices across our operations.

We have made strong progress in reducing our absolute carbon emissions by 36% over the last six years¹. This reduction has primarily been driven by investment in renewables, consolidation of operational sites, more efficient management of our delivery fleet and transitioning to alternative fuels.

This reduction has been achieved alongside business growth during the same period, meaning our carbon intensity has improved by 42% to 17 carbon tonnes per £m of revenue (2019 Baseline: 29)¹. The Group is therefore continuing to progress well against its target of halving carbon intensity by 2030.

Greenhouse Gas Reporting 2025

Absolute Emissions reduced for the sixth year in succession during 2025. This has been driven by converting one of our largest trucks to fully electric as well as investments in a more efficient delivery fleet and installation of solar panels at our new Nottingham site.

The Group has delivered significant absolute carbon reductions within both its distribution and manufacturing divisions over recent years.

Our most material environmental impact is the carbon we produce through the fuel required for our national fleet of commercial vehicles. Progress here will be pivotal to further carbon reduction efforts. The chart on page 5 provides a breakdown of our internal (Scope 1 and 2) carbon emissions for 2025.

¹ Carbon emissions data has been adjusted for the impact of structural changes within the Group, in line with the Greenhouse Gas Protocol best practice framework.

Carbon reporting (market based) ¹	2025	2024	2019 (baseline)	Movement since baseline
Absolute carbon emissions (Scope 1 and 2) (tCO ₂ e)	5,158	5,381	8,102	36%
Carbon intensity (carbon tonnes over £m revenue)	17	18	29	42%

CO ₂ per annum market based ¹	2025	2024	2019 (baseline)
Packaging Distribution	3,676	3,798	5,629
Manufacturing Operations	1,482	1,583	2,473
Overall	5,158	5,381	8,102

Progress summary

	Headline target	2025 update	Rating
Scope 1 and 2 carbon emissions intensity relative to revenue	50% reduction in Group carbon intensity by 2030.	We have delivered a 42% reduction in our carbon intensity since our baseline year of 2019.	On track

Progress summary

	Headline target	2025 update	Rating
Scope 1 and 2 emission source: Commercial vehicles	50% of delivery fleet to be fully electric by 2030.	10 fully electric vehicles are now operational in the delivery fleet. This equates to 9% of the baseline delivery fleet (109 vehicles). While we are confident that we can make further progress, achieving 50% remains unlikely.	At risk



Commercial vehicles

In 2025, commercial vehicles represented 80% of our carbon footprint. The Group made further progress on its journey to alternative fuels by replacing one of its tractor units with a fully electric model. The vehicle is the largest truck type within the Macfarlane fleet and has a range of 240 kilometres per day.

The technology marks an important milestone on range improvement, and we are proud to be one of the first UK businesses to onboard this vehicle type. Overall, this brings the total number of fully electric trucks to ten, representing 6% of the current delivery fleet and 9% of the baseline fleet.

Although operating well as part of a blended fleet there remain barriers to scaling up deployment, including higher operating costs and limited charging infrastructure. Despite these challenges we remain confident that further progress can be achieved but recognise that we are unlikely to meet our aspirational target of converting 50% of the delivery fleet to fully electric, by 2030.

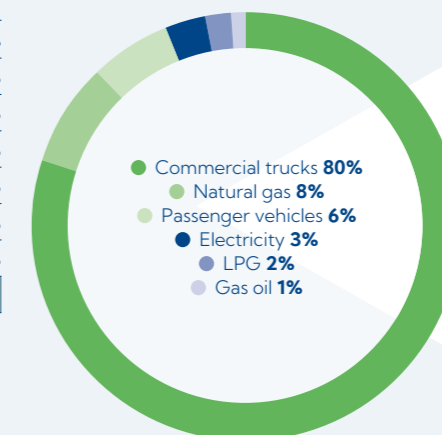
Improving the efficiency of our operations remains a key component of our sustainability agenda. There are several elements that drive our logistics efficiency: how well we plan routes; how economically our vehicles are driven; and how frequently our customers need deliveries. We have made good progress over recent years in driving efficiency across the Group through a range of measures, including consolidation of sites, investment in industry-leading planning systems, timely adoption of more efficient vehicles and incentivising improved driver performance.

The most common vehicle within our commercial delivery fleet is the 18-tonne truck. During 2025 we replaced 25 of these with new trucks that are more streamlined and significantly lighter. During the year this saved an estimated 55 tonnes of carbon, with an estimated 230 tonnes annual saving.

During the year the Group also completed the installation of a new roof at its Westbury site to improve the thermal efficiency of the building.

Macfarlane Group's 2025 internal carbon footprint

	CO ₂ e tonnes	Percentage %
Commercial trucks	4,144	80%
Natural gas	403	8%
Passenger vehicles	314	6%
Electricity	158	3%
LPG	86	2%
Gas oil	53	1%
Total	5,158	100%



Environment (cont)

An electric fleet that leads the way

The Group continued to demonstrate its commitment to reducing its environmental impact during the year, with the introduction of its largest fully electric truck to date.

The new FM Tractor Unit is the largest truck within the Macfarlane fleet and this moment represents an important milestone in bringing the technology to market. The truck, which has a potential range of up to 240 kilometres and can recharge in around 2.5 hours, is operating out of the Group's Wakefield site, serving its customers in the north of England.

Fuelled by 100% certified renewable electricity it is reducing the Group's carbon footprint but also directly supporting its customers and supply chain partners to reduce their value chain (Scope 3) emissions.

The new truck is complemented by a further nine fully electric delivery vehicles which are already operating in the fleet and the extensive efforts the Group has made to improve its fuel efficiency. All of which will remain key in the Group's efforts to transition away from fossil fuels.



10
fully electric
trucks





We are delighted to be bringing this exciting technology on to UK roads, providing our customers with the same high service levels while also reducing our environmental impact.

Tim Hylton, Operations Director, Macfarlane Group

Environment (cont)

Progress summary

	Headline target	2025 update	Rating
Scope 1 and 2 emission source: Company cars 	50% of Company car fleet to be fully electric by 2026.	53% of the Company car fleet is now fully electric (2024: 42%).	Delivered 




Company cars

We have exceeded our target and now have over half of the Company car fleet converted to fully electric models. We are currently considering a revised target which will be disclosed in 2026. Furthermore, through a range of measures we have significantly improved the efficiency of the Company car fleet with 44% now achieving a miles per gallon efficiency of 45 or more and 34% utilising hybrid technology. Overall, 79% of the fleet now produces <50 grams of carbon per kilometre.

Renewables

We have continued our progress, installing another solar array at the Group's new Nottingham distribution site. The means the Group now has 5 sites with solar installations, that have generated an estimated c. 720,000 KWH of electricity onsite during the year, the equivalent of saving 350 carbon tonnes. As at 31 December 2025 all sites under Group control procure certified renewable electricity. Sites with legacy contractual commitments or landlord-controlled sites make up the balance, meaning overall that the Group was able to cover 97% of its total electricity demand from renewables during 2025. All legacy contractual commitments have been moved to renewable contracts with the exception of Polyformes where it will be moved when their current contract expires.

Progress summary

	Headline target	2025 update	Rating
Scope 1 and 2 emission source: Energy 	100% of electricity we control ¹ to be sourced from renewables by 2025.	At 31 December 2025, 100% ¹ of electricity controlled by the Group was procured through certified renewable contracts.	Delivered 
	Solar panels to be installed at one site per year to 2030.	Solar panels installed at our new Nottingham distribution site, meaning five Group sites benefit from solar energy.	On track 

¹ Excludes sites where electricity is sourced directly by the landlord and sites recently acquired with legacy utility contracts. The acquired sites are brought under the Group certified renewable contracts as soon as practical post-acquisition.

Waste and use of natural resources

Waste management

The Group continues to minimise the environmental impact of waste across its operations. Well-established processes are in place to minimise and reuse materials where practical. Where waste is unavoidable, materials are clearly segregated on-site to minimise any contamination and improve recyclability. During 2025 92% of the Group's waste materials was segregated for recycling purposes, of which, 33% was used to create Biomass energy and 59% was sent for onward recycling.

In addition to managing its own waste, the Group also operates a recycling division that collects waste on behalf of our customers. The Group offers this across a range of products including paper, card, flexible plastics and foam. During 2025 the division recycled 7,919 tonnes of packaging waste on behalf of our customers (2024: 7,262 tonnes).

Water and other natural resources

Given the nature of our business, the direct use of other natural resources is low across the Group, however we recognise that climate change will continue accelerating water stress. We have therefore undertaken water stress audits across our sites during 2025 and identified no high-risk sites. It is only at the Group's manufacturing sites that water is used in operations. At these sites, established processes are in place to minimise water requirements and overall usage remains relatively low. During 2025 the Group used 10,448m³ of fresh water within its manufacturing operations (2024: 4,665 m³), equating to a water intensity of 0.15m³ for every £1,000 of revenue (2024: 0.11 m³). The increase from prior year is primarily related to the acquisition of Pitreavie.

During the year we completed the installation of a water treatment plant at our GWP operating site. The plant enables water to be safely discharged directly from our site and removes the need for wastewater to be transported off site.



2. Supporting our customers Enabling our customers to deliver against their sustainability goals

Supporting our customers to deliver on their own sustainability objectives is a fundamental part of our value proposition. We continue to build our expertise and resources to deliver an industry-leading customer service, with sustainability at its heart.

Our two state-of-the-art Innovation Labs ('ILabs') remain popular with customers, with our ILab teams working with over 240 customers on over 430 packaging improvement projects during the year. We consider all stages of the packaging lifecycle, from initial design and manufacture through to the end of life. This enables our customers to identify the most sustainable packaging solutions for their requirements. A recent example of our support is included in the case study on pages 10 and 11.

As an independent provider of packaging solutions, we are not tied to specific suppliers or packaging materials. We therefore source the most sustainable solutions and provide customers with expert advice they can trust on the advantages and disadvantages of each method.

Education and regulation

During 2025 we continued our programme of offering customers additional support on sustainability and the evolving regulatory environment. We hosted 12 events during the year where we provided training on key packaging sustainability challenges and areas where action could be taken. These sessions helped identify areas for further collaboration and support with both existing and new customers.

During the year, Extended Producer Responsibility ('EPR') regulations came into force across the UK, adding significant new costs to businesses providing packaging to UK households and increased reporting and compliance obligations. We have been actively supporting customers as the new regulation is embedded and working with them to help mitigate costs by creating more sustainable solutions.

Product and customer service

As the largest protective packaging distributor in the UK, and growing in mainland Europe, we benefit from our scale and experience when sourcing goods. We actively engage with the latest packaging innovations to provide our customers with the best choice of packaging options.






During the year we continued to enhance our offering, adding paper void made from grass, new paper padded mailers, recycled content hotmelt tape and a new rigid stretch film that offers high performance but uses less material.

We launched our internally developed World Class Sales ('WCS') programme in 2024 to further develop the skills of our sales teams. This programme includes how we can support customers to offer sustainable solutions to their packaging challenges. During 2025, we extended the programme to include another cohort of staff and mentored those colleagues as they put their training into practice.

Our continued investment in staff and industry-leading resources and tools have helped us retain a high annual customer satisfaction score at 95% (2024: 94%) and to achieve a customer Net Promoter Score of 60 (2024: 62). This score compares favourably against the current industry average benchmark for B2B businesses, which is 34.

Our customers will always be at the heart of everything we do and striving to continually serve them better will remain deeply ingrained across all our operations.

Progress summary

	Headline target	2025 update	Rating
Product environmental impacts 	By 2025 at least 90% of products in Packaging Distribution will contain recycled content.	90% of products across Packaging Distribution now contain recycled content (2024: 85%).	Delivered 
	By 2025 at least 90% of products in Packaging Distribution will be recyclable or reusable.	90% of Packaging Distribution products are now recyclable or reusable (2024: 88%).	Delivered 
Customer satisfaction 	To obtain a customer Net Promoter Score of 60 in our Distribution Division by 2025.	Net Promoter Score of 60 was achieved for 2025 – the average for B2B businesses is currently 34.	Delivered 
	To achieve annual customer satisfaction scores of above 95% in all divisions by 2025.	95% of customers reported being satisfied with service delivery during 2025.	Delivered 

Environment (cont)

Pushing sustainability up the menu

UK B Corp kitchenware retailer ProCook put their eCommerce packaging out to tender, with cost-saving, sustainability and Extended Producer Responsibility (EPR) in mind. As a long-standing innovative partner, Macfarlane were asked to assess the full spectrum of packaging ProCook were currently using.

By making use of the state-of-the-art design facilities and specialist box optimisation software at our Innovation Labs, our retail and eCommerce team identified that box optimisation presented a key opportunity to drive savings.

The solution was to align the box dimensions of all cartons used for single order, multi-item picks. This was based on ProCook's order profiles, offering a data-based approach to a complex operational challenge. Macfarlane's intelligent box designs provided a leaner and greener solution, which lowered the overall packaging weight used by ProCook and reduced void space in boxes by over half a million litres.

The new solution provided a significant cost saving in overall packaging required and the associated EPR fees. It also enabled ProCook to significantly reduce the carbon emissions associated with their packaging, through using less material and driving logistics efficiencies.

On top of these results, ProCook have been able to take advantage of the inhouse recycling services offered by Macfarlane Group owned Nottingham Recycling, boosting their circularity and waste reduction even further.



The reductions delivered through our work with Macfarlane supported our recent B Corp re-certification and demonstrate how thoughtful design can deliver meaningful environmental impact.

Sarah Wheatley, People and ESG Director, ProCook



Over
550,000
 litres of void space
 removed annually

Environment (cont)



3. Partnering with suppliers Collaborating with our suppliers to reduce their environmental impact

As a distributor and specialist manufacturer of protective packaging, most of our environmental impact rests within our supply chain, where packaging materials are extracted, manufactured and transported through their life cycle. Our sustainability strategy recognises that, although the actions of our supply chain partners are ultimately not within our control, we can work with our suppliers to ensure that collectively we are making progress.

Value chain carbon emissions

In 2024 the Group completed its baseline Scope 3 assessment which identified that 78% of lifetime carbon emissions are associated with our materials purchases from suppliers, while 17% of lifetime emissions relate to end-of-life treatment. The Group does not consider it necessary to reperform the full Scope 3 assessment process on a regular basis as it is unlikely to provide additional insight in the short term. The Group will therefore focus its efforts on the activities that enable reductions to Scope 3 emissions through supplier engagement.

The Group extended its engagement with suppliers on carbon reduction during 2025 and has now engaged 62% of Group supplier spend. The vast majority of those suppliers (88%) engaged, to date, have confirmed that they have initiatives in place to reduce carbon emissions. Furthermore, of those suppliers with initiatives, 90% have formal corporate carbon reporting and monitoring established.

Overall, this means that at least 55% of the Group's supply chain are taking progressive action. The Group will continue extending its engagement with suppliers, setting a clear expectation, as it seeks to make progress towards its 2030 target.

To address the emissions associated with packaging end-of-life, the Group will continue improving the recyclability of its product portfolio, building on progress to date and ensuring that products align with new recycling regulations emerging in the UK and EU. The Group welcomes plans to drive a further step change in recycling infrastructure which will be vital to reducing emissions and creating a more circular packaging economy.

Supply chain assurance

The Group sets clear ethical and sustainability expectations of its suppliers through its contractual terms and conditions and its Code of Conduct. Supplier risk assessments are now integrated into supplier onboarding processes, with additional assurance required where risk is higher. During 2025, 100%¹ of procured Group spend came from low risk or fully compliant suppliers.

The Group has increased its capacity to provide additional assurance on the sustainable sourcing of paper materials through Forest Stewardship Council certification (FSC) of our products. 100% of Group sites are now fully FSC certified, and 100% of Group stock products are FSC certified.

¹ Excluding suppliers of companies acquired during 2025 which will be incorporated from next year.

Progress summary

	Headline target	2025 update	Rating
Scope 3 emission source: Suppliers 	80% of Group Suppliers by value to have active carbon reduction programmes by 2030.	55% of Group procurement, by value, is from suppliers with active carbon reduction programmes (2024: 51%).	On track
Sustainable sourcing 	100% of Group sites will be FSC certified by the end of 2025.	100% of our sites are now fully FSC certified (89% in 2024).	Delivered

Social



4. Caring for our colleagues Creating a supportive, inclusive and high-performance culture

Health and Safety

Following the tragic incident at our recently acquired business, Pitreavie, referred to in the Chair's Statement within the Annual Report, the Group has taken steps to provide support and activities to ensure the wellbeing of our colleagues. The incident is currently under investigation by the authorities.

Health and safety is a key priority for the Group and management are committed to the goal of zero harm. The Group continues to embed a strong Health and Safety culture across the Group, striving for ongoing improvement. The Group recognises that its risk profile has evolved over recent years, as its manufacturing

operations have grown, and has been strengthening its approach accordingly.

During 2025 the Group experienced seven reportable (RIDDOR) incidents (five in Manufacturing and two in Distribution) including the Pitreavie incident. This is an increase in the prior year in which there were five (three in Manufacturing and two in Distribution). In line with our standard operating procedures, all incidents are investigated thoroughly by our internal Health & Safety team and, where appropriate, changes to working practices are implemented. Additionally, we ensure that colleague training is reinforced in each area where incidents have arisen and regularly review any thematic emerging risks.

As a result of the above, the Group's Accident Frequency Rate ('AFR'), whilst still below historic averages, has increased from the prior year. AFR within the Distribution division remains stable relative to prior year and well below historic levels.

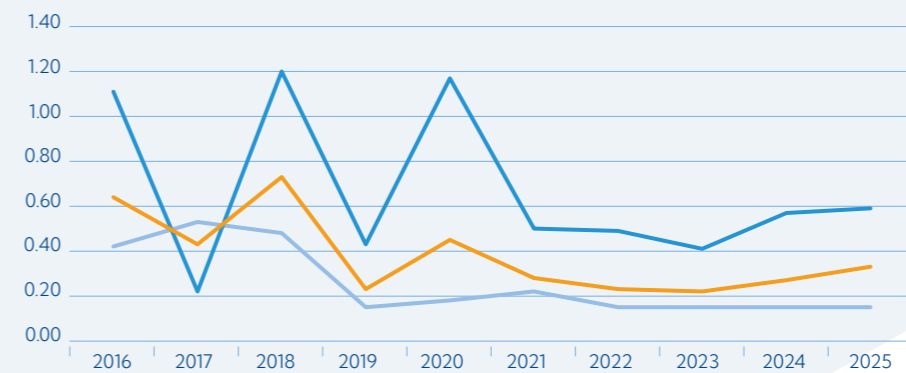
Colleague engagement

We recognise that an engaged workforce brings wide-ranging benefits to our organisation; boosting productivity, lowering turnover, improving colleague and customer satisfaction, and strengthening our reputation as an employer of choice.

In recent years, we have prioritised understanding and improving our colleagues' experiences. Our colleague engagement surveys provide invaluable insights, enabling us to identify areas for development. Over the past year we have continued to take further steps to address these areas as part of our 'You Said, We Are Taking Action' initiative and have conducted local surveys linked to key projects.

The Group remains committed to effective engagement with its staff and recognises their ongoing importance to the Group's success.

Accident Frequency Rate for Macfarlane Group



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Packaging Distribution	0.42	0.53	0.48	0.15	0.18	0.22	0.15	0.15	0.15	0.15
Manufacturing Operations	1.11	0.22	1.20	0.43	1.17	0.50	0.49	0.41	0.57	0.59
Group	0.64	0.43	0.73	0.23	0.45	0.28	0.23	0.22	0.27	0.33

The Accident Frequency Rate ('AFR') represents the number of RIDDORs (reportable health and safety incidents) per 100,000 staff hours worked.

Total reportable incidents (RIDDOR) for Macfarlane Group

	Metric	2023	2024	2025
Packaging Distribution	Incidents	2	2	2
	Employees	735	819	719
Manufacturing Operations	Incidents	2	3	5
	Employees	407	346	512

Social (cont)

4. Caring for our colleagues

Creating a supportive, inclusive and high-performance culture

Diversity, Equity and Inclusion ('DEI')

We continue to highlight the importance of DEI through our induction and onboarding toolkits, ensuring every employee, from every background, feels welcomed and included from the very beginning of their Macfarlane career. We have reinforced this by rolling out our DEI training via our online portal to all office-based employees.

We are dedicated to offering equal opportunities to all current and prospective colleagues. This commitment covers recruitment, training, career development and promotion, regardless of physical ability, gender, sexual orientation or gender reassignment, pregnancy or maternity, race, religion, age, nationality or ethnic origin. Where suitable roles are available, applications from people with disabilities are considered fully and fairly, taking account of individual skills, strengths and abilities.

We are pleased to continue seeing strong female representation across the business, including within our leadership and management teams.

Through our annual pay reviews, we are proud to have maintained our progress on tackling gender pay gaps. Our average pay gap for the year was -1.3% (2024: -0.7%) and our median pay gap was -1.6% (2024: -3.9%).

Employee gender split

	2025		2024	
	Male	Female	Male	Female
Directors	4	2	3	2
Senior managers	22	8	13	6
All other employees	789	406	714	427

Colleague support

We have a wide range of benefits and initiatives in place to support our colleagues. These include a hybrid working policy, career breaks, shared parental leave, enhanced maternity and paternity pay which over 70% of our employees currently have access to. We are working to increase access to these Group benefits, as we onboard staff from acquired businesses over coming years. During the year we have improved our benefits further through providing more flexibility to colleagues on holiday purchases.

We provide all colleagues with full access to our employee assistance programme, providing them with confidential support and advice on all manners of life's challenges 24 hours a day. Our partnership with MIND, the national mental health charity has continued throughout the year and helps us to deliver this support, as do our network of mental health first aiders across the organisation who act as the frontline of support.

Colleague development

We remain dedicated to helping our colleagues learn and grow so they can build rewarding careers and reach their full potential. During the year we continued our World Class Sales programme, giving our teams the skills and knowledge they need to succeed in a changing packaging market. A total of 55 colleagues have now qualified from our in-house programme.

In addition to our sales programme, we have continued to invest in staff development in a wide variety of areas, including product training, reporting, sustainability, cyber security, regulation and compliance training.

Total training delivered during 2025 was estimated at around 10,900 hours, equating to approximately 11 training hours per member of staff (2024: 14,200 hours equating to c. 27 training hours per member of staff)¹.

¹ These numbers reflect central initiatives and exclude recent acquisitions, and any training delivered locally.



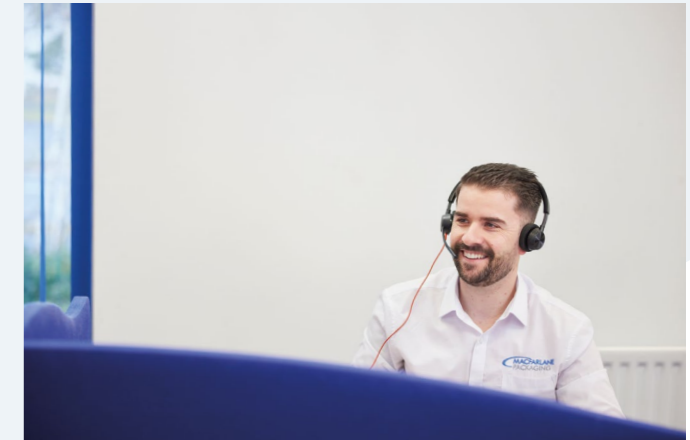
5. Investing in the community

Investing in our local communities and supporting our colleagues to do the same

Engaging with the communities we serve

As a business connected within our communities, we have a long history of supporting local initiatives. Alongside developing our strategic national partnerships with Blue Cross and MIND, we continue to nurture this local engagement and this year we maintained a network of 20 community champions across the business who serve as focal points for this. These colleagues helped raise awareness, supported others in getting involved and drove local fund raising and volunteering efforts.

All staff continue to benefit from a fully paid volunteer day when they can support a charity of their choice. This initiative empowers our colleagues to volunteer their time and skills for projects which matter most to them. During 2025 staff recorded over 420 hours of volunteering time across these different initiatives.



All staff continue to benefit from a fully paid volunteer day when they can support a charity of their choice.

Social (cont)

Our champions for change



The volunteering opportunity at Coventry Cathedral was fantastic. We spent the day helping clean and prepare the nave for an event. It was great to get involved in something meaningful while supporting an iconic part of our local community.

Kareena Sahota, Human Resources Advisor, Macfarlane Packaging – Coventry



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1 Newcastle colleagues volunteering at the Peoples Kitchen supporting homeless and disadvantaged people in their local area.

2 Chris Harris, Driver from the Newcastle RDC, completed the Great North Run in September 2025 and raised £980 for Daft As A Brush Cancer Care Charitable Trust.

3 Kareena Sahota who spent the day with the HR team supporting the maintenance of Coventry Cathedral.

4 Adam Brown, Design Technician from the Northern Innovation Lab, completed the London Marathon in April 2025 and raised £1,330 for MIND.



1

Governance



6. Doing things the right way

Led by our core values, embracing best practice and maintaining the highest standards of governance

At the heart of Macfarlane Group is the drive to do business in the right way: responding to our stakeholders, recognising our broader responsibilities and acting with integrity in everything that we do.

Fundamental to that is embedding high standards of governance and striving for best practice for an organisation of our size.

The Governance section within the Annual Report covers the broader governance of the Group in more detail, including a Stakeholder engagement statement which covers how we strive to engage effectively with all of our key stakeholders. The TCFD section of our Annual Report covers how we are seeking to respond to climate-related risks and opportunities in detail. Here we provide a summary of how sustainability matters are managed across the Group.

Sustainability governance

The Environmental Social and Governance ('ESG') Committee is well established within the organisation and oversees all key sustainability matters that have an impact on the business. Chaired by the Head of Sustainability and with broad representation from across the business, its role is to oversee the timely implementation of the sustainability strategy and ensure we continue to take progressive action in a timely manner. The Head of Sustainability reports directly to the Board and ESG remains a key area of focus. In particular, the Group recognises the impact of environmental changes and health and safety as two of the principal risks and uncertainties facing the organisation and have developed a range of mitigation measures to help manage these, as detailed within our Annual Report. ESG is strongly integrated into the Group's operations. It is a fundamental part of the Group's value-added offer to customers and the majority of the management team have explicit ESG-related metrics within their personal performance objectives.

Regulatory compliance

The Group also recognises its broader social and regulatory responsibilities with regards to the following areas:

- **Human rights:** the Group is committed to respecting everyone's human rights, ensuring that all individuals are treated with dignity and respect, and will seek to find and prevent any adverse human rights impact associated with our business activities. The Group has developed a Human Rights policy, consistent with the Universal Declaration of Human Rights and the International Labour Organisations Declaration on Fundamental Principles and Rights at Work. This Policy, together with details regarding how the Group seeks to implement it, is available at www.macfarlanegroup.com.
- **Modern Slavery Act:** each year, the Group makes a public statement under the Modern Slavery Act which is supported by internal procedures to ensure that the principles of the Act are adhered to. The statement is available at www.macfarlanegroup.com.
- **Anti-bribery and corruption:** the Group has an anti-bribery and corruption policy which is supplemented by a gift register and an associated policy on accepting gifts to mitigate the risk of conflicts of interest. The Group conducts regular fraud and corruption risk assessments and undertakes a range of measures to help reduce these risks, including staff training and awareness initiatives.
- **Whistleblowing:** the Group provides an independent whistleblowing service, available both internally and externally, that is actively promoted. This allows all stakeholders to raise any matters of concern with anonymity and provides a route for timely escalation in the event that issues are not resolved locally. The Board reviews all whistleblowing cases and oversees their appropriate resolution.

- **Executive Pay:** the Group has a prudent and transparent approach to executive remuneration, ensuring that a clear process is followed and that remuneration does not become excessive. Further details of this process can be found within the Directors' Remuneration Report section of our Annual Report.
- **Tax:** the Group takes a conservative and prudent approach to meeting its tax obligations, ensuring it pays the right amount of tax in a transparent manner and avoids elaborate schemes that seek to avoid tax that is rightly due. The Group's tax strategy is also available at www.macfarlanegroup.com.

Approach to sustainability

We take a fully transparent approach to how we manage sustainability matters across our operations. We consider integrity and authenticity on this agenda as critical to enabling progress and this is why we continue to support external accreditation and associations, like CDP and Ecovadis as set out on page 3. We will also continue with the Task Force on Climate-related Financial Disclosures ('TCFD') reporting framework, widely regarded as industry best practice for the disclosure of climate-related risks and opportunities.

The Group retained its membership of the UN Global Compact during the year, joining with organisations across the world and committing to the 10 fundamental principles for responsible business.

The Group was also pleased to receive recognition for the second year in a row from the London Stock Exchange through receipt of its Green Economy Mark for listed businesses who are making a substantive contribution to the global green economy.

Data methodology and approach

The Group identified its boundaries to ensure all activities and facilities for which it is responsible were being recorded and reported in line with Scope 1 and 2 of the SECR regulation. Data was collected and calculations were undertaken by Macfarlane Group initially. These calculations were then shared with an external consultant, CEN Group, who undertook an independent review of the data and methodologies for accuracy and alignment with best practice.

Calculations were completed in accordance with the requirements of The Greenhouse Gas Protocol best practice framework. Both absolute values and an intensity ratio for the Group's emissions have been calculated. Activities conducted in the Republic of Ireland, the Netherlands and Germany are included below to represent the Group's full global Scope 1 and 2 footprint. Scope 3 emissions tied to business travel fuel are included separately as per the SECR regulations.

All data is generated from invoices and purchases of energy. Some electricity data has been generated by landlords; where meters are shared across multiple tenants each part of the site is allocated a proportion of total consumption. Some invoices are only issued after the reporting period. These invoices are estimated, but do not cover greater than 5% of total energy consumption. Estimated usages are based on the preceding months' consumption data.

In this report, the term 'Carbon emissions' not only includes carbon dioxide (CO₂) but all other greenhouse gases, including methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFC), perfluorocarbons (PFC) and sulphur hexafluoride (SF₆). Carbon emissions are calculated and reported in tonnes of CO₂ equivalent (tCO₂e) in accordance with recommended best practice.

The carbon footprint calculations use published emission factors and agreed formulae taken from the latest (2025) UK Government Conversion Factors for Company Reporting, provided by the Department for Business, Energy and Industrial Strategy (BEIS) and the International Energy Agency electricity emissions factors (2025).

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