



Business Champions Application

Joseph Hudson Chief Executive Officer Ibstock plc

Joe Hudson BA (Hons), FCIIPD

BA (Hons) Degree in Education awarded by the University of Exeter. General Management programmes at INSEAD and London Business School. Fellow of the Chartered Institute of Personnel and Development. Varied international career in general management, operations and strategic human resources in Europe, North America and Africa. Operational line management experience in cement, plasterboard, concrete products and construction materials. Experience of large-scale business combinations.

Feature interview questions

Why is making progress on Net Zero important to your business?

Ibstock is a long-term business with a deep heritage operating for around 200 years. As such part of our DNA is to steward our resources and ensure we have a sustainable and positive impact on the world around us. We already have a history of significant investment at a number of factories to improve their environmental and carbon performance.

The Net Zero journey is one we share with our customers. We have seen a transformational shift in attitudes from all of our key stakeholders; and there is a 'sea-change' in how our customers, and, in turn, their customers, view environmental issues. As the UK's leading building products manufacturer we recognise that we have to adapt and respond – and this is reflected in our Sustainability Roadmap to 2025 with a key measure of a minimum 15% reduction in CO₂ by 2025 (Appendix 1).

Which of the 9 priorities are more relevant to your business and clients and why?

They are all important as longevity of the business relies on a low carbon solution and to get there we need to evolve our products and improve our product process. We have been adapting to change for a number of years, we can demonstrate how we have helped support the development of innovative low carbon materials as well as advancing low carbon solutions for manufacturing production processes and distribution.

- We have developed roof tile range that are manufactured in one of the most modern concrete tile production factories which has been designed to achieve world-class levels of material utilisation, waste and energy efficiency. The innovative design means that 20% fewer tiles are required so enhancing both transport and speed of installation
- Development of a mechanical fixing solutions such as:
 - 'Mechslip' which is a leading-edge brick cladding system with BBA class 1 fire safety approved. It offers simple system components that are lightweight, easy to install, durable and a range of aesthetic options <https://www.mechslip.co.uk/>
 - 'Rainscreen cladding systems' similar to Mechslip It offers simple system that are flexible, durable and a range of aesthetic options <https://www.ibstockbrick.co.uk/wp-content/uploads/2015/07/Elementix-Brochure-LR.pdf>
- Ibstock has been manufacturing clay bricks and components in the UK for more than 200 years. Clay products offer high thermal mass and acoustic insulation, they are non-combustible, have a long life expectancy of at least 150 years, low maintenance, they have low embodied CO₂ over the life of the product and further re-use at the end of life. They are also flexible in that it offers easy alteration for the lifetime of the building.

What are you doing to make progress against the relevant priorities (of the 9) in the short and long-term? (Could include targets or milestones)

As a scale industrial business, sustainable high performance is at the heart of what we do. Our sustainability objectives are clearly set out in our Sustainability Roadmap 2025. Whilst we won't have an impact on all 9 priorities our commitment to sustainability flows through all that we do as a business

Short term we are focussed on our 2025 targets:

- New and sustainable products with a 20% of sales turnover
- 100% of our suppliers to meet our Supplier Sustainability Code of Business Conduct
- 15% minimum reduction in CO₂ per tonne of production
 - As part of our drive for change we are developing our strategy for a pathway to Net Zero Carbon. Our announcement 22nd April 2021 confirming our intention to make a major change at our Atlas factory in the West Midlands to be a pathfinder project as part of our Net Zero Carbon journey making it an exemplar of British Manufacturing and global environmental best practice in the construction product sector (appendix 2 press release)
- 5% reduction in mains water usage per tonne of production
- Zero waste to landfill
- 40% reduction in preventable plastic packaging
- 50% reduction in Lost Time Incident Frequency Rates
- 100% of our sites reporting on community engagement
- Fundraising for our charity partner

In the Longer term we have embarked on our Net Zero Journey which will involve:

- Setting up our latest investment site at Atlas in the West Midlands to make the **first net zero brick factory** for scope 1&2 emissions. With the investment in state-of the art technology and material optimisation we will test operational efficiencies that will reduce process carbon emissions significantly (circa 50%) with the remainder being offset. We will use this pathfinder project to enhance our understanding of the scope of the task and the decisions we need to make as we identify more opportunities for the gradual introduction of emissions reduction technology across the remainder of our estate on our journey to Net Zero (appendix 4 FAQs)

<https://www.ibstockplc.co.uk/sites/ibstock/files/reports-presentations/2021/ibstock-atlas-investment-sustainability-faqs-april-2021.pdf>

How have you helped your supply chain understand what is required against the 9 priorities?

We are working closely with our supply chain on common challenges and priorities. Some key focusses have been around transport efficiency, thinking differently with our logistic providers has led to a reduction in vehicle movement through load optimisation.

There are several industry wide challenges including plastic reduction. We are closely working with our supply partners and customers to reduce and to eliminate preventable plastics

2021 will see the commencement of an engagement programme with key suppliers and their scope 3 emissions which sits nicely with priority number 8 designing out carbon

As a business leader what do you think the biggest challenge is and how are you working to overcome it?

There is no doubt that climate change is one of the greatest threats to both UK and globally. I recognise that we cannot continue as we are indefinitely. To me there are big changes on the horizon; we can see a route for making the transition to sustainable low to zero carbon energy through a combination of producing our own renewable energies and aligning with National Grids Net Zero Carbon Roadmap for both gas and electricity. We have the sectors first solar park, which generates around 30% of electricity for one of our largest industrial sites.

We have taken early steps on our decarbonisation journey by procuring 100% of our electricity from a pure green source which is made up of wind, solar and hydro (appendix 3).

<https://www.ibstockbrick.co.uk/news/ibstock-accelerates-net-zero-journey-with-switch-to-100-pure-green-electricity/>

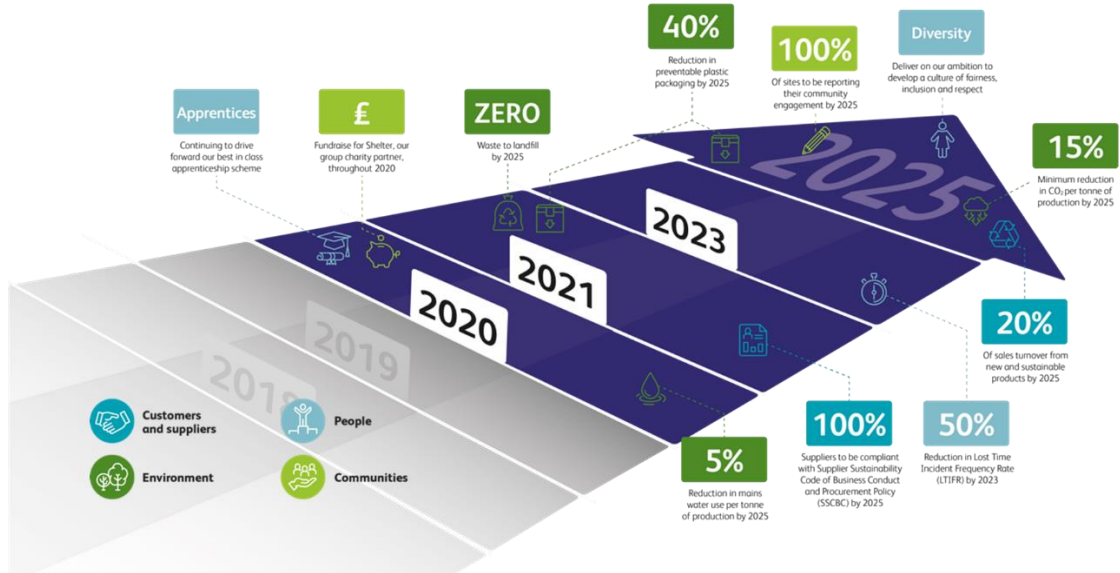
We have been leading the way for some time within our sector, with our history of investments in new production capacity across our clay and concrete businesses all reducing the carbon intensity of the manufacturing process. Our latest investment is at our Atlas factory in the West Midlands which will be a pathfinder project to test operational efficiencies, which we believe will make it the world's first Net Zero Carbon factory for scopes 1 and 2 emissions.

In your view what is the one innovation or change that is going to have the biggest impact on carbon or progress in our industry?

There are no one size fits all approach to climate change. Collaboration is key, there has to be a joined up and transparent approach across Governments and industries to the long term solutions. In the short-term, I see alternative fuel generation such as fuel derived from waste, hydrogen and biofuels and as solutions that buys us time to allow new innovation and new technologies to advance the decarbonisation of both energy and raw materials used in the manufacture and construction sectors.

Appendix 1 - Sustainability Roadmap 2025

<https://www.ibstockplc.co.uk/sites/ibstock/files/Sustainability/Sustainability-Report-2019.pdf>



Appendix 2 – AGM Trading Update

22 April 2021

Ibstock plc

AGM Trading Update & Strategic Growth Investment

Ibstock plc ('Ibstock' or the 'Group'), a leading UK manufacturer of clay bricks and concrete products, announces a trading update for the first quarter of FY 2021 and a significant strategic growth investment in its Clay Division, ahead of its Annual General Meeting, which is to be held at 11:00am today.

Highlights

- FY2021 has started well, with trading modestly ahead of expectations, and the Board remains confident in prospects for the year
- £60 million investment in Atlas and Aldridge plants will deliver 115 million brick capacity and a £12m EBITDA contribution per annum once fully operational, with the re-developed Atlas plant expected to be the first net zero carbon brick-manufacturing facility in the UK
- Investment will be self-funded from the Group's cash flow, in accordance with existing leverage and capital allocation frameworks, and is expected to achieve attractive target returns

Trading update

The Group has made a good start to the new financial year, trading modestly ahead of expectations, with robust demand from both the new build housing and Repairs, Maintenance & Improvement (RMI) end markets. Sales volumes in the Clay division for the first quarter were ahead of internal expectations, whilst Concrete volumes for the quarter were in line with internal expectations.

The Board is encouraged by this performance and, whilst remaining mindful of the economic uncertainties and disruption caused by COVID-19, remains confident for the year ahead.

Strategic growth investment

UK housing market fundamentals remain strongly positive, with a structural undersupply of new build housing which is expected to continue over the medium term. As the residential housing market recovers, domestic demand for clay bricks will continue to exceed that available from domestic manufacturing capacity.

Against this backdrop, the Group is recommencing the project to redevelop its Atlas site in the West Midlands, replacing the existing mothballed facility with a new state-of-the-art wire cut clay brick factory. The Atlas project has been revised and expanded since the announcement of the original proposal in early 2020, with an increase in capacity and further significant enhancements to deliver improved environmental performance. The project also includes investment to upgrade and expand capacity at the adjacent Aldridge brick factory.

The new Atlas factory will have outstanding sustainability characteristics, incorporating state of the art technology, with significantly reduced process emissions, resulting in a major reduction in carbon intensity. Ibstock believes that, in combination with a planned investment in high quality

environmental projects to offset the remaining carbon, the Atlas site will be the first net-zero brick-manufacturing facility in the UK.

In total, the redeveloped facilities will deliver capacity of 115 million bricks per annum, equivalent to a net increase in Ibstock Clay's network capacity of 75 million bricks, after taking into account the existing capacity of the (mothballed) Atlas factory. Together, the Atlas and Aldridge factories will benefit from the existing strong transport infrastructure, and high quality clay reserves at the site.

The total capital cost of the project, which is subject to final planning permission, will be c. £60 million, with both the new Atlas factory and the upgraded Aldridge factory expected to begin commissioning in the second half of 2023. The anticipated timing of cash outflows is expected to be around £10 million in 2021, £30 million in 2022, £15 million in 2023 and the balance in 2024. At full output, from late 2024, the project is expected to deliver incremental EBITDA of at least £12 million per annum and to provide a return on capital employed (ROCE) in line with the Group average.

Joe Hudson, Chief Executive Officer of Ibstock plc commented:

"We've made an encouraging start to 2021, supported by robust demand in both the new build housing and RMI markets."

"With the market outlook now clearer, we are refocusing on growth. Redevelopment of our wire cut brick facilities in the West Midlands will deliver a significant capacity expansion, further demonstrating our leadership in the clay brick market, which is expected to continue its long-term growth over time. The project is another tangible example of our commitment to the net zero carbon journey and provides a great exemplar of British building products manufacturing."

"We have a number of additional organic investment opportunities under evaluation and expect to update shareholders on these as the year progresses."

Analyst call

Ibstock is hosting a conference call for investors and analysts at 0830 UK time today.

Conference Call Dial-In Details: +44 (0)330 336 9434

Confirmation code: 5852885

An archived version of today's call will be available on www.ibstockplc.co.uk later today.

The Group has also posted today on its website (www.ibstockplc.co.uk) a set of Frequently Asked Questions (FAQs) to provide further information on the Atlas investment.

Ibstock's Annual General Meeting (AGM) will take place later today at 11.00am. As previously stated given the ongoing restrictions relating to COVID-19, the meeting is being held with the minimum attendance necessary to form a quorum and shareholders will not be permitted to attend the AGM in person. Shareholders are able to register to hear an audio webcast of the AGM online; details can be found on our website www.ibstockplc.co.uk.

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About Ibstock plc

Ibstock plc is a leading UK manufacturer of clay bricks and a diversified range of clay and concrete products. Its principal products are clay bricks, brick components, concrete roof tiles, concrete substitutes for stone masonry, concrete fencing and pre-stressed concrete products.

The Group's two divisions are:

Ibstock Clay: The leading manufacturer by volume of clay bricks sold in the United Kingdom. With 16 manufacturing sites Ibstock Brick has the largest brick production capacity in the United Kingdom. It operates a network of 18 active quarries located close to its manufacturing plants. Ibstock Kevington provides masonry and pre-fabricated component building solutions, operating from 6 sites across the United Kingdom.

Ibstock Concrete: A leading manufacturer of concrete roofing, walling, flooring and fencing products, along with lintels and general concrete building products, with 14 manufacturing plants in the United Kingdom.

This announcement contains inside information. The person responsible for making this announcement is Nick Giles, Group Company Secretary.

Appendix 3 – Pure Green Electricity

<https://www.ibstockbrick.co.uk/news/ibstock-accelerates-net-zero-journey-with-switch-to-100-pure-green-electricity/>

Ibstock accelerates Net-Zero journey with switch to **100%** **Pure Green Electricity**



The **first UK** building
products manufacturer
to procure

100%
of electricity from
renewable sources.

- **Combating climate change is our main priority** as we work towards being the most sustainable manufacturer of clay and concrete products in the UK.
- The switch to Pure Green electricity aligns with our Sustainability Roadmap target of reducing CO² per tonne of production by **15% by 2025**.
- The switch to renewable electricity is part of our journey to **reduce the carbon footprint** of our products.

IBSTOCK'S DECARBONISATION MEASURES:

This switch to renewable electricity is the latest in a series of decarbonisation projects Ibstock has invested in, including:

- the completion of a solar park at our Leicestershire head office. This is the first of its kind in the brick industry and is supplying 20-30% of the power requirement on site.
- the reduction of reliance on fossil fuels through the installation of electric vehicle (EV) charging infrastructure across several sites.



Learn more on our **Sustainability Report 2019** or visit www.ibstockplc.co.uk/sustainability.



Appendix 4 – Atlas Sustainability FAQs April 2021

<https://www.ibstockplc.co.uk/sites/ibstock/files/reports-presentations/2021/ibstock-atlas-investment-sustainability-faqs-april-2021.pdf>



Atlas Sustainability FAQs April 2021

Why are you investing in new capacity?

We have confirmed our intention to make a major investment in our Atlas and Aldridge brick factories in the West Midlands. This document is focussed on the Atlas factory and the sustainability credentials of the project.

Leadership & Ambition

As the UK's largest brick maker, we are committed to supporting the Government's ambition to deliver new homes and infrastructure - at scale - that are fit for the future.

Ibstock intends to take the lead in increasing UK brick production to meet demand. With over 80% of houses in the UK built using brick, our products are the primary choice of building material. In 2015, the Federation of Master Builders (FMB) warned that an increasing shortage of bricks was hindering housebuilding rates in the country. We believe it is important that the recovery of the UK construction sector is not constrained by a similar shortage of bricks.

Our investment in Atlas means it will be a cornerstone of the UK's construction sector / infrastructure led recovery.

Once the proposed development is complete, the Atlas brick factory will be able to produce more than 100 million bricks per annum, more than doubling its previous capacity.

Significantly, the Atlas factory will be a pathfinder project to test operational efficiencies, which we believe will make it the world's first Net Zero, brick factory for scope 1 and 2 emissions.

A combination of reduced process emissions and greater thermal efficiency will cut the carbon intensity of bricks produced at the site by 50% compared to the existing factory. The remaining emissions will be offset using high quality emission reduction projects.

Once completed, Atlas will be an exemplar of British Manufacturing and global environmental best practice in the construction products sector.

Jobs & Opportunity

This redevelopment will secure the future of the brick factory and provide local employment opportunities for the long term. Once completed, the factory will support 50 highly skilled jobs.

What do you mean by 'pathfinder project'?

Ibstock has been on a journey to reduce the carbon emissions from its production facilities for more than a decade, with investment projects in new production capacity at our Throckley, Chesteron, Eclipse and Lodge Lane plants all reducing the carbon intensity of the process.

Atlas is the next step in this ongoing programme and we are describing our investment as a 'pathfinder project'.

This means we will use Atlas to test operational efficiencies that will reduce process carbon emissions significantly and enhance our understanding of the scope of the task and the decisions we need to make as we identify opportunities for the gradual introduction of emissions reduction technology across the remainder of our estate on our pathway to Net Zero.

Why have you decided to 'go Net Zero'?

The Net Zero journey is one we share with our customers and the UK Government's Net Zero ambition. We have seen a transformational shift in attitudes from all of our key stakeholders. There is a 'sea-change' in how our customers, and, in turn, their customers, view environmental issues. As the UK's leading brick manufacturer we recognise that we have to adapt and respond – and this is reflected in our Sustainability Roadmap to 2025.

Construction and buildings account for around 40% of global climate emissions and the construction products sector has a responsibility to play its part in helping the world meet its emission reduction targets. At Ibstock, we've been leading the way for some time within our sector, with our investments in new production capacity at our Throckley, Chesteron, Eclipse and Lodge Lane plants all reducing the carbon intensity of the manufacturing process, and as the recipients of multiple sustainability awards.

However, we can do more, and we can go further. Our plan to invest in Atlas is at the heart of this.

What will the investment in Atlas mean for the regional economy & local jobs?

Our investment in Atlas will bring significant benefits to the local economy in terms of employment, local suppliers, opportunities and skills.

This redevelopment will secure the future of the brick factory and provide local employment opportunities for the long term. Once completed, the factory will support 50 highly skilled jobs.

Does this project have planning permission?

We are in the planning approval phase at the moment and have been working very closely with the Local Authority and Planning Department for many months. We have set out the positive local, regional, and national impacts that Atlas will make and are optimistic that we will receive approval.

Will the Net Zero plan mean increased costs?

Reducing process emissions and increasing thermal efficiency will reduce the production costs of the new plant as well as improving its environmental performance.

What do you mean by 'Net Zero'?

"Net Zero" refers to reaching net-zero carbon emissions by a selected date. To be clear, it differs from zero carbon, which requires no carbon to be emitted as the key criteria.

Net Zero refers to balancing the amount of emitted greenhouse gases with equivalent emissions reductions from offsets or sequestration. This objective should primarily be achieved through a rapid reduction in carbon emissions, but where zero carbon cannot be achieved, offsetting through carbon credits or sequestration or carbon capture and storage.

How will you reach your Net Zero ambitions?

The Atlas factory will be Net Zero for Scopes 1 & 2 emissions¹; Scope 3¹ will be addressed at a later date as part of the Group's longer-term sustainability strategy.¹

To achieve our ambitions, we are utilising a standard methodology that aligns with the UK Government's Industrial Decarbonisation Strategy.

We calculate that our Net Zero aims for Atlas will primarily be achieved through a rapid reduction in carbon emissions from the production process through significantly improved thermal efficiency, on-site renewable electricity generation and renewable energy procurement. The combination of these improvements will reduce the carbon intensity of each brick produced at Atlas by 50%. For production from Atlas to reach Net Zero, the remaining emitted greenhouse gases will be offset through carbon credits, sequestration or carbon capture and storage. Over time, we will reduce the offset proportion further by the adoption of additional emissions reduction measures.

Once we have completed the first stage in this journey (Scope 1 & 2¹), Atlas will be one of the most operationally efficient brick factories in the world and an exemplar for the industry in terms of environmental performance.

When will you address Scope 3 supplier emissions?

Net Zero is a journey. So, although we will not address Scope 3¹ emissions at the outset we have commenced a process to assess the materiality of emissions from our suppliers as a first step towards this target. This will ensure we have a full understanding of the emissions picture as part of our longer term Net Zero strategy, and will include:

- Mapping out supply chain processes and establishing carbon footprint
- Understanding of the hotspots and the risks
- Identifying the leaders and laggards in terms of their sustainability performance
- Identifying opportunities for emissions reduction
- Developing an implementation plan across the supply chain

What do mean by offsetting?

A carbon offset is a way to compensate for your emissions by funding an equivalent carbon dioxide saving elsewhere. Ibstock's business activities produce carbon emissions, including, for example, those from manufacturing, transport and heating. Carbon offsetting is typically used to balance out these emissions by helping to pay for emission savings in other parts of the world through emissions reduction projects.

In identifying and assessing appropriate carbon reduction projects Ibstock is determined that only those which meet a high quality threshold will be considered. Key considerations in this process are:

- The pros and cons of each project
- Whether the project is demonstrably an ethical one
- Whether the carbon reduction certificates are genuine and managed appropriately through a recognised and registered business
- Offsets will always be verified by an accredited third party according to a recognised standard or protocol

When will your other factories be Net Zero?

As discussed above, Ibstock has already made significant investments at a number of its other factories to improve their environmental performance. By developing a working model at Atlas we can test and learn as we go. This investment will build our understanding of the scope of the task and the decisions we need to make as we identify opportunities for the gradual introduction of emissions reduction technology across the remainder of our estate on our pathway to Net Zero.

Will the construction phase be Net Zero carbon?

The design and construction phase will not be Net Zero. However, we will only employ suppliers and contractors who have sound sustainability credentials. The construction phase will be in line with legislative requirements:

- As a minimum we will ensure all contractors are signed up to our Supplier Sustainability Code of Business Conduct
- We will also discuss sustainability credentials as part of contract negotiations and approval

Green construction techniques will play a key role in achieving the least amount of associated carbon:

- Use Building Information Management (BIM) systems
- Prefabrication where possible
- Reduced construction waste

What other sustainability considerations will you implement?

The site will be an exemplar for sustainable British manufacturing. So we will also focus on other areas such as:

- Closed loop water system to include a rainwater harvesting system
- A number of biodiversity features
- Quarry restoration throughout the life of the site, footpaths, wildlife, water features
- EV charging points accessible for employees
- Plastic free canteen
- Bike storage

Additional notes:

¹ Carbon emissions are divided into three categories:

- **Scope 1 emissions:** direct Green House Gas (GHG) emissions from operations that are owned or controlled by Ibstock. This includes the emissions from processing and firing of all clays and raw materials, Gas, LPG, Gas oil, Kerosene, Coal based materials and company cars/vans.
- **Scope 2 emissions:** indirect emissions from electricity Ibstock buys from the grid for use at our facilities (factories and offices).
- **Scope 3 (other indirect):** emissions which result from Ibstock PLC activities such as supply chain, travel, water and waste.