

FERGUSON

Building Momentum, Sustainably.

ESG Report FY2023



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Front cover image:
Perris, CA Distribution Center
Ferguson associates stand on the Perris, California, Distribution Center roof outfitted with a 1.1-megawatt solar array. The rooftop system was the first instance of Ferguson owning renewable energy assets within our distribution network and, in year one, the project offset 1,089 metric tons of carbon dioxide – equivalent to removing roughly 242 passenger vehicles from the road per year.

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A letter from our Chief Executive Officer

Ferguson is a resilient, adaptable business – and home to some of the brightest people in the industry. We’re proud of the safe, healthy, inclusive culture we work to create together, where our associates can grow their careers while making a difference to the world around us.



We help take care of our people and the planet, and aim to run a sustainable business our partners can count on for years to come. ESG may be how it’s described today, but Ferguson has lived these values for the past 70 years.

A winning ESG strategy

ESG is too broad – and too important – to think about in silos. That’s why our strategy considers the things we can directly control in our day-to-day operations – and the lasting impact we can leave on the industries and communities we serve.

And our strategy is working. Despite supply chain pressure over the past year, we’re performing at an even higher level. The consultative experience of working with our 35,000 associates and their unrivaled knowledge, combined with our scale, have helped our customers find consistent success despite the challenging backdrop.

Our unique opportunity to make a difference

Through a meaningful handprint, we help build a better world. We connect 36,000 suppliers to more than one million customers, guiding them to the right products and solutions to achieve their sustainability goals. It is not only the right thing to do, but one of the best ways to grow our company.

And, with that in mind our most significant opportunity is to foster greater collaboration across our customer groups – bringing together our core strengths. By expanding our role throughout the entire project lifecycle we can solve big problems and help our customers and the communities prepare for a more sustainable future.

Building momentum, sustainably

At Ferguson, we set realistic goals and confidently go after the things we know we can control in the areas we know we can make a difference. From an environmental perspective, we have a pragmatic, five-year carbon reduction target – we’re building momentum, but we’re doing it sustainably.

Our fleet electrification pilot in California underscores that. Electric vehicle (EV) technology is progressing for medium- and heavy-duty vehicles. We already have 18 electric trucks on the road, and in FY2024, we expect an additional 12 to be delivered.

But, while we’re excited about where this technology is heading, we’re realistic about where it is right now. This pilot allows us to explore how fleet electrification can enhance our sustainability efforts as the technology improves, without losing sight of our promise to our suppliers and customers.

In FY2023 we’ve seen our ESG strategy come to fruition in the real world, but there is so much more we can do to bring change on a grander scale. We can’t wait for the next chapter.

>1m Customers 36k Suppliers

35k Associates >1m Unique products sold

1,762 Branches

“We connect 36,000 suppliers to more than one million customers, guiding them to the right products and solutions to achieve their sustainability goals. It is not only the right thing to do, but one of the best ways to grow our company.”

Kevin Murphy, CEO

About our business

Our company

Ferguson is a leading value-added distributor in North America, providing expertise, solutions and products from infrastructure, plumbing and appliances to HVAC (heating, ventilation, and air conditioning), fire, fabrication and more.

Our more than 1,700 final-mile locations are within 60 miles of 95% of the North American population, and we build long-term relationships with our customers by providing a valuable experience – in our branches and online – rooted in exceptional service. Our 35,000 associates are the driving force of our business, and the quality, knowledge, dedication and service they deliver to our customers is a key differentiator.

Our purpose

We exist to make our customers' complex projects simple, successful and sustainable. We serve as a trusted supplier and partner to our customers, providing innovative products and solutions.

Our vision

Our vision is to be the ultimate project success company and approach each day with a focus on safety, integrity, service, teamwork and impact – our values.

We're committed to expanding our role, getting involved in customers' projects earlier and bringing more of our customer groups to the table – so we can provide unmatched support for our customers while operating responsibly to ensure long-term profitability.

Ferguson comprises nine customer groups:



Facilities Supply

As a trusted source for maintenance, repair and operation (MRO), renovation, cleaning and hygiene products, we keep properties running efficiently for customers across a wide range of industries.

Waterworks

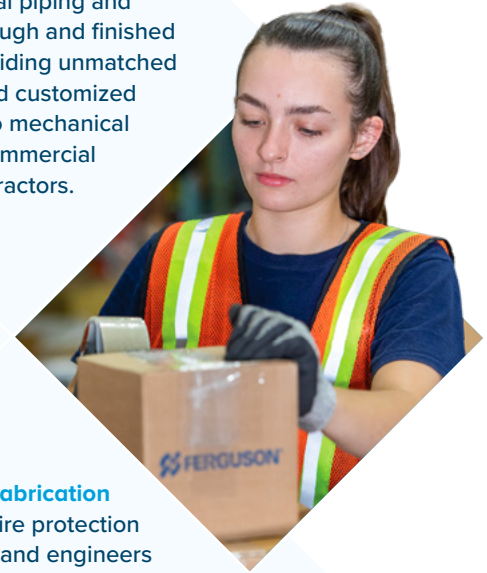
We're one of the nation's largest waterworks companies, with a coast-to-coast network of more than 250 locations and over 2,700 highly trained associates offering contractors and municipalities a variety of products and services.

Industrial

We're one of North America's largest providers of PVF (pipe, valve and fittings) and maintenance, repair, and operations (MRO) supplies and services supporting the chemical, general manufacturing, pulp and paper, oil and gas, mining and power industries.

Commercial

We're a market leader in mechanical piping and commercial rough and finished products, providing unmatched service and customized support to mechanical and commercial contractors.



Residential Building & Remodel

We operate more than 250 showrooms, displaying bathroom, kitchen and lighting products, and assisting customers by providing advice and project management services for their home improvement projects.



Fire & Fabrication

We serve fire protection contractors and engineers by offering a vast supply of fire protection products and industry-leading fabrication quality.



Residential Trade Plumbing

We serve the residential RMI (repairs, maintenance, improvement) and new construction sectors, and provide plumbing supplies, tools, repair parts and bathroom fixtures to contractors.

HVAC

We're a leading wholesale distributor with an extensive inventory of HVAC equipment, supplies and repair parts from top manufacturers.



Residential Digital Commerce

Our online home improvement retailer includes an exceptional range of products, styles and finishes from leading brands. Our experts offer free advice to help consumers and professionals find the best products for projects big and small.

About our business (continued)

We are Ferguson

How we create value

Ferguson is expanding its role and influence to serve not only the trade professional but also the general contractor, developer, architect, engineer and business owner. And, with that in mind, our biggest opportunity is to foster greater collaboration across our customer groups – bringing together our core strengths.

By expanding our role throughout the entire project lifecycle we can solve big problems and help our customers and the communities we serve to prepare for a more sustainable future.

That means bringing together our core strengths – our value-added solutions, our global supply chain, our digital experience and our associates – across all customer groups, to make our customers’ complex projects simple, successful and sustainable.

When we do this, we add value and can sell ‘from the ground up’ solutions – focusing on the entire project rather than just selling products. From national hotel chains to sustainable communities, customers are looking to Ferguson for products and solutions that reduce emissions, conserve water and protect natural resources.



FY2023 highlights

FY2023 was another strong year for Ferguson and the impact of our ESG strategy. Here are some of the highlights from the past 12 months:

We continued working with municipalities and water utilities to address antiquated water infrastructure, helping to ensure families in the U.S. have access to safe drinking water and proper sanitation.

> Read more about our work to build water-resilient communities here.

To help our customers achieve their own sustainability goals, we increased the visibility of sustainable products across our digital channels and enabled our customers to shop online based on more sustainable attributes than ever before.

> Read more about how we’re aiming to solve sustainability challenges for our customers here.

Alongside helping our customers adapt to a rapidly changing regulatory environment, we’re also actively building our associates’ knowledge on topics such as electrification – so they can better advise customers on the best products and solutions for their projects.

> Read more about our commitment to training and developing our associates here.

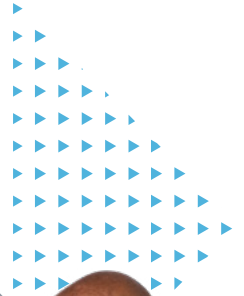
Providing sustainable products and solutions

Growing climate and water uncertainty demands that the infrastructure of tomorrow be efficient, adaptable and resilient.

As an industry leader across the customer groups we serve, Ferguson can make a positive impact. Our Environmental Product Strategy is helping expand the range of available product choices for our customers.

Our associates work with our customers to redefine project success and help them meet their own sustainability goals through product recommendations and identification of alternative, sustainable project solutions. We've also increased the visibility of sustainable products through our digital channels, allowing customers to shop online based on sustainable attributes and making it easier to find the right products for any project.

In addition, we can add value by educating customers and associates on the value of being more sustainable – it's better for our planet, the people we serve and the longevity of our business. Our Environmental Leadership Council, along with key National Account Managers and sales associates, earned LEED Green Associate accreditation in FY2023, which establishes their thorough comprehension of green building principles and practices – expanding sustainable subject matter expertise at Ferguson.



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A look at the world around us

Ferguson is uniquely positioned to help our customers navigate rapidly changing regulations and to collaborate on sustainable products and solutions. Together, we're rising to major challenges and preparing for a more sustainable future.

Customers and suppliers are facing more stringent and complex sustainability demands every year. Whether that's regulations governing product selection, or laws requiring building electrification – like those newly introduced in New York State – these are uncharted waters for many of our partners.

Helping our customers achieve their sustainability goals

Our sustainability expertise coupled with our consultative experience across our customer groups gives Ferguson an unrivaled ability to have a positive impact. Thanks to our position in the value chain and our collaborative approach, we're strategically placed to highlight sustainable products and solutions throughout developments.

We work with various stakeholders – trade professionals, general contractors, developers, architects, engineers and business owners – to understand their project goals and deliver sustainable products and solutions. This can be anything from drawing up initial plans, site preparation and stormwater management to fabricating and installing life-saving fire protection. We're pulling together to make this happen – focusing on the whole value chain beyond simply selling products.

With a tailwind of unprecedented government stimulus – including the CHIPS and Science Act, the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) – we're also making a significant impact for our customers by guiding them to funding that can support them in achieving their sustainability goals.



Our work with THRIVE is a great example of Ferguson's ability to positively impact entire developments from concept through to installation. We have an opportunity to bring innovative new products and solutions to the table and support our customers as they navigate the complex regulatory and permitting processes. Working collaboratively allows us to bring in all our different product groups to fully service from the sitework and green infrastructure through to internal plumbing, HVAC, appliances and more.

Rob Woodman, Ferguson's
Director of Engineering & Green
Stormwater Infrastructure



THRIVE Collaborative

Our work on Veridian at County Farm, a project in Ann Arbor, MI, is a strong example of our strategy in action. The developer THRIVE Collaborative's mission was to accelerate sustainable and restorative construction, but approached us with a challenge it couldn't solve alone: to reduce carbon emissions by finding alternative solutions to concrete and asphalt for driveways and parking areas throughout the project.

Thanks to our associates' knowledge and expertise, we were able to propose an innovative permeable pavement system comprising 100% recycled plastic. Rob Woodman, our Director of Engineering & Green Stormwater Infrastructure, collaborated closely with, and even joined THRIVE to speak on its behalf with the City of Ann Arbor – educating the City on the proposed solution and ultimately influencing their decision to approve the approach.

The sustainable impact this has had for The Veridian development and for Ann Arbor simply would not have been possible without thinking big and working collaboratively across customer groups. Ferguson is now also providing additional products and components to this site from ABS plumbing, sump pumps and appliances.

Defining our ESG strategy

Our strategic position

The work we do each day touches many aspects of the built world, and we can play a major role in helping to address some of society’s most pressing challenges – like providing individuals with secure housing, helping rebuild the pipeline of skilled trades professionals, reducing greenhouse gas emissions and helping to conserve precious resources like water.

We’re there in every moment – from the construction of desalination plants to helping municipalities identify leaks in water pipes and providing the products and solutions for their repair. From supplying low-flow shower heads, to investing in companies like Greyter that are finding new ways to take that water and recycle it.

Our ESG strategy is ambitious but pragmatic, and has been carefully crafted through consultation with our stakeholders.

“Our ESG strategy is ambitious but pragmatic.”

Our vision for sustainability

Our vision is to minimize the environmental impact of our operations and foster a culture that is safe, inclusive and engaging for all our associates. We’re also committed to driving sustainable product innovation and helping our customers achieve their own sustainability goals.

Our people, expertise and position within the value chain create positive impact opportunities for our customers, suppliers and local communities. As a company, we embrace the opportunity to extend a hand, leave our mark and help build a better world.

To realize our vision, it’s important that we think about ESG holistically. Take electrification, for example: on the surface, its goals are environmentally driven. But there’s a social element, too, because these changes impact people’s lives. Then there’s the associated legislation, which falls under governance. ESG is more than simply the sum of its parts, and our strategy reflects this.

“Our people, expertise and position within the value chain create positive impact opportunities for our customers, suppliers and local communities.”



Our vision for sustainability

Our ESG strategy encompasses both our ‘footprint’ – the internal aspects of our business that offer the greatest opportunities for positive impact and change – and our ‘handprint’ – the lasting, meaningful mark we can leave on the world around us.

Our footprint

Internally, we focus on evolving our culture, developing our associates and improving our operations. As part of our vision for sustainability, we recognize that our footprint must be safe, inclusive, engaging and dedicated to maximizing the value we create for our customers – while minimizing our impact on the environment.

Our associates are the driving force behind this effort, and they are integral in helping Ferguson deliver on our business and sustainability strategy.

Our handprint

Beyond the scope of our operations, we can directly impact the industries we work in and the communities we serve.

We’re committed to driving sustainable product innovation and helping our customers achieve their own sustainability goals. By leveraging our expertise and our role as a trusted project advisor and partner, we work to create meaningful change in the areas we know best – while empowering our stakeholders to build better.

Our ESG framework

Ferguson’s Board-approved ESG framework is guided by our vision for sustainability. It provides our strategy with a structure that informs our actions and reflects Ferguson’s priority ESG issues – identified through our risk management analyses, stakeholder priorities assessment and the guidance and methods provided by the Sustainability Accounting Standards Board (SASB), considering issues relevant to Multiline and Specialty Retailers & Distributors industry standards.

Our ESG framework comprises the significant sustainability topics informing and influencing our business strategy, and structures our overall vision for sustainability across three key pillars: Environmental, Social and Governance. Our sustainability efforts align with the United Nations (UN) Sustainable Development Goals (SDGs) 6, 8 and 12, which reflect the areas in which Ferguson believes it can have the greatest positive impact.



Incorporating stakeholder input into our strategy

We maintain proactive dialogue with our stakeholders and work to incorporate their feedback and priorities into our ESG strategy. In FY2021, Ferguson conducted a high-level assessment with a third-party consulting partner to identify, prioritize and address the sustainability issues most important to our stakeholders.

In accordance with our Environmental and Social Sustainability Policy, and to help ensure the company is aligned with the needs of its stakeholders, we will plan to refresh the priority issues that inform the company's ESG strategy every three years – or at the juncture of significant change to the business. The company reviews its strategies for its environmental and social programs on an annual basis to ensure continuous improvement.

Our most recent review was designed to inform our ESG Framework, reinforce the importance of stakeholder feedback and help prioritize our ESG strategy going forward.

We utilized a collaborative, four-step process:

- 1 Identification of potential topics**
We created a high-level value chain map to identify sustainability impacts, risks and opportunities, and boundaries.
- 2 Internal and external stakeholder engagement**
We worked to understand stakeholder priorities through internal and external stakeholder interviews.
- 3 Topic prioritization and matrix mapping**
We scored and synthesized stakeholder feedback, benchmarked against peers and reviewed industry standards and studies to present our final stakeholder priorities assessment.
- 4 Validation of priority topics**
We validated our priority topics through discussions with key leaders about our significant topics, associated boundaries and opportunities.

Ferguson is committed to managing its impact on society and the environment, while engaging with multiple stakeholders on related issues – including governments, customers, partners, the investment community, associates, civic organizations, local communities and more.

The results of our stakeholder priorities assessment and dialogue with stakeholders raised a number of key strengths and opportunities for Ferguson, including our opportunity to demonstrate leadership in water, the importance of preparing for and educating our customers on emerging regulations and how our culture of strong values and interpersonal relationships sets us apart. These themes were all incorporated when devising our ESG strategy.



Engaging with our stakeholders

Whether completing ESG surveys and questionnaires from suppliers, customers and investors or regularly meeting with customers large and small, Ferguson’s ESG team remains aware of the latest industry trends and what’s most important to our stakeholders.

Through our priorities assessment in collaboration with six key stakeholder groups – our leadership, suppliers, customers, investors, associates and the communities we serve – we identified our high-priority topics.

Continuing the conversation

We treat our stakeholder priorities assessment not as a one-off exercise, but as something to be revisited regularly. We’re in ongoing conversation with our stakeholders because, as a value-added distributor, we need to deeply understand the people who supply our products, who buy our products, who invest in our products and who do the work on the ground – as well as the communities our products impact.

Our continual dialogue with stakeholders allows us to better understand and identify opportunities to increase our positive impacts in the areas that matter most. We maintain strong relationships, and regularly give presentations on our ESG strategy to our various stakeholder groups, getting feedback on their challenges and incorporating this knowledge into how we do business.

We also meet regularly with distributors in other industries to share learnings and ideas, and have formed partnerships with teams doing similar work across a broad spectrum of industries and businesses. In addition, we belong to several professional organizations that bring ESG professionals together to discuss relevant issues including fleet electrification, supply chain responsibility, governance and more.

Through our priorities assessment, stakeholders emphasized Ferguson’s opportunity to demonstrate greater leadership in water and provide guidance to others in the industry. In response, we’re engaging more in the water space – both through our business and through our Ferguson Cares efforts.



Q&A with Denise Vaughn, Vice President of ESG

Q: What roles does the ESG team play at Ferguson?

Our team is involved in the early stages of most projects or initiatives that have an environmental, social or governance aspect to help understand where Ferguson can make the greatest difference. It's a bit like putting together a puzzle. We help find the right pieces, sometimes creating one where it might be missing – or, when necessary, working to file down the edges of those that don't quite fit yet.

Often that means spearheading Ferguson's response to new laws and regulations that are on the horizon. We're helping to keep the whole organization ahead of the curve.

Ultimately, our role is to flag potential future risks and opportunities and bring our functional teams and customer groups together to find solutions – creating long-term value for our associates, investors, customers and suppliers, and making a meaningful and positive impact on the world.



We're also responsible for communicating our ESG story. We need to be able to explain to our stakeholder groups what we're doing right now and where we hope to evolve in the future – and garner their support.

We're doing great work and tackling some of the biggest challenges our industry is facing. And this work can't be done alone – we continuously brainstorm with our various partners, learning from and leaning on each other.

Q: Why is ESG important to Ferguson?

The bottom line is that ESG makes good business sense as it can help mitigate risks and enhance value.

I feel very fortunate to work for a company that doesn't treat purpose and profit as mutually exclusive.

We're value-driven and have always put people first and treated them with dignity and respect, acting ethically and responsibly – and our performance has shown that's the right way to do business.

ESG remains front and center even during tough times. The challenge is how you adapt and continue to thrive against that backdrop, with a lens of taking care of people, planet and profit.

Q: What are some of the milestones you're particularly proud of this past year?

We're making great progress. We now have electric trucks on the road in California, and have worked hard to make our locations more energy efficient with LED lighting and HVAC retrofits. I'm excited to see our progress continuing in FY2024 and beyond.

We also signed a 15-year Virtual Power Purchase Agreement (VPPA) with a wind farm in Texas, which is anticipated to generate enough power to match a significant portion of our annual electricity use.

This is a major agreement that has been years in the making, and one that we expect to take our decarbonization efforts to the next level while supporting economic development in a local community. That's a win all around.

Q: What other efforts has Ferguson taken to embed sustainability within the organization over the past year?

Internally, we've revamped our ESG Steering Committee and have expanded our new Environmental Leadership Council (ELC). All ELC members, along with key National Account Managers and sales associates earned LEED Green Associate accreditation in FY2023 – proof that they're well-informed and well-positioned to guide our customers to the best products and solutions to meet their sustainability goals.

Externally, we've placed increased focus on identifying opportunities, where our customer groups can collaborate to bring greater value throughout the entire project lifecycle.

Additionally, we have a lot of opportunities around 'megaprojects' – and the potential impact we can have for our customers and on the wider world. We're also getting better at communicating these wins to stakeholders across the business.

Q: What have you learned from your ESG journey to date?

We meet almost weekly with our suppliers and customers and regularly engage with our shareholders. The sharing of experiences and best practices across our supply chain is a valuable learning process, and one that empowers us as a team to make an even greater impact on how Ferguson does business.

We've learned that balance and pragmatism are incredibly important. For our ESG strategy to be successful, we need to prioritize and focus on the issues our business is uniquely positioned to solve. Our strategy should be intertwined with that of the wider business, so that together we can drive towards long-term success.

Q: Why is Ferguson the right organization for you to make a difference at?

What motivates me the most is the level of engagement from all our people with what we're doing from an ESG standpoint. Everyone I speak to is so inspired about the difference we can make – our team is asked to speak to customer groups and teams across Ferguson almost weekly, and I feel an overwhelming sense of pride every time.

People are really engaged with ESG and what our team is trying to accomplish. That includes the Board – they've got ESG on the agenda at each scheduled Nominations & Governance Committee meeting and are genuinely interested in how we can help drive change throughout the business and our industry. Across the organization, people are supportive and want to help.

Everyone's rowing in the same direction and it's a great time to be in business.



Our commitment to the environment

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Our approach

At Ferguson, our environmental strategy involves running a sustainable business that minimizes the environmental impact of our operations – and helps our customers achieve their sustainability goals through products and solutions that span our customer groups.

Environmental sustainability provides value to our customers, engages our associates, demonstrates leadership to our investors and strengthens relationships with suppliers. And it's only becoming more important as younger generations continue to gain purchasing power and place more intense scrutiny on the companies they interact with.

Our commitment to the environment includes educating our customers – helping them navigate federal funding streams, rebates and tax incentives, and demonstrating how they can make their projects more sustainable. At the same time, we're committed to working to reduce our own impact by measuring and managing our carbon emissions.

We're also particularly well positioned to contribute to a sustainable future for water, and are helping to build water-resilient communities. This is a focus for both our business and our Ferguson Cares program, which you can read more about on page 38.

In addition, waste is an area our associates care deeply about. Those on the frontline of our operations see firsthand where we can reduce waste – in our packaging and shipping, for example – and they're passionate about contributing to the environment and doing what's right. Read more about the work we're doing to minimize the impact of our operations on pages 15 to 18.



We are well positioned to contribute to a sustainable future for water, and are helping to build water-resilient communities.

Our process

Broadly, our approach towards managing our environmental impact is as follows:

1

Measure

We work with stakeholders to identify priority areas and quantify our baseline impact.

2

Manage

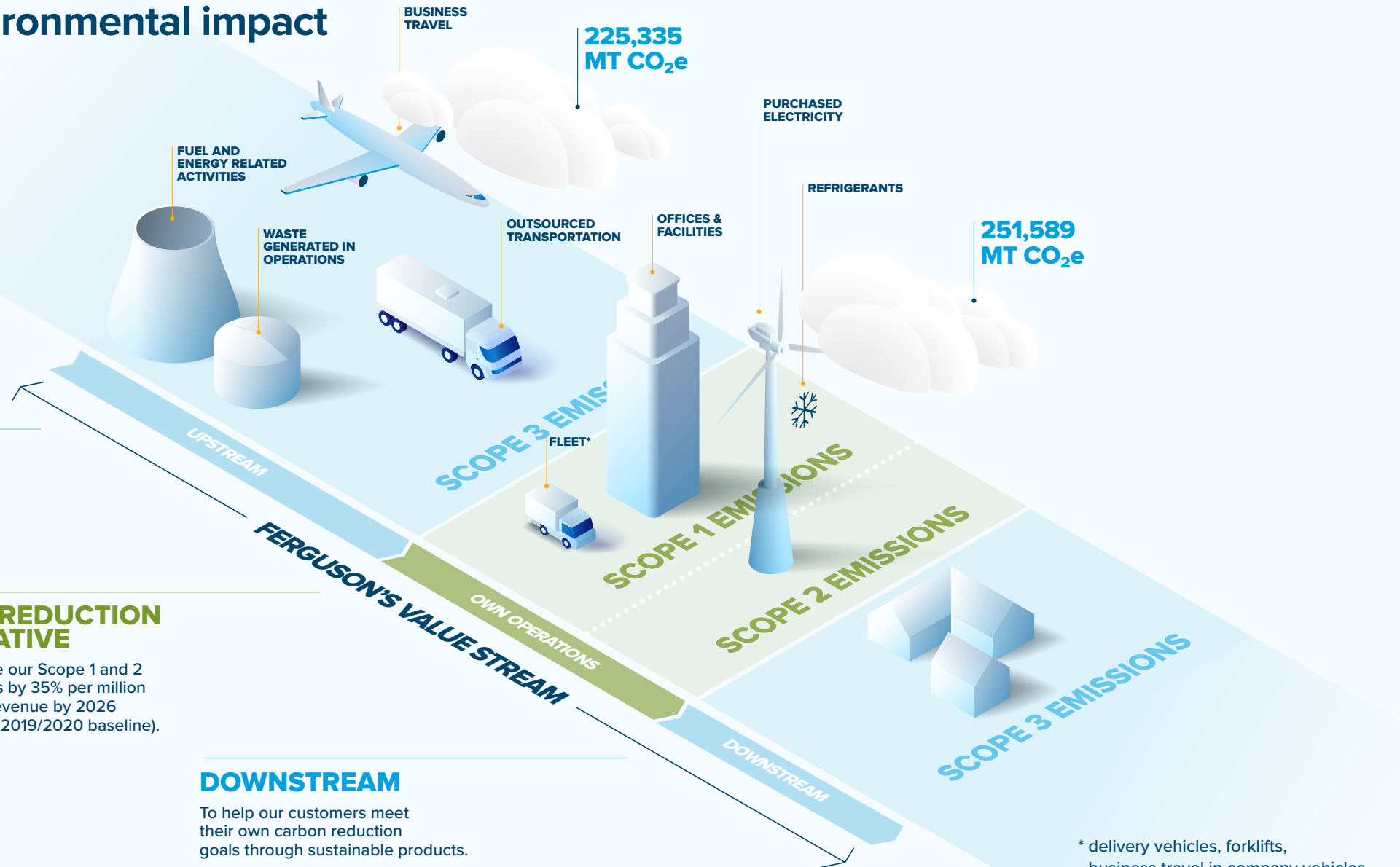
We determine which projects would be most effective, and work to manage and decrease our impact.

3

Report

We report on our successes and areas of greatest opportunity, helping us to influence the industry through thought leadership, comply with regulations, engage associates and customers and demonstrate value to our investors.

Minimizing our environmental impact



UPSTREAM

To manage our Scope 3 emissions through supplier engagement, acknowledging that the outcome is not within our direct control.

GHG REDUCTION INITIATIVE

To reduce our Scope 1 and 2 emissions by 35% per million USD of revenue by 2026 (versus a 2019/2020 baseline).

DOWNSTREAM

To help our customers meet their own carbon reduction goals through sustainable products.

* delivery vehicles, forklifts, business travel in company vehicles.

Minimizing our environmental impact (continued)

Our approach to carbon reduction

We believe in setting practical, attainable targets for reducing our carbon emissions in the near term. We focus on the areas where we believe we can make a tangible difference – both in our day-to-day operations and with the communities and industries we serve.

Following an in-depth analysis of our emissions, Ferguson has laid out our roadmap and is committed to the following objectives:

- 1 To reduce our Scope 1 and 2 emissions¹ by 35% per million USD of revenue by 2026 (against a 2019/2020 baseline).
- 2 To manage our Scope 3 emissions² through supplier engagement, acknowledging that the outcome is not within our direct control.
- 3 To help our customers meet their own carbon reduction goals through sustainable products.

¹ Scope 1 emissions are direct greenhouse gas (GHG) emissions that occur from sources that are controlled or owned by an organization. Scope 2 emissions are indirect GHG emissions associated with the purchase of electricity, steam, heat or cooling (as defined by the U.S. EPA).

² Scope 3 emissions are GHG emissions resulting from activities from assets not owned or controlled by Ferguson, but that Ferguson indirectly impacts in its value chain (as defined by the U.S. EPA).

Our Scope 1, 2 and 3 emissions targets were set in FY2021, after Ferguson partnered with an experienced environmental consultant on strategies for decarbonizing our business. Through this engagement, we completed a Scope 3 emissions screening and learned more about our overall emissions inventory – including that categories like “Use of Sold Products” and “Purchased Goods and Services” are often more significant than our own Scope 1 and 2 emissions.

We monitor and track our performance against these objectives through regular measurement of our emissions, and our progress towards our goals is incorporated as an executive compensation metric. Read more about our executive compensation on page 42.

Meeting our carbon reduction goals

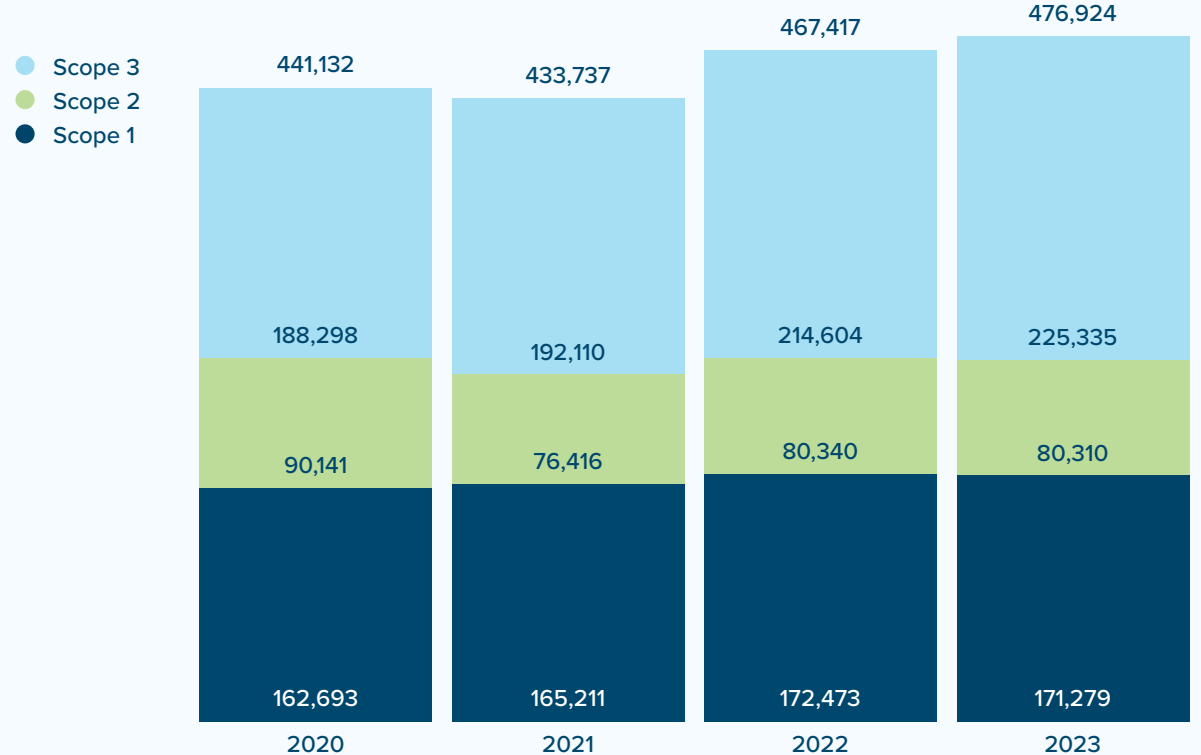
We achieved 33% revenue intensity reduction in Scope 1 and 2 emissions since baseline year by holding our absolute emissions steady against an increasing revenue.

Our Scope 3 emissions inventory may evolve as we calculate additional emissions categories from our supply chain and/or sale of products. Our reported Scope 3 includes Categories 3: Fuel- and energy- related activities, Category 4: Upstream transportation and distribution, Category 5: Waste generated in operations, and Category 6: Business Travel. Our Scope 3 reporting will evolve as we continue to develop methodologies to quantify additional categories.

Figure 1. Metric tons of carbon dioxide equivalent (CO₂e) per million U.S. dollars of revenue

Carbon emissions	Baseline 2019/2020	2020/2021	2021/2022	2022/2023	Increase/ (reduction) from 2021/2022	Total emissions reductions since 2019/2020
Scope 1 & 2 emissions intensity	12.7	10.6	8.9	8.5	(4.5%)	(33.1%)

Figure 2. Total carbon emissions (Metric tons CO₂e)



Minimizing our environmental impact (continued)

Fleet electrification

We remain committed to improving the efficiency of our fleet and reducing our overall fuel consumption. Fleet emissions are a sizable portion of our Scope 1 emissions and longer term reductions will require accelerated conversion of our medium- and heavy-duty fleet to zero-emission vehicles.

Our medium- and heavy-duty electric truck pilot in California is helping us determine whether EV technology has matured to the point where we can implement it widely with minimal disruption to our business – especially whether their payload capacity and range can support our business needs.

In FY2023 we worked with local and regional leadership to build electric vehicle (EV) charging infrastructure and ensure proper electrical capacity at five Ferguson branches in the state – and our first group of 30 trucks have been ordered and are now being delivered.

While the early signs are promising, there have been expected challenges associated with adopting new technology – introducing electric trucks is not as easy as buying a ready-made vehicle and getting it on the road. The learnings have been rich and will set us up for future success.

Other fleet highlights in FY2023 included:

- Joining the Corporate Electric Vehicle Alliance (CEVA) – a group of companies focused on accelerating the transition to EVs.
- Thurman Register, Senior Fleet Manager, being recognized as one of Heavy Duty Trucking’s Fleet Innovators. Thurman has helped guide Ferguson throughout the EV pilot.
- Our collaboration with Ford Motor Company and the Department of Energy¹ to place a first-of-its-kind F-550 Fuel Cell Prototype Chassis Work Truck in service within Ferguson’s daily fleet operations for six months. The goal of the project – which will commence in FY2024 – is to evaluate how fuel cell technology will operate within our fleet while providing usage data to Ford. By engaging in this partnership, we hope to accelerate not only our own transition to low carbon technology but also the overall development of this field.

30

EV trucks ordered. We’ve received 18 and anticipate receiving the remaining 12 in FY2024.



¹ SuperTruck 3 is an initiative jointly funded by the DOE Hydrogen and Fuel Cell Technologies Office and the Vehicle Technologies Office within the Energy Efficiency and Renewable Energy Office, and under DOE Cooperative Agreement No. DE-EE0009858.

Minimizing our environmental impact (continued)

Sustainable building management: Facilities upgrades

The energy-efficient management of our buildings and operations is one of the key factors in working to ensure our organization maintains a more sustainable footprint.

Facilities upgrade projects are planned and implemented each year to reduce energy consumption and carbon emissions while improving facility performance and reducing operating costs. In FY2023, two major initiatives were undertaken: LED lighting retrofits and HVAC replacements for Ferguson-owned equipment throughout North America.

Across 123 LED lighting retrofit projects, we assessed the total installed and replaced wattage, and the estimated annual “burn hours” – the amount of time the lights are expected to be turned on each year – to calculate the amount of electricity and associated carbon dioxide emissions that could be saved. By retrofitting LED lighting, we estimate we’ve made annual savings of more than 3.7 million kilowatt hours of electricity and avoided more than 3.3 million pounds of carbon dioxide emissions.

We also assessed savings that could be made by replacing a total of 121 pieces of HVAC equipment across our operations – including electric air conditioning equipment, electric heating equipment and gas-fired heating equipment. By replacing this equipment, we estimate we’ve made annual savings of more than 130,000 kilowatt hours of electricity, more than 800 therms of natural gas and avoided more than 115,000 pounds of carbon dioxide emissions.

Avoided emissions:

3.3m

pounds of carbon dioxide emissions avoided by retrofitting LED lighting.

115k

pounds of carbon dioxide emissions avoided by replacing 121 pieces of HVAC equipment across our operations.



Renewable energy procurement

Sourcing renewable energy at scale is important to Ferguson because this is where we believe we can have the greatest impact on our operational emissions within our target timeline to FY2026. This allows us to address our Scope 2 emissions and opens us up to longer-term, deeper decarbonization beyond our current FY2026 goals.

We’re making energy-efficient upgrades across our facilities, investing in onsite solar and supporting offsite renewable energy opportunities through a Virtual Power Purchase Agreement (VPPA) that provides clean, renewable energy to the grid for its consumers. A VPPA is a long-term contract for renewable energy between a buyer and a power project developer.

In FY2023, Ferguson signed a VPPA with ENGIE North America for a portion of the electricity generated by the Century Oak wind project in Callahan County, Texas, roughly 160 miles west of Dallas. This project is anticipated to accelerate Ferguson’s progress towards our carbon reduction goals and provide local economic impact and benefits to this small community.

Once production commences in 2024, Ferguson’s portion of the project is expected to generate 65 megawatts of clean, renewable wind energy annually, or the equivalent of¹:

39,426

gas-powered passenger vehicles driven for one year

34,473

homes electricity use for one year

977

railcars worth of coal burned

In FY2022 we purchased and installed a 11-megawatt solar array at our Perris, California, Distribution Center. The rooftop system was the first instance of Ferguson owning renewable energy assets within our distribution network and, in year one, the project offset 1,089 metric tons of carbon dioxide – equivalent to removing roughly 242 passenger vehicles from the road per year¹.

Additionally, we purchased a solar array for our Phoenix Distribution Center, and are securing LEED Silver BD+C certification – further demonstrating our commitment to integrating sustainability considerations into new constructions.

¹ Calculated in accordance with EPA Greenhouse Gas Equivalencies Calculator.

Managing climate risks and opportunities

We engage with subject matter experts throughout the business to ensure sustainability considerations are embedded in our strategy, consistent with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). You can read our TCFD disclosures in full on pages 55 to 60.

In alignment with the TCFD framework, and through scenario analysis, we've identified the following climate-related risks and opportunities. While the climate-related risks we identified are not material when applying the same threshold as to our other enterprise risks, we continue to monitor these risks closely.

Risks

Increased pricing of GHG emissions

Projected cost of a carbon tax on Ferguson's operations under multiple climate scenarios through 2030, 2040 and 2050.

Increased severity of extreme weather events

Leveraging impacts from historical extreme weather events to project additional impact in the future by peril, geographic region or asset types.

Rising mean temperatures

Change in facility cooling electricity demand and associated costs; Change in energy costs from transition to electric vehicles.

Opportunities

Development/expansion of low emission goods and services

Heat pump space heaters; Heat pump water heaters.

Use of lower emission energy sources

Evaluating climate risk across acute and chronic perils, along with solar energy generation potential at existing buildings and future market distribution center locations.

Use of public sector incentives

Evaluating eligibility for federal and local policy incentives to support internal transition to low-carbon operations.

The climate-related risks outlined have the potential to impact our business in several ways – including increasing operational expenses, increasing the cost of the products we sell and disrupting our supply chain.

We've assessed our strategy by taking into consideration different climate-related scenarios. This process has enhanced our strategic conversations about the future by considering, in a more structured manner, what may unfold that is different from business-as-usual.

We're working to expand our knowledge of and responsibility for encouraging the adoption of sustainable and energy-efficient products and solutions across the entire sales force. Our Environmental Leadership Council works to influence our direction of focus and investment approach, by helping to spur innovation within our supplier base and encouraging our manufacturers to create more sustainable products and solutions.

Our Environmental Product Strategy

The aim of our Environmental Product Strategy is to work with supplier partners to expand the range of available product choices, and to grow awareness of sustainable products and solutions throughout our customer base.

We intend to achieve this through three areas of focus:

1

Educate our associates

Training associates across the organization on the value of sustainable practices by building subject matter expertise. Doing so enables our associates to guide our customers to sustainable solutions that meet their project needs.

2

Support and guide the customer

Educating our customers about the value of sustainable practices and providing visibility of the incentives and rebates available to help offset the cost of their project.

3

Engage the industry

Engaging our supplier partners to collaborate on bringing sustainable solutions to market. Connecting with industry organizations that have a pulse on sustainable and high-efficiency products, and helping to amplify their efforts.

~\$3b

of Ferguson's revenue was attributed to third-party-certified* sustainable products



Making simple changes in ways to promote our Environmental Product Strategy have large impacts. The thermostat recycling program was well received and supported by all stakeholders – and we converted dealers from non-connected thermostats to Smart Energy Rated products in the process. Programs like this allow our teams and customers to participate and get involved.

Laura Cozart,
ELC member and Senior Category Manager



* Third-party certifications, includes Energy Star, WaterSense, Green Seal, ECOLOGO, EPA Design for the Environment and Forest Stewardship Council.

Our strategy in action

To guide our product stewardship efforts, we work with municipalities, civil engineers, skilled trade professionals and other important stakeholders and decision makers to help us identify and offer a greater number of sustainable products and solutions for our customers. Considering the impacts of our inventory helps us effectively meet the needs of the ever-evolving markets we serve. Over the past year, we've created and developed a strategy for our HVAC, water heaters, plumbing, lighting, appliances and stormwater management categories – guiding associates on recommending and implementing the most efficient products, based on the application.

We're also increasing the visibility of sustainable products across our digital channels. By enabling customers to shop online based on sustainable attributes, we're making it easy to find the right products for any project. Our investment in the start-up Pearl Certification, a third-party certification agency, provides us with another way to help homeowners find sustainable products that add value to their homes.

In addition, we launched a new HVAC Thermostat Recycling program in FY2023, encouraging customers to recycle their old thermostats and replace them with smart ones. The program was rolled out across 84 branches, and more than 2,800 thermostats were recycled – with almost \$500,000 in sales of replacement product.

With smart thermostats averaging 8% annual energy savings, we estimate customers are saving \$50 annually per household – or \$140,000 total annual savings for homeowners thanks to our program.

Building water-resilient communities

Water is core to our business and flows through everything we do. We have a unique opportunity to provide, preserve and protect water for present and future generations. At Ferguson, we believe we can have the greatest impact by delivering products and solutions that help solve critical water issues. These include solutions like smart meters, leak detection and predictive analytics, lead line identification, WaterSense products, green infrastructure and pollution prevention as well as tools to encourage water reuse and more.

Through our deep relationships and proven partnerships, we have insight into what is needed to address issues.

We believe better long-term solutions can be found in partnership than alone. Ferguson is a relationship business – our associates know our customers and their needs well. We have long-standing partnerships with communities, municipalities and nonprofits that allow us to truly understand what is necessary to solve problems and create solutions that meet the requirements of existing and emerging issues – including infrastructure, adaptation, conservation and water stress.

Extending our community partnership with IAPMO

Since 2019, we've been working with the International Association of Plumbing and Mechanical Officials (IAPMO) and the International Water, Sanitation and Hygiene Foundation (IWSH) to provide support for the more than 2.2 million Americans living without access to clean water and proper sanitation, and to draw attention to the growing water crisis in the U.S. In FY2023 we renewed and extended our

commitment with IAPMO to broaden our scope of influence and impact through industry research and plumbing action-oriented projects in communities across the U.S. Going forward, we will also collaborate on awareness and educational events that draw attention to water and wastewater challenges in the U.S. and demonstrate the importance of the plumbing industry in protecting public health.

We aim to provide solutions to today and tomorrow's water issues by:

1

Adapting for a more sustainable future

To avoid mounting losses and protect communities, accelerated action is required to adapt to higher temperatures, rising sea levels and increased extreme weather events. We're taking time to understand these changing patterns and provide futureproof solutions which help us better serve communities, protect the environment and strengthen Ferguson for the long term.

2

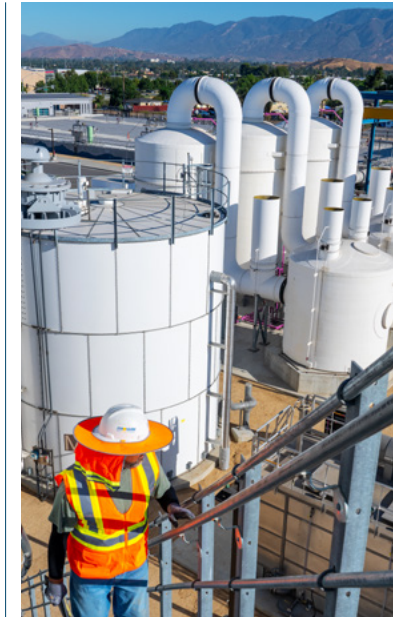
Efficient water management

Fresh water is a limited resource, making water conservation an important factor for the environment and communities. We're finding ways to efficiently manage the supply, use, reuse and disposal of water within a community through solutions like leak detection, WaterSense products, graywater, advanced metering systems and more.

3

Sound water infrastructure

Across North America, many areas – like Jackson, Mississippi and Flint, Michigan – are facing a water crisis, with fragile water systems and antiquated infrastructure that is unsafe for residents, or lack infrastructure entirely. We're working to support communities in building resilient water infrastructure and provide access to safe drinking water and proper sanitation.



Sterling Natural Resources Center

The Sterling Natural Resources Center (SNRC) is a new state-of-the-art wastewater treatment plant in Highland, California. The Center will not only recycle water to replenish local groundwater but will also convert both wastewater solids and food waste into renewable energy and organic fertilizer. It will also serve as a community center for education and local events. Ferguson worked collaboratively with the contractor and engineering firm to provide value-engineered solutions to ensure the customer's project was simple, successful and sustainable.

Building water-resilient communities (continued)

Water stewardship

With the Infrastructure Investment and Jobs Act (IIJA) in the national spotlight, the Federal Government is working to improve and expand water resources and allocating funds for water, wastewater and related resiliency projects.

Ferguson is helping guide municipalities to experts who can help with applications for these funds to support a range of water infrastructure projects. Our work includes having a team dedicated to helping municipalities better understand how funds are allocated and distributed through the IIJA for water projects.

Funding-to-Finish: Identifying new opportunities in Florida

Our Funding-to-Finish initiative puts Ferguson in a position to guide customers early on by connecting them to the grant process – from applying for funding to finishing the project. It’s an example of how we’re expanding our role, getting involved earlier and guiding customers throughout their entire journey.

In Florida, our Strategic Infrastructure Business team – led by Dave Hill, Director of Business Development – identified an opportunity to help rebuild stormwater and wastewater management systems that had sustained damage due to Hurricane Ian or Hurricane Nicole in 2022.

Working with sales teams in 16 qualifying counties, we connected with customers and educated them on available grant funding that could support their project needs and followed up to offer relevant products and solutions.

Delivering sustainable solutions

With climate change leading to increased instances of intense rainfall and flooding, it is crucial to have appropriate infrastructure and systems in place to manage stormwater effectively. Through our expertise in design, construction and maintenance of stormwater management systems, we enable our clients to mitigate flooding risks, prevent water pollution and protect nearby ecosystems.

By recommending innovative products and highlighting potential solutions, our Waterworks Customer Group supplies valuable advocacy during large, planned water infrastructure projects for a wide range of residential, commercial and municipal applications. We build relationships with municipalities and take away valuable lessons on access to green infrastructure and improved water quality that can be applied across the U.S.

Through our involvement in green infrastructure projects, Ferguson has delivered positive water impacts, including improved stormwater management and environmental education. As green stormwater infrastructure initiatives expand within the water industry, we will continue to work with other municipalities to deliver new sustainable opportunities.



Right-sizing and upgrading water heaters

We’re helping customers conserve water by right-sizing and upgrading end users’ water infrastructure. We have 35 teams within our Commercial Customer Group that can audit the utility demand of end users – and they’re especially talented at measuring the flow of hot water and overall domestic water consumption.

We audited more than 400 mechanical rooms in FY2023 and have already helped upgrade hundreds of water heaters – helping owners save 30% on average on energy consumption. We’ve also helped upgrade older booster pump technology, resulting in an 80% energy reduction in most projects.

“Ferguson’s investment in our division and the teams that perform mechanical room audits demonstrates our commitment to helping our customers conserve water and meet their energy efficiency goals.”

Bryan Payne,
ELC member and Director
– Mechanical
Solutions Division



Delivering packaging efficiency

In FY2023, our Packaging team worked with associates across our network to identify changes that would improve efficiency and waste reduction, while having minimal operational disruption.

Mitigating product damage to reduce waste

Our primary objective this year was to ensure product arrived undamaged – impacting both our cost and waste reduction efforts. Damaged product equals unnecessary waste taking up landfill space, in addition to the added cost and carbon emissions of shipping replacements.

We've improved the packaging for selected products and have reduced the sizes of boxes produced by our machines. Some products were packed in boxes that were too big – allowing for too much movement during transit, as well as material waste – so we worked directly with supply chain teams to make changes.

We've also established sound testing practices for certain products with high damage rates, to help confirm our damage reduction efforts and improve our packaging design.

Thinking outside the box

Sometimes addressing how a product is stored, handled or transported can have a bigger impact than a complete pack redesign. We worked with our suppliers to make packaging changes to reduce damage on the front end, then with our distribution centers on handling and orientation on the back end. We also developed better reporting to help track damage trends to minimize future problems.

We've set new standards for product handling – helping associates understand best practices – and key partnerships have been established with other relevant packaging companies. This allows us to stay cost-competitive, become more efficient and incorporate new materials that are more sustainable – all without compromising quality.

Such initiatives start from the ground up. Many come from associate groups who have identified areas for improvement and are passionate about driving change. Signature Hardware, one of Ferguson's Own Brand companies, has established a Green Team to improve the sustainability of its packaging – a project spearheaded by associates in the warehouse.

Reducing total material used

Packaging efficiency is another focus. Our goal is to reduce the use of nonrecyclable materials, as well as the total amount of material used, and we've worked with our distribution centers to improve our processes.

We successfully made several changes this year, including redesigning some of our Own Brand toilet lid packs to fit more product in shipping containers – bringing efficiency gains and waste reduction. By changing the unit orientation from vertical to horizontal, we've increased the number of units per stack by 35 and have reduced material in the master carton by 0.04 square meters. Considering the high annual volume, this is a significant saving.



We successfully made several changes this year, including redesigning some of our Own Brand toilet lid packs to fit more product in shipping containers.

Recycle and reuse

Our distribution centers are taking scraps from the Packsize machines and turning them into filler material that can be used in smaller packs.



Building a better world

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Our approach

We exist to make our customers’ complex projects simple, successful, sustainable – and it starts with our associates. They’re the driving force behind our business and the key differentiator in how we achieve success.

We prioritize our associates’ health & safety and wellbeing, and make concerted efforts to drive greater inclusion & diversity across our organization.

> Read more about our strong focus on health & safety and how we’re further reducing safety-related risks on pages 34 to 35.

Engaging our associates, ensuring their wellbeing and supporting their career development improves their ability to serve our customers and suppliers.

> Read more about how we’re supporting associate wellbeing and career development on pages 27 and 28.

And by working together as a team to deliver solutions to social challenges, we take care of the communities we serve.

> Read more about Ferguson Cares, our community engagement program, and how we’re focused on three key areas: clean water and sanitation; housing; and the skilled trades on pages 38 to 39.

Our culture of strong values and interpersonal relationships is what allows us to make all this happen. It’s our people, expertise and unique position within the value chain that set Ferguson apart.



“
I trust in this company to treat me fairly as its customer.”

America’s Most Trustworthy Companies

Ferguson was named one of America’s Most Trustworthy Companies 2023 by Newsweek – as voted for by 25,000 U.S. residents. This award recognizes our efforts to build a better world and reiterates the importance of our mission. It’s an acknowledgement of the positive impact we’re having for our associates, our customers and suppliers and our communities.

Empowering our associates

Our associates are the heart of our business. From the skillsets they possess to the dedication and collaborative mindset they embrace, our associates are fundamental in helping create industry-leading solutions and long-term value for our customers. We are dedicated to fostering a culture that is safe, inclusive and engaging for our associates to grow their careers.

Our company is built on an associate base with decades of expertise that is virtually impossible to duplicate. A mix of internal opportunities and external hires, blended with new talent gained through acquisitions, allows us to bring the best people to Ferguson – broadening the experience, knowledge and diversity of our leadership teams and overall workforce.

Engaging and retaining our associates

We demonstrated our commitment to listening to and engaging with our associates through our latest U.S. Engagement Survey, which had more than 23,000 responses – the highest response rate to date, exceeding U.S. benchmarks in all categories.

Using the data from this survey, we created an action plan focused on what associates need

from Ferguson to have the greatest impact and feel engaged in the work they do every day.

The key issues raised by associates were around communication and career growth, and our action plan allows us to make improvements in both areas. As a result, we’ve launched monthly spotlight learning programs for all levels of leadership and have introduced formal and informal mentoring programs.

We also engaged with our associates through a variety of listening sessions, focus groups and additional surveys to understand their specific and unique needs. We also worked to improve communication at every level in the organization, including reaching our nonwired associates.

To improve retention of our current associates, in FY2023 we launched two culture campaigns. The first, ‘Together We Build Better Careers,’ focused on driving awareness around our

career development philosophy, while educating and engaging our associates to own their career growth.

The second campaign focused on customer service excellence, reinforcing with associates what customer service means at Ferguson, what our customers expect from us, how we measure success and their role in helping us achieve this. We also spotlighted exceptional associates who model our values and exceed customer expectations.

Together, these campaigns generated more than 68,000 internal interactions and reached associates across our entire organization – helping promote our culture and values, and emphasizing the high levels of engagement of our associates



We are dedicated to fostering a culture that is safe, inclusive and engaging for all of our associates.

Attracting the best talent

Our hiring process ensures we continue to foster a culture of innovation and acceptance through differences in thought, experience and perspective.

In FY2022 we created a strategic plan to develop a more diverse talent pipeline and implemented systems that review our job postings to ensure we’re using more inclusive language that resonates with all potential candidates.

And in FY2023, we executed the first phase of that plan by adding three new partnerships with Historically Black Colleges and Universities (HBCUs) – Norfolk State University, Alabama A&M University and Prairie View A&M University – to our campus recruitment efforts.

We also introduced technology to ensure our job postings have farther reach. We’re now able to advertise our open roles to a more diverse talent pool, while both our job postings and communications to potential candidates are more inclusive and accessible.

Empowering our associates (continued)

Defining our promise with a new Associate Value Proposition

To boost attraction and retention, and in partnership with frontline associates and a leadership advisory group, we finalized our new Associate Value Proposition (AVP). Our AVP defines our promise to current and prospective associates, positioning Ferguson as an employer of choice.

The AVP's core attributes – shared purpose, belonging, resilience, wellbeing and growth – are organizational promises outlining the value associates gain in their life from a career at Ferguson.

FY2023 was year one of a three-year strategy, and we're now testing the AVP in the field to ensure it resonates. We're also reviewing the HR processes that bring it to life or present an opportunity to do so.

Compensation and benefits

We understand that our company thrives when our associates are engaged and healthy, which is why we go out of our way to take care of our associates and their families. Our goal is to support a comprehensive program that focuses on key pillars of a holistic benefits package.

We design our associates' total reward packages to be competitive, regularly reviewing the structure of our incentive programs to make sure they align with our talent attraction and retention policy, exemplify our purpose and values and incentivize our associates to take ownership of their performance. We're committed to rewarding our associates based on the delivery of business objectives and outstanding individual performance.

We have a number of digital tools and resources to help our associates access the information they need, when they need it – including 24/7 online access to our benefits hub, mental health care resources and doctors and licensed therapists.

Ferguson's 401(k) Retirement Savings Plan helps our associates build towards retirement, with matching contributions from the company. We also offer an easy-to-use asset allocation program, available at no cost, that can help associates choose their retirement investments.

Each year, Ferguson offers eligible associates the opportunity to participate in the Employee Share Purchase Plan and a variety of other wealth-building and financial-protection benefits – including auto and home insurance, identity protection, commuter benefits, student loan refinancing and pet insurance.

In FY2023, due to the tremendous work of our associates, and to support them with the impact of inflation, eligible hourly and salaried associates received a one-time company inflation-based payment. Ferguson also absorbed all of the medical premium cost increases, passing along the savings to our associates and their families.

Associate wellbeing

Associate wellbeing is a critical aspect of our AVP, and includes physical, emotional, financial and social wellbeing.

In FY2023 we provided associates and their families with access to mental health resources and programs including: four sessions around mental health through our Employee Assistance Program, which we plan to increase in number next year; three live mental health and wellbeing seminars for managers; and a Mental Health Toolkit to help managers understand, navigate and support mental health at work.

When it comes to physical wellbeing, we provide associates with wellness incentives to encourage a healthy lifestyle – including access to the Castlight app, which helps tackle stress, anxiety, weight management and tobacco cessation, and offers associates the chance to earn rewards for healthy activities. Associates are also offered paid time off for wellness.

\$5m

on associate recognition through our PERKS program in the US.

Associate recognition

In the coming year, we will comprehensively review our PERKS associates recognition program. This will include providing our nonwired associates – who do not work in an office environment – with equal access to the platform, in an effort to improve engagement across the organization.

We currently have several other established recognition programs – including the President's Club, the President's Circle and the President's Gallery – where our top-performing sales associates and managers receive recognition. These programs demonstrate our appreciation for our associates and recognize the exceptional performance and outstanding contributions they make to support profitable growth in our business.

\$4m

in wellness incentives to encourage a healthy lifestyle.

Empowering our associates (continued)

Training, development and leadership

Ferguson’s business is consistently evolving, and we recognize the importance of developing superior skillsets within our organization while supporting our associates with the tools and training they need to deliver value to our customers.

Our associates want development that prepares them for the jobs they do every day and that sets them up for future career opportunities.

By providing our associates with learning and development opportunities that promote short- and long-term advancement, we help ensure our top talent can grow their careers at Ferguson.

In FY2023 we invested further in leadership development across frontline, mid-level and senior leaders – with 450 leaders taking part in programs across the organization. And, as part of our succession planning process, we conducted leadership assessments for 50 new leaders.

We also kicked off year two of our Sales Leadership Program (SLP), which accelerates the development journey of our early-career associates by providing them with authentic experiences across multiple customer groups, establishing long-lasting relationships and encouraging connection to our company through our values. The program prepares Ferguson’s talent pool to fill critical frontline sales leadership roles in our organization.

These programs led to improved confidence in leadership capabilities, observable improvements in leadership behaviors, positive impacts to team goals and increased associate engagement. Associates learned how to understand and address key leadership challenges, how to build a leadership network and improved their performance in leadership fundamentals including coaching, delegation and execution of strategy.

Training APEX award

For the second year running, in FY2023 Ferguson was awarded a Training APEX Award by Training magazine. Ferguson’s learning and development efforts – focused on redefining our leadership development framework and increasing associate engagement scores – were key to earning this recognition.

Training magazine is known as the industry standard for professional development, training and human resources, and APEX winners are celebrated for developing and implementing the most successful learning and development programs in the world.



The technology infrastructure of our training programs was one of the shining areas of the application. This includes using innovative approaches to teaching content such as gamification and simulations.

Kerrie Watson, Ferguson’s Talent Program Manager



In FY2023, Ferguson’s learning and development efforts saw:

160k

total hours of training delivered

12k

hours delivered live (including online)

148k

hours completed on demand via digital platforms

7k

unique blended learners, combining face-to-face and digital sessions

Inclusion & Diversity

Passionate, diverse associates are the heart of Ferguson. We believe the range of perspectives and experiences fostered by an inclusive and diverse organization gives us a competitive advantage – especially when shaped by a workforce that reflects the communities we serve.

Our Inclusion & Diversity strategy

Ferguson's Inclusion & Diversity (I&D) strategy was created in partnership with our Executive Committee, our business leaders and our associates, and was benchmarked against competitors and companies known for their diversity programs.

Ferguson's I&D Council oversees the evolution of our strategy and is responsible for aligning our programs with Ferguson's vision, mission and business strategy.

Our I&D strategy focuses our efforts within our framework of developing a diverse workforce and an inclusive environment. Our goal is to execute a strategy that includes attracting diverse associates, developing associates to reach their full potential, and engaging and retaining the best talent – all contributing towards creating and maintaining a culture of inclusion where all associates can bring their true authentic selves to work every day.



Inclusion & Diversity (continued)

Working towards greater diversity

In line with our I&D strategy, our aim is to achieve year-over-year improvements in representation of diverse groups and to reduce associate turnover.

In FY2023, we created an I&D Solutions Guide to provide people managers with the tools they need to lead inclusively and continue to create an environment where all associates are treated fairly and feel a sense of belonging. The guide serves as a starting point that will provide our leaders with I&D best practices and establish ideas to spark creative solutions.

We encourage associates to share ‘diversity moments’ at the start of all meetings, to help nurture an inclusive environment. We’ve also provided a comprehensive collection of educational materials to select from that highlight all aspects of diversity and inclusion, to help us continue to build awareness in this space.

In addition, in FY2023 we focused on updating our personal information disclosures by adding a non-binary designation to our gender fields, as well as the ability for associates to include gender pronouns within their company profiles and the option to disclose their sexual orientation.



We encourage associates to share ‘diversity moments’ at the start of all meetings to help nurture an inclusive environment.



Inclusion & Diversity (continued)

Inclusion & Diversity leadership development programs

We continued our investment in various development programs to create and foster a diverse leadership pipeline at Ferguson. In FY2023 we added three new transformational learning experiences designed to equip female leaders at Ferguson with leadership strategies that support their career aspirations – Amplify, Ignite and Breakthrough – and ran our LIFT and FORWARD programs to develop talent from diverse ethnic and racial backgrounds for a second year.

These programs intentionally develop key talent identified through Ferguson’s annual performance review and succession planning processes – recognizing the unique challenges and barriers to advancement and providing the tools, capabilities and networks participants need to achieve their professional aspirations.

Here’s what our associates had to say:



What resonates with me is the amount of possibilities within our organization and senior leaders who care enough to invest in us to create opportunities with an open door policy. The FORWARD program is truly a great asset for future leaders.”



Seeing senior leaders take the time to step into the room and engage, elevated the program. In addition, it spoke to how invested Ferguson and the senior leadership teams are in developing the next level of leaders.

Unconscious bias training

Educating our people on critical I&D topics is a key part of how we’re strengthening our culture of inclusion and acceptance. At the heart of this effort is our desire to continue to build on our culture of belonging for all, so that everyone at Ferguson can achieve their fullest career aspirations, irrespective of race, color, religion, gender, age, sexual orientation, marital status, disability or any other characteristic that makes them unique.

Building on the momentum from previous years, 5,300 associates have voluntarily completed unconscious bias training with a focus on reducing bias in decision making, increasing empathy in personal interactions and creating environments that foster mutual respect.

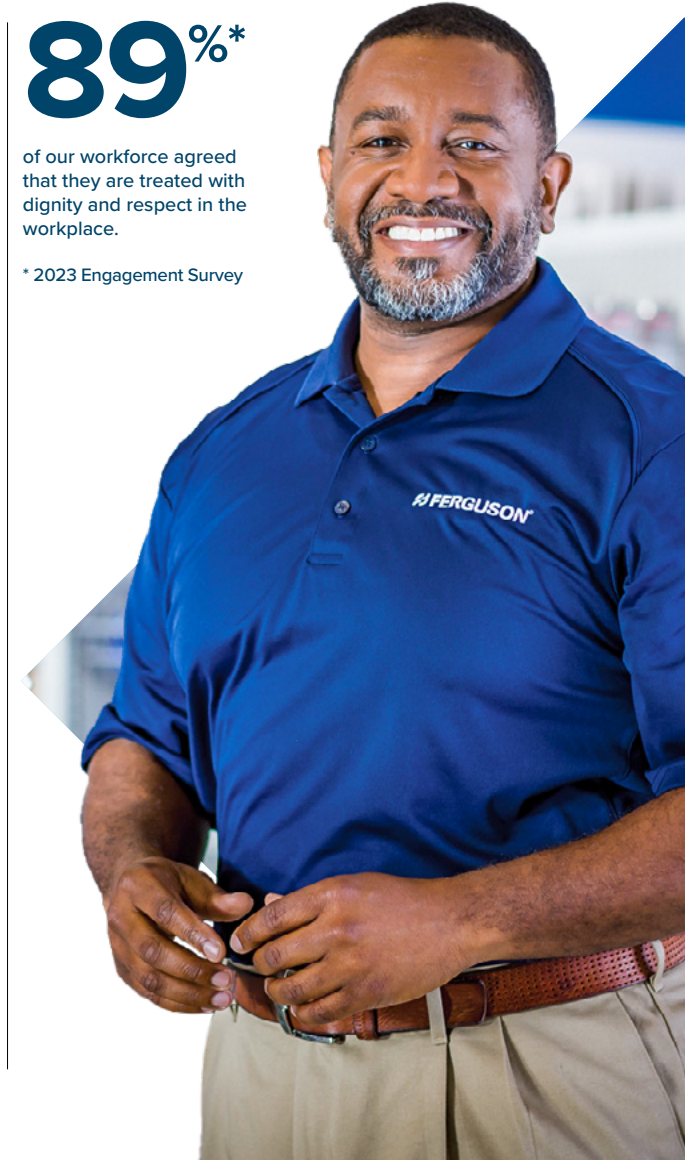
We strive for our leaders to become more familiar with the everyday behaviors needed to identify, engage and advocate for diverse talent – improving business results and operational success by proactively building, maintaining or repairing trust in the workplace.

These programs have helped us identify bias where it occurs in our own thinking and in our workplaces, to cultivate connections with those around us to help expand our understanding and improve our decision-making, and to engage with care and boldness when addressing biases that limit people and constrain performance. Mitigating unconscious bias will help take us to the next level and unleash our full potential as leaders and associates.

89%*

of our workforce agreed that they are treated with dignity and respect in the workplace.

* 2023 Engagement Survey



Inclusion & Diversity (continued)

Expanding the influence of our Business Resource Groups

Ferguson’s Business Resource Groups (BRGs) provide our associates with opportunities to find like-minded people, share common experiences, build allyship and strengthen Ferguson’s culture of inclusion and belonging within our organization. Membership is open to all associates and participation is voluntary.

Our BRGs are also integral to our community engagement efforts, taking part in community service in close collaboration with Ferguson Cares.

Our BRGs promote diversity, openness, understanding and inclusiveness, allyship and strive to provide long-term connection among associates – as well as business benefits to Ferguson. Each BRG has an Executive Committee Sponsor, Chair and leadership team who establish the group’s priorities – as voted on by group members.

Our separate BRG Advisory Team comprises two associates from each BRG, and works directly with our Ferguson Cares program to leverage insights and experiences from our associates to ensure our company’s philanthropic efforts are aligned with our focus areas and I&D strategy.

Our current BRGs are LEAD, EmpowHER, Building Pride, VALOR and HOLA.

LEAD (Listening, Empowering and Advocating for Diversity) strives to foster a workplace where our Black associates can thrive by bringing diverse perspectives that contribute to Ferguson’s business objectives.

LEAD’s FY2023 highlights included:

- Introduced 10-Minute Coffee chats focusing on difficult conversations such as race and gender.
- Participated in Habit for Humanity builds across the U.S.
- Launched the LEAD Buddy program to improve engagement and retention with newly hired associates.

LEAD’s focus in FY2024 will be on further development opportunities for associates.

EmpowHER’s goal is to provide an inclusive environment where women achieve their professional and personal goals through support, networking, mentorship, development and empowerment.

In FY2023, EmpowHER’s highlights included:

- Gained new fertility benefits for associates and championed free period products for all locations.
- Educated membership on finance management, executive presence and building your personal brand.

Throughout FY2024, EmpowHER will continue looking across the organization and providing education for women.



Christine Dwyer, Ferguson’s Senior Director of Communications and PR, and the chair of our EmpowHER BRG, received PR News’ Top Women in PR award in the changemaker category. She was honored among the supportive, innovative, and inspiring women making an impact on their respective organizations across the nation.



Inclusion & Diversity (continued)

Building Pride aims to create a safe, inclusive workplace that empowers LGBTQ+ members and allies to enhance their professional growth and achieve organizational goals.

Building Pride’s highlights in FY2023 included:

- Led the non-binary designation and gender pronoun campaigns.
- Participated in multi-city Pride events including Tampa, Portland, Oklahoma City, Cincinnati, Atlanta and Hampton Roads, Virginia.
- Created a partnership with Build Out Alliance to drive awareness of our business within the LGBTQ+ community.

In FY2024, Building Pride will focus on a new partnership with Build Out Alliance, which promotes and advocates for the LGBTQ+ community within the building design and construction industries.

VALOR (Veterans and Allies for Leading Organizational Results) is a dedicated community of associates with a shared passion for recognizing the contributions and honoring the sacrifices of those who have served and their families. Members of VALOR seek to promote awareness, encourage gratitude and foster camaraderie and a sense of connection based on shared experiences.

In FY2023, VALOR’s highlights include:

- Partnered with Troopster to build and send 400 care packages to active troops overseas, and raised money for the organization.
- Worked with the Ferguson recruitment team to evaluate hiring needs for veterans transitioning from the military into civilian life.
- Launched a mentorship program for VALOR members.

VALOR is focused on providing resources for military personnel that are transitioning into civilian life, along with support for their spouses, throughout FY2024.

HOLA (Hispanic Or Latin American) is our newest BRG, launched in January 2023 to support members of the Hispanic and Latin American communities. HOLA’s mission is to mitigate barriers and promote a deeper understanding of the rich history and cultures within Hispanic and Latin American communities.

In FY2024, as well as exploring from a business perspective how it can positively impact our company’s performance, HOLA will take steps to create a sense of community and belonging. It will also provide access to learning and professional development opportunities for Hispanic and Latin American associates – including educational sessions with guest speakers, workshops on career progression – and will assess how we can improve our Spanish-speaking resources for associates and customers alike.



400

care packages built and sent to active troops overseas

More than

65%

of our senior leaders are engaged in a BRG

Our Inclusion & Diversity policy

Ferguson is committed to promoting diversity and creating an inclusive workplace where all associates can thrive. Key to this is our Inclusion & Diversity Policy which aims to create an inclusive culture and accessible environment, where associates can reach their full potential, contribute effectively and share their unique ideas and insights. Ferguson also expects its suppliers and vendors to share its commitment relating to inclusion and to contribute to its progress.

Our Equal Employment Opportunity policy

Ferguson provides equal employment opportunities to its applicants and associates, as well as growth opportunities to its associates. Ferguson recruits, hires, transfers, promotes, compensates, trains, terminates and makes all employment decisions about applicants and associates without regard to their race, color, religion, national origin, ethnicity, age, sex, marital status, lawful alien status, physical or mental disability, veteran or marital status, sexual orientation, gender identity or expression, genetic information, pregnancy or any other basis protected by law.

Prioritizing Health & Safety

We place a high priority on creating a safe and healthy work environment for every member of the Ferguson family. Safety is among our values and remains at the forefront of our decision-making processes – and customers and suppliers alike see this as an important factor in doing business with us.

Strengthening our First in Safety culture

Our dedication to safety empowers our associates to understand their contributions to a strong health & safety culture. Our high standards for safety, expected safe behaviors and global safety rules and enforcement processes enable us to drive continuous improvement in our health & safety performance.

Our First in Safety culture is supported by a commitment from our senior leadership, strong safety engagement from all management levels, a robust engagement program for all associates, allocation of safety resources and the deployment of dedicated safety professionals in the field. Health & safety is on the agenda of each scheduled Executive Committee meeting.

To support our culture, Ferguson's Executive Health, Safety and Environment Committee assists our leadership in fulfilling its responsibilities to provide oversight and support of the company's Health & Safety Policy that sets out our detailed minimum standards and standard operating procedures.

The expectations outlined in the policy apply to all locations, including our headquarters. The committee meets every two months and provides regular reports to the CEO.

When the company recognizes an increase or trend involving safety practices, we issue a company-wide Safety Stand-down, a voluntary pause in day-to-day operations to refocus on and reinforce our First in Safety priorities.

We also incorporate 'safety moments' before our meetings, which are brief, informal safety discussions and an important part of our culture. And in FY2023, we established safety committees in branches and distribution centers with 50 or more associates – encouraging greater engagement at the local level.

Safety at all locations

At Ferguson, we always strive to conduct business responsibly and to protect the health & safety of our associates and customers. As part of our commitment to corporate responsibility, we focus on continuous improvement in health & safety performance throughout our operations.

At every location, it's critical that our associates are well-informed and resourced with the appropriate equipment and tools to protect themselves and those around them. And, through continuous investment in health & safety, we strive to mitigate the risk of on-the-job injuries. As we collectively strive to achieve the common goal of an incident-free workplace, it's the responsibility of every associate to contribute by promoting safe work practices in our day-to-day activities.

We actively engage with our associates, promoting a strong safety culture by empowering them to make safe decisions. Ferguson's Field Safety Organization enables more direct engagement with local branch leadership teams on health, safety and environmental issues.

In the field, our Territory Safety Managers oversee areas such as material handling and training, and develop and execute cultural change and technical learning programs. We depend on our associates to hold each other accountable and drive our safety culture by conducting safety observations which serve to reinforce good safety practices.

Armateck launched

As part of our commitment as a leader in safety, last year we also introduced Armateck, our safety and PPE Own Brand. Armateck is forged under the principles of quality, strength and ingenuity and is the first Own Brand product offering to cross nearly all of our customer groups.

In FY2023, to further improve material handling ergonomics, we examined the tools and training programs we use in our locations and provided recommendations to help give our associates more opportunities to rest. This included rethinking work rotations within branches, regularly moving associates between job roles to help mitigate and alleviate sprains and strains associated with repetitive work.

Safety training

Our health & safety training is designed to encourage associates at all levels to go beyond compliance and integrate safety into their daily routines. Associates in North America receive annual training on Expected Safe Behaviors to ensure they understand and can demonstrate them on a daily basis – plus enhanced, ongoing, role-specific training through hands-on, task-specific job hazard analysis training.

In FY2023 we revamped our training programs, focusing more on Ferguson and the work we do – speaking more directly to the inherent risks our associates face, while at the same time making such training more efficient.

Prioritizing Health & Safety (continued)

We also expanded our Back Lifting Safety Training Program from distribution centers to major shipping hubs and larger branches. And we improved our medical management of injuries – partnering more closely with medical providers that understand the specific work we do. These medical professionals provide a more comprehensive assessment and evaluation, and properly determine if each associate is fit to return to work.

To help prevent injuries to new hires, we also continued our New Hire Health & Safety 30-60-90 Onboarding Training Program in FY2023 – designed to prepare each new associate to work safely in our distribution centers, branch network and headquarters locations. The program provides foundational knowledge about Ferguson’s health & safety programs, with a mix of web-based interactive learning and hands-on, location-specific training preparing all new associates with all they need to be part of our First in Safety culture. Training is executed by both people managers and designated trainers.

During FY2023, Ferguson’s total recordable injury rate (TRIR) decreased by 14% and lost time rate (LTR) was down 21% – both marked improvements on the numbers reported in FY2022. Overall, through our focus on the fundamentals of safety, the revamping and expansion of our health & safety training, and our First in Safety culture, we are reducing the number of recordable injuries.

Figure 1: Company total recordable injury rate

Company 2023 Total recordable injury rate: 1.80 – 14% improvement (2022: 2.09)

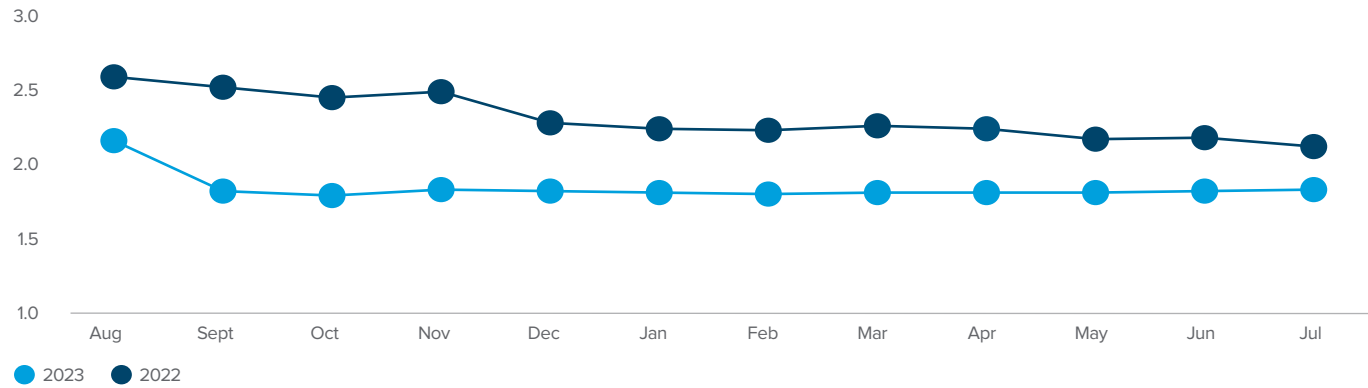
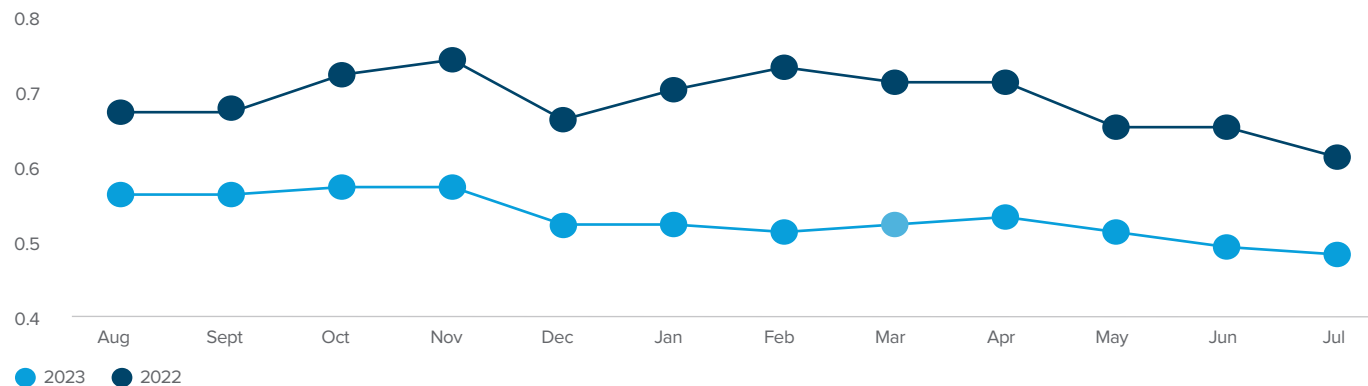


Figure 2: Company lost time rate

Company 2023 Lost time rate: 0.48 – 21% improvement (2022: 0.61)



During FY2023, Ferguson’s total recordable injury rate (TRIR) decreased by 14% and lost time rate (LTR) was down 21% – both marked improvements on the numbers reported in FY2022.

Our supply chain responsibility

Building and maintaining a responsible supply chain is the right thing to do – for our business, for the environment and for society. We operate a global supply chain network, and we want to ensure we’re partnering with companies that are well positioned to mitigate long-term risk and enhance value.

In FY2022, the Board approved a new Human Rights Policy to help ensure compliance with applicable U.K. and U.S. legal requirements that prohibit forced labor, child labor or human trafficking related activities. You can read more about the policy on page 44 – and the U.S. Prohibition of Human Trafficking, Forced Labor and Child Labor.

Working with and engaging our suppliers

Ferguson works to collaborate with suppliers on the innovation, design and manufacturing of sustainable products and solutions – extending from sustainable products to sustainable packaging. Our ability to influence through a consultative process uniquely positions us to positively impact the environment, promoting products that are in demand by customers, protect and conserve water, reduce emissions and create a safer, healthier environment at home and work.

We work to understand the sustainability goals both our suppliers and customers have in place and how we can partner to achieve collective success. We also pursue opportunities to connect within our industry to find new ways to collaborate with suppliers to educate customers and maximize our reach.

To help achieve our own sustainability goals, we partnered with CDP, a global non-profit organization specializing in environmental impact reporting. And, for the second consecutive year, we requested that our largest suppliers join us in disclosing their sustainability performance through CDP’s Climate Change Questionnaire – something Ferguson itself has been doing since 2013. We provide guidance and encourage suppliers to reach out to our team to share best practices and discuss partnership opportunities.

We continue to strengthen our quality control procedures for sourcing products and quality teams in our overseas entities continue to visit and assess our suppliers. Each business also assesses its suppliers against set criteria to provide protection to both us and our customers in the event of a product failure or breach of regulation in the supply chain.

Supplier Code of Conduct

Ferguson is committed to managing a global supply chain that is socially and environmentally responsible and thereby mitigates risk and enhances value. We request that higher-risk suppliers sign our Supplier Code of Conduct (SCOC) – or operate under their own comparable business conduct principles – and reserve the right to terminate a business relationship with any supplier that violates any of our principles.

The SCOC includes requirements for social responsibility, including human rights and labor standards, standards for meeting environmental regulations and providing safe working conditions, measures for anti-bribery and corruption and supply chain transparency. It also requires suppliers to provide information requested by Ferguson related to the use of conflict minerals – as defined by Section 1502 of the United States Dodd-Frank Wall Street Reform and Consumer Protection Act – in products supplied to Ferguson.

Our Approach to Conflict Minerals

In accordance with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of minerals from Conflict-Affected and High-Risk Areas, and using the Responsible Minerals Initiative (RMI)’s Conflict Minerals Reporting Template (CMRT), in FY2022 we conducted a reasonable country of origin inquiry to determine whether relevant products contain conflict minerals that originated in certain covered countries. Our conflict minerals report filed with the U.S. Securities and Exchange Commission can be found on the Securities and Exchange Commission (SEC) filings page of our website.

Maintaining diversity across our supply chain

The diversity of our suppliers is important to Ferguson – and we believe investing in their success is smart business. We strive to provide opportunities for small, minority-, women-, veteran- and service-disabled-owned businesses to grow through our supplier diversity initiatives – in turn creating inclusive wealth for these companies. We’re now working on expanding our partnerships to further diversify our supply chain.

The Distributor Alliance Program (DAP), our small business reseller program, features 280 partners – and sales through these partners totaled more than \$140 million in FY2023. The DAP enables Ferguson to expand in new markets while growing our business opportunities with diverse suppliers, and we’re working with select partners to team up and pursue larger megaprojects under our DAP Teaming Initiative.

Ferguson also offers aspiring leaders within our supplier network the opportunity to attend executive education programs through our corporate partnership with the Carolinas-Virginia Minority Supplier Development Council. We recommend high-performing individuals to help improve the performance of their respective organizations, which helps to innovate Ferguson’s supply chain.

As part of our commitment to maintaining supplier diversity, we also partner with various supplier diversity inclusion organizations throughout Virginia and across the U.S.

Ferguson Ventures

Ferguson Ventures is the Corporate Venture Capital (CVC) and strategic partnering arm of Ferguson, collaborating with and investing in startups solving challenges in the built world.

Our vision is to provide these innovators with the resources, industry expertise and capital necessary to launch transformation in the construction and services industries that will create a better future – while also providing early visibility to innovation that Ferguson can use to better support our customers’ projects.

We focus on technologies that help our customers build more efficiently through generative design, model-to-fabrication workflows and offsite construction. These technologies reduce waste on construction sites and improve efficiencies for skilled trades workers.

In addition, we focus on advancements in environmental and sustainable products relating to a reduction in water and energy consumption – in turn helping our customers build more sustainably. By continuing to grow our partnerships in these areas, we accelerate our business strategy and capabilities.

Greyter

We are committed to helping our customers design and build water-resilient communities – and, as part of this effort, Ferguson Ventures invested in Greyter in FY2022. Greyter provides water recycling solutions for residential and commercial buildings that reduce indoor water consumption.

Greyter HOME is an NSF-350-certified system that captures water from showers and bathtubs and treats it to a near-potable quality to meet a home’s toilet-flushing demands – reducing a community’s use of drinking water to flush toilets. Greyter Water Systems can supply all the water for a building’s toilet flushing and irrigation, saving an estimated 30% in water use.

In FY2023, the first Greyter community project was realized in Castle Rock, Colorado, where Greyter HOME was installed in 29 homes in the Redhawk community.

Ferguson is the exclusive distributor for Greyter products in North America and is engaging builders and municipalities on solutions to reduce water consumption within the home – furthering our commitment to provide customers with products that lower their environmental impact.



Pearl Certification

We’re also focused on making homes more efficient, comfortable and sustainable, and as such Ferguson Ventures has invested in Pearl Certification. Pearl is a third-party certification program that educates homeowners and contractors on the value of using sustainable products – and that certifies the professional installation of high-efficiency equipment.

Ferguson utilizes the Pearl Certification’s Green Door application as the platform’s exclusive eCommerce distributor to connect our suppliers with homeowners seeking sustainable products. Pearl is also helping Ferguson educate trade professionals on ways to use the Inflation Reduction Act to grow their businesses by increasing the installation of high-efficiency HVAC equipment and water heaters.



Ferguson Cares

Ferguson’s culture is grounded in our commitment to prioritizing the care and wellbeing of our associates, customers and communities – and that inspires us to create meaningful impacts through our community engagement program, Ferguson Cares.

Ferguson Cares is how we take care of our communities, encourage our associates to volunteer and give back, and ensure our organization continues to serve as a good corporate citizen. Ferguson Cares reflects how we work as a team to deliver solutions to social challenges and create lasting value for our stakeholders – working with dedicated community partners to create a future that everyone can be proud of.

Ferguson Cares is well integrated into the business today. We’re committed to developing partnerships with nonprofit organizations based in and serving the U.S. with a focus on three key areas:

1. **Clean water and sanitation:** Expand access to clean water and proper sanitation.
2. **Housing:** Support affordable housing and neighborhood revitalization projects and initiatives.
3. **Support of skilled trades:** Build a sustainable skilled trades workforce.

In addition, we’re committed to supporting the development of our hometown of Newport News, Virginia. Here, we expand our focus to include the area’s social and economic wellbeing.

Expanding access to clean water and proper sanitation

As part of our commitment to building water resilient communities by ensuring the availability and sustainable management of water resources, Ferguson was accredited to attend the UN 2023 Water Conference – the first global water conference since 1977. More than 10,000 participants convened at the UN’s headquarters in New York City, to advance the Water Action Agenda.

Alongside our partner, DigDeep, we are helping to close the water access gap for families in the U.S. – bringing clean water, innovative solutions and economic opportunity to communities that lack access to water. With our support, the organization was able to expand its community-led WASH work to bring clean, running water to households in the Texas colonias, pilot wastewater solutions on the Navajo

Nation and in rural Appalachian communities, and increase its capacity through training and job opportunities.

In FY2023, Denise Vaughn – Ferguson’s Vice President of ESG – was appointed to DigDeep’s Board of Advisors. Denise’s appointment demonstrates Ferguson’s commitment to clean water and sanitation, and ensuring every family in the U.S. has access to clean water and proper sanitation.

Supporting affordable housing and neighborhood revitalization initiatives

In FY2023, we continued our local partnerships with Habitat for Humanity chapters around the U.S., including our longstanding partnership with our hometown affiliate, Habitat for Humanity Peninsula Greater Williamsburg.

We helped construct two sustainable 3D-printed houses in Newport News, VA, and donated the rough and finished products, lighting and appliances for these homes. Where possible, we donated sustainable products including Energy Star- and WaterSense-rated appliances, to further enhance the sustainability of the homes.

We continued our national partnership with Rebuilding Together, a leading nonprofit organization for repairing homes of people and families in need. Our combined support helps revitalize neighborhoods, enabling families to remain where they love while building safer homes and communities for all.

Diverting waste to support our communities

Through our partnership with [Good360](#) – a nonprofit that works with socially responsible companies to close the needs gap – Ferguson donates excess inventory from our distribution centers.

This diverts waste from landfills while supporting disaster survivors, the housing insecure, disabled veterans and others who may otherwise go without the basic products they need to thrive. In FY2023, nearly 100 nonprofits benefitted from donations – representing more than 2.5 million pounds of excess inventory being put to good use.



Ferguson Cares (continued)

Building a sustainable skilled trades workforce

With the entire baby boomer generation set to reach retirement eligibility by 2030, we see an exciting opportunity to redefine the skilled trades landscape. And, while the shortage of skilled professionals is already being felt, the next five years offer a chance for transformation.

Alongside our efforts to encourage young talent to explore trade careers, we're working to support the integration of underrepresented groups, notably women.

According to the U.S. Bureau of Labor Statistics, women make up just shy of 11% of the U.S. construction workforce. To help tackle this imbalance, Ferguson stepped up as a founding sponsor of Women in Plumbing and Piping (WiPP), an organization providing a community of connection and empowerment for women in the plumbing and piping industries to thrive personally and professionally.

Our collaboration with WiPP is a commitment to shaping a more inclusive future for the skilled trades. WiPP's four pillars – mentorship, education, networking and recognition – reflect a comprehensive strategy for attracting more women into the industry and equipping them with the tools needed to excel.

In addition, we've extended our partnership with ACE Mentor Program of America through FY2027. ACE is a free, award-winning afterschool program designed to attract high school students across 38 states into pursuing careers in the Architecture, Construction and Engineering industry.

Ferguson associates also volunteer as mentors with ACE, working directly with students to guide them through their education and into the skilled trades. And Todd Young, Vice President of Ferguson's Commercial Customer Group, is an active member of ACE Mentor's Board of Directors and serves on the CMIC-Allen Berg Scholarship Committee – which, in partnership with ACE, awards scholarships to high school students enrolling in accredited college programs in architecture, construction, interior design and engineering.

We also support the mikeroweWORKS Foundation, which strives to elevate opportunities in the trades and help close the skills gap by challenging the stigmas and stereotypes that discourage people from pursuing trade jobs. Each year, mikeroweWORKS provides financial assistance to students pursuing skilled trade programs through its Work Ethic Scholarship Program—in FY2023, mikeroweWORKS awarded \$1 million in scholarships to 200 recipients across 41 states.

Developing the next generation

We support Explore the Trades – a nonprofit organization with a mission to recruit individuals to the plumbing, heating, cooling and electrical trades – with a grant program called 'Explore the Trades Skills Labs, Built by Ferguson.' Our joint mission is to build and develop the next generation of plumbers and HVAC technicians.

Now in its second year, the program's focus has been expanded to not only include the creation of new skills labs, but also include middle schools and those schools in need of updated equipment – with grants awarded to 11 schools – impacting approximately 850 students – in FY2023.



Accelerating change together

In partnership with other leading corporations in our hometown, we selected the first recipient of our transformational Accelerating Change Together (ACT) grant.

We chose Virginia Beach City Public Schools to receive funding of \$500,000 over three years, which will be used to provide industry-standard training and build a workforce pipeline to the renewable energy sector – specifically in solar, offshore wind and electric vehicles – through the school system's Career and Technical Education program.



Leading a responsible business

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Our approach

Ferguson has always taken pride in maintaining effective corporate governance that supports our core values and underpins our ability to set our overall strategic direction.

The primary responsibility of Ferguson’s Board of Directors is to ensure the long-term, sustainable success of our company – and it has a vested interest in improving Ferguson’s environmental, social and governance (ESG) performance.

The Board sets Ferguson’s strategic direction, ensuring that strategy is aligned with our purpose and culture, and promotes and protects our interests for the benefit of all our stakeholders. The Committees of the Board support the Board in the fulfillment of its duties and take strategic decisions of a substantive nature.

Ferguson engages executive search firms to identify candidates that bring considerable financial, operational and industry experience to the Board and its Committees. Our Board members have impressive track records of value creation and have served on boards of large or international publicly listed companies with significant operations across the globe.

Key elements of the process for each role includes the appointment of qualified recruitment consultants, developing a specification for candidates, reflecting the importance of diversity, selecting a long- and shortlist of candidates, holding interviews, conducting reference checks and finally recommending preferred candidates to the Board.



Ferguson engages executive search firms to identify candidates that bring considerable financial, operational and industry experience to the Board and its Committees.

Ferguson’s sustainability governance

The Board has structured its agenda to receive regular updates on sustainability progress from our Vice President of ESG – such as reviewing project implementation and performance, and opportunities to integrate sustainability measures into capital expenditures.

The Nominations & Governance Committee is responsible for providing oversight of our ESG disclosure framework and related public disclosures, including our ESG Report. Our CEO holds ultimate responsibility in respect to performance on climate-related issues. Our CFO is actively engaged in assessing risk related to climate change and, alongside the Finance Committee, approves all capital expenditures.

Our ESG department is a part of the Finance organization, ultimately reporting to the Chief Financial Officer. Our Vice President of ESG is responsible for the day-to-day management of our ESG priorities.

ESG Steering Committee

The VP of ESG chairs the ESG Steering Committee – a cross-functional committee that includes leaders responsible for the ESG Framework and ESG subject matter experts from across the business.

The ESG Steering Committee’s purpose is to assist the Executive Committee in overseeing the company’s ESG-related key risks and opportunities that may have a significant impact on the company and its ability to sustain trust with associates, customers, suppliers and the investment community.

Ferguson Cares Committee

The Ferguson Cares Committee, led by the Director of Social Impact, is a subset of the ESG Steering Committee and provides oversight for the company’s social impact initiatives.

Environmental Leadership Council (ELC)

The ELC comprises a cross-functional group including, Ferguson Ventures, and our marketing, communications and ESG teams, along with leaders across our customer groups, who have responsibility for influencing the purchase of sustainable products and solutions – and who are involved in moving Ferguson up the funnel, closer to the source of funds.

The ELC influences the direction of our Environmental Product Strategy and investment approach. And because members are on the front line working directly with customers and suppliers, it provides direct access to customer insights and market trends.

Members are nominated by customer group and functional leaders. They help provide constructive feedback on our ESG areas of focus and support Ferguson’s Environmental Product Strategy.

Our ESG governance

Board management and composition

As of the date of this report, the Board comprises 11 Directors: the Chairman, the Chief Executive Officer, the Chief Financial Officer and eight independent Non-Employee Directors. 36% of the Directors are female and all Directors possess strong and diverse experience that is relevant to the sector in which Ferguson operates and aligns with Ferguson’s business strategy.

> More details on the specific roles and responsibilities of the Board and its Directors, considerations related to Director independence, as well as the Board’s composition, succession and evaluation practices, can be found in our [Corporate Governance Guidelines](#).



Geoff Drabble
Chairman



Kevin Murphy
Chief Executive Officer



Bill Brundage
Chief Financial Officer



Kelly Baker
Independent
Non-Employee Director



Catherine Halligan
Independent
Non-Employee Director



Brian May
Independent
Non-Employee Director



Alan Murray
Independent Non-Employee
Director Employee
Engagement Director



James S. Metcalf
Independent
Non-Employee Director



Thomas Schmitt
Independent
Non-Employee Director



Nadia Shouraboura
Independent
Non-Employee Director



Suzanne Wood
Independent
Non-Employee Director

Executive compensation

Our Executive Compensation Framework is based on our compensation philosophy, which ensures alignment of executive and shareholder interests, by providing market competitive total compensation, fairly rewarding our executives for the contribution they make to the business, and delivering a significant amount of total compensation through at-risk performance-based incentive compensation.

For our 2023 fiscal year, we incorporated into our executive compensation program for all members of our Executive Committee an ESG performance metric tied to our overall progress against areas such as safety, diversity, climate and governance. This measure strives to ensure shared accountability for, and incentivize progress towards, identified ESG priorities and is responsive to evolving shareholder expectations.

Our ESG governance (continued)

How we identify, assess and manage climate-related risks

Climate-related risks and opportunities, including existing and emerging regulatory requirements, were initially identified by the ESG team based on industry research, advancements in technology and other sustainability trends.

Impacts are explored further through interviews and document review with subject matter experts within the company – including Fleet, Facilities, Investor Relations, Legal, Business Continuity and Finance.

Climate-related risks and opportunities are categorized using the Climate-Related Risks and Opportunities Taxonomy as defined by the Task Force on Climate-Related Financial Disclosures (TCFD). Each identified risk is mapped to a Ferguson risk area, based on its impact to income before tax, market cap, reputation, dividend payment, strategy and operations.

Climate-related risks and opportunities were qualitatively prioritized based on their identified time horizon, probability rating, impact rating and mitigation status. Impacts of the most relevant climate risks and opportunities are further analyzed and quantified through scenario analysis.

Climate-related risks are not assessed as material when applying the same threshold as our other enterprise risks.

The primary responsibility for identifying, assessing, and managing risks belongs with company management. The VP of ESG is responsible for daily climate-related issue management, monitoring and integration into business strategy and operations.

Integrating with our overall risk management

Ferguson is committed to maintaining an Enterprise Risk Management (ERM) program that considers and manages opportunities, risks and uncertainties that may impact achievement of its strategic objectives.

The ERM program focuses on identifying and mitigating risks that pose the most significant existing or emerging threat (enterprise risks) to the company's achievement of its strategic objectives.

The Chief Legal Officer (or designee) provides centralized oversight of the ERM program and works with key risk owners across the company.

The Board receives reports from the Audit Committee on the management of enterprise risks, including the effectiveness of applicable mitigations and controls.



Ferguson is committed to maintaining an Enterprise Risk Management (ERM) program that considers and manages opportunities, risks and uncertainties that may impact achievement of its strategic objectives.



Managing an ethical business

Ethics and business conduct

Ferguson’s governance framework is defined by standard-setting documents, including the schedule of matters reserved for the Board, [each Board Committee’s charter](#), the [Ferguson Code of Business Conduct and Ethics](#), our [Corporate Governance Guidelines](#) and our other applicable policies and procedures. These documents formally describe our approach to decision-making and clearly assign responsibilities to our leadership team, enabling them to act with freedom and confidence when performing their duties. They also establish a common set of standards around behavior that align with our culture and support the Board to ensure that Ferguson continues to comply with its legal obligations.

Ferguson is committed to acting ethically in all its business activities, while remaining compliant with applicable laws and regulations. The standards that we expect of our associates and those who may work on our behalf are set out in our Code of Business Conduct and Ethics – a resource dedicated to helping our associates live by our values and follow all applicable laws and corporate policies. Our Code of Business Conduct and Ethics also provides guidance on ethical situations where there is uncertainty over how to proceed.

As part of our efforts to embody our values and company-wide culture of integrity, we require all new and current associates to complete the Code of Business Conduct and Ethics training as part of their onboarding process and annually thereafter. Topics covered in the scenario-based training vary year to year, and this year included mandatory

training on Speak Up, discrimination, information protection, information security, fraud and bribery prevention, anti-retaliation and antitrust compliance.

We also offered optional training on ethical leadership, inclusion and diversity, and communicating with respect. We provide periodic compliance training to associates in certain roles through online educational resources and face-to-face instruction.

We work to ensure that a strong ‘speak up’ culture exists at every level of our company, in which our associates feel comfortable raising concerns and have a touchpoint for ethical dilemmas.

Ferguson’s Ethics Helpline – a public-facing online portal – encourages our associates and business partners to report concerns of misconduct. It also allows associates to ask questions so they can embed ethical decision-making into day-to-day operations, mitigating the risk of serious misconduct.

To encourage reports and inquiries to the platform without fear of retaliation, submissions can be done anonymously. Further information on our approach to ethics and compliance can be found on [Ferguson’s Ethics Helpline webpage](#).

Ferguson consistently evaluates its training and awareness materials based on different metrics, including data from the Ethics Helpline.

In FY2023 the company further matured its conflicts of interest management process, allowing Ferguson to more effectively and efficiently manage disclosures of activities that may create a conflict of interest.

U.K. Modern Slavery Act Statement

Ferguson is committed to extending the principles of the UN Global Compact and Universal Declaration of Human Rights to our workforce. Since 2016, Ferguson has responded to the U.K. Government’s directive under the Modern Slavery Act for concerted action to tackle the occurrence of forced, involuntary and child labor in the global supply chain.

Ferguson’s Supplier Code of Conduct, which comprises requirements for social responsibility – including human rights and labor standards, standards for meeting environmental regulations and providing safe working conditions, measures for anti-bribery and corruption and supply chain transparency – codifies our commitment to source from ethical suppliers to ensure the products we supply are safe, reliable and manufactured by companies that share Ferguson’s values of integrity and respect for the human dignity of workers, which also helps mitigate risk and potential disruptions from sourcing from suppliers that do not uphold such standards. Over 1,500 suppliers, including higher risk suppliers (as determined by our third-party risk matrix) have contractually pledged to abstain from use of child, forced or involuntary labor in their operations. Further, most of our suppliers are not in countries with a prevalence of modern slavery according to the Global Slavery Index.

Please read Ferguson’s U.K. Modern Slavery Act Statement for a detailed overview of the policies and procedures we enforce throughout our global supply chain.



We work to ensure that a strong ‘speak up’ culture exists at every level of our company, in which our associates feel comfortable raising concerns and have a touchpoint for ethical dilemmas.

Grace C. Wu de Plaza,
Group Head of Ethics



Managing an ethical business (continued)

Mitigating material cyber risks

Ferguson faces global cybersecurity threats ranging from uncoordinated individual attempts to sophisticated and targeted measures – known as advanced persistent threats – directed at us and our customers, suppliers and vendors. Cybersecurity incidents and network security breaches may include, but are not limited to, attempts to access or unauthorized access of information, exploitation of vulnerabilities – including those of third-party software or systems – computer viruses, ransomware, denial of service and other electronic security breaches.

It is common for the retail and distribution industry to face cyber risks directed at payment mediums such as credit cards and customers’ personal information. These types of data are sought after by bad actors as they have value on the dark web.

Ferguson has invested in a dedicated Information Security team and IT professionals to support training, attack prevention and security response.

Information and cybersecurity

Information and cybersecurity are fundamental to Ferguson’s relationships with its business partners, and to our future growth and success as a company. We have a clearly defined global technology strategy and roadmap in place to protect the information entrusted to us – and we believe our leadership team is well-prepared to manage and mitigate emerging cyber threats to our business systems.

IT management consistently invests in processes, resources and incremental technical defenses necessary to prepare and bolster our systems against emerging cybersecurity threats. We have enterprise-level compliance processes and insurance coverage in place, including data protection and cyber liability – as well as policies that include an Information Security Policy, a Privacy Policy and a Record Retention Policy, among many others.

During FY2023 we updated our standards-driven security program to the newly released ISO 27002:2022 standard. Utilizing the ISO standard allows Ferguson to drive its risk and capability program based upon maturity, and tie areas of risk and capability to technology and process investments.

Ferguson has implemented modernized technology optimized for its hybrid on-premise and public-cloud-facing ecosystems, along with the associated security capabilities designed for a cloud-right hybrid model, that supports the mobile-enabled enterprise.

Ferguson continues to maintain a 24/7/365 Security Operations Center (SOC) with enterprise event visibility, as well as a formal Computer Incident Response Team (CIRT). The SOC and CIRT plans are continuously reviewed to identify areas of enhancement. All these well-defined security capabilities are housed within towers that are staffed with specialized technical resources.

Ferguson also invests in training and education to prevent cyber attacks. Our associates receive ongoing communication on security awareness via



Ferguson has implemented modernized technology optimized for its hybrid on-premise and public-cloud-facing ecosystems.

email, the company intranet and leadership. We also conduct phishing email campaigns to test associates on their ability to identify and respond to phishing attempts, and use software to protect the assets within our environment and prevent emails that may be malicious.

The Board, the Audit Committee and the Executive Committee are regularly briefed on the status of Ferguson’s IT-related risks, the implementation of our strategic plan and the execution of operational IT functions – especially relating to cybersecurity – throughout the year.

IT General Controls are independently tested by our Internal Audit team and the findings are reported to the Audit Committee. In addition, Ferguson regularly engages with independent third-party partners to assess and consult on our cybersecurity capabilities, prioritize areas of risk and assist with execution of our strategic plans.

Data privacy

Our culture of integrity is demonstrated in our commitment to customer and shareholder data privacy. Ferguson takes the privacy and security of personal information very seriously, and we strive to uphold the highest standards of information protection. We aim to ensure the safekeeping of all digital information entrusted to us.

Following the adoption of the California Consumer Privacy Act (CCPA), Ferguson’s relevant businesses implemented procedures and controls needed to comply with this legislation. As additional U.S. states have passed comprehensive consumer privacy laws – for example in Virginia, Colorado, Connecticut and Utah – Ferguson has taken an enterprise-wide approach to compliance to ensure consistency throughout the organization.

We have a [Shareholder Privacy Notice](#) in place for all shareholders, outlining the personal information we collect, how that information is used, and what their rights are in relation to that information.

Managing an ethical business (continued)

Compliance with laws and regulations

Ferguson is affected by various statutes, regulations and standards in the countries and markets in which we operate, and we strive to maintain full compliance with all applicable laws.

While Ferguson is not engaged in a highly regulated industry, it is subject to the laws governing businesses generally, including those related to competition, product safety, privacy and data protection of user data, labor and employment practices, accounting and tax standards, international trade, fraud, bribery and corruption, land usage, the environment, health and safety, transportation and other matters.

Since the registration of the company's shares in the United States, we are subject to additional reporting requirements of the Securities Exchange Act of 1934 (as amended), the Sarbanes-Oxley Act of 2002, the listing requirements of the NYSE and other applicable securities rules and regulations.

We monitor the laws and regulations governing our markets in order to minimize the effects of changes and maintain full compliance. We also align enterprise-wide policies and procedures with our key compliance requirements and monitor their implementation.



We monitor the laws and regulations governing our markets in order to minimize the effects of changes and maintain full compliance.



Data and frameworks

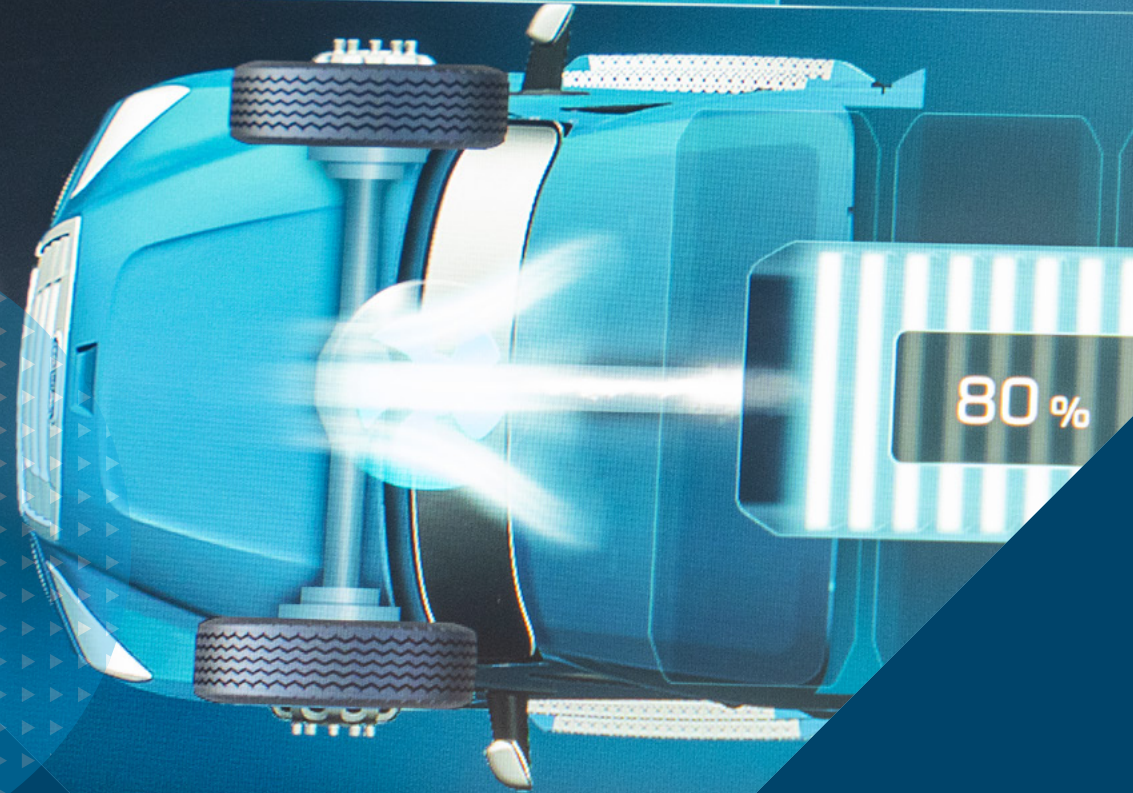
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Axles

Energy flow

Diagnos

80%



Ratings and rankings

Many different ESG ratings firms evaluate Ferguson’s performance on sustainability and measure our performance. Below are key ratings from 2023.



United Nations Sustainable Development Goals

The Sustainable Development Goals (SDGs) are a set of interconnected goals designed in 2015 by the United Nations General Assembly to help end extreme poverty, reduce inequality and protect the planet by 2030. Ferguson has aligned its efforts with SDGs 6, 8 and 12, as these reflect our business strategy and are areas in which we can have the greatest positive impact. Learn more about the SDGs at sdgs.un.org.



ESG data

Metric	2021	2022	2023
Carbon emissions			
Scope 1 GHG emissions (MT CO ₂ e)	165,211	172,473	171,279
Scope 2 GHG emissions – location-based (MT CO ₂ e)	76,416	80,340	80,310
Total calculated Scope 3 GHG emissions (MT CO ₂ e) ¹	192,110	214,604	225,335
Scope 1 and 2 emission intensity (MT CO ₂ e / million USD of revenue)	10.6	8.9	8.5
Total energy consumed from all sources (GJ)	3,309,588	3,462,824	3,453,986
Percentage supplied from grid electricity	25%	24%	24%
Associates			
Total associates ²	32,000	36,000	35,000
Female associates	24%	25%	25%
Minority associates ³	29%	30%	31%
Percentage of management positions held by female associates ⁴	20%	22%	23%
Percentage of management positions held by minority associates ^{3,4}	15%	16%	17%
Associate engagement	56%	58%	55%
Safety			
Associate Total Recordable Incident Rate (TRIR)	1.94	2.09	1.80
Associate Lost Time Incident Rate (LTIR)	0.61	0.61	0.48



- 1 Our reported Scope 3 includes Categories 3: Fuel- and energy-related activities, Category 4: Upstream transportation and distribution, Category 5: Waste generated in operations, and Category 6: Business Travel. Our Scope 3 reporting may evolve as we continue to develop methodologies to quantify additional categories.
- 2 Associate accounting methodology based on total count of all management and non-management associates as of July 31, 2023.
- 3 Race and ethnicity data reflects U.S. workforce only. Minority data is self-reported by associates in accordance with SASB guidelines.
- 4 Management includes all positions with direct reports and is not restricted by title.

Ferguson SASB Disclosure Matrix: Multiline and Specialty Retailers and Distributors

Table 1. Sustainability disclosure topics and accounting metrics

Activity metric	Category	Unit of measure	Code	Data response or reference
Energy management in retail and distribution				
1) Total energy consumed	Quantitative	Gigajoules (GJ), Percentage (%)	CG-MR-130a.1	1) Total energy consumed in FY 2023: 3,453,986 GJ
2) Percentage grid electricity				2) Percentage grid electricity: 24%
3) Percentage renewable				3) Percentage renewable: 0.16%
<p>Ferguson is continuing our journey toward increasing our renewable energy procurement. In FY22 we purchased and installed our first rooftop solar array, a 1.1-megawatt system on top of our Perris, CA Distribution Center. In its first year of operation, the solar array offset 1,089 metrics tons of carbon dioxide – equivalent to removing roughly 242 passenger vehicles from the road per year*. Additionally, we purchased a solar array for our Phoenix, Arizona, Distribution Center, and are securing LEED Silver BD+C certification – further demonstrating our commitment to integrating sustainability considerations into new constructions. Our Virtual Power Purchase Agreement is expected to increase our percentage of renewable energy utilization beginning in FY2024.</p> <p>* conversion from EPA Greenhouse Gas Equivalencies Calculator: https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator</p>				
Data security				
Description of approach to identifying and addressing data security risks	Discussion and analysis	n/a	CG-MR-230a.1	2023 ESG Report – Information and Cybersecurity, page 45.

Ferguson SASB Disclosure Matrix: Multiline and Specialty Retailers and Distributors (continued)

Table 1. Sustainability disclosure topics and accounting metrics (continued)

Activity metric	Category	Unit of measure	Code	Data response or reference
Workforce diversity and inclusion				
Percentage of gender and racial/ethnic group representation by 1) management and 2) all other associates	Quantitative	Percentage (%)	CG-MR-330a.1	Management ¹ — Female: 23%, Male: 77% All Other Associates ² — Female: 26%, Male: 74% Management ¹ — Racial/Ethnic Minority ³ : 17% All Other Associates ² — Racial/Ethnic Minority ³ : 34%
Product sourcing, packaging and marketing				
Revenue from products third-party certified to environmental and/or social sustainability standards	Quantitative	Reporting currency	CG-MR-410a.1	Nearly \$3 billion in revenue is attributed to products with third party certified products, including Energy Star, WaterSense, Green Seal, ECOLOGO, EPA Design for the Environment and Forest Stewardship Council.
Discussion of process to assess and manage risks and/or hazards associated with chemicals in products	Discussion and analysis	n/a	CG-MR-410a.2	Products: Ferguson is committed to the safety of our vendors, associates, customers and our communities. In line with those values, we offer EPA Safer Choice products, Greenguard products and products that are Green Seal certified. Ferguson provides detailed information regarding the composition and safety of the products we sell, with product specifications available on our website, including component and certification data. We screen products at the point of sourcing and at various stages of the value chain to ensure that they meet state and federal requirements and assess any products that may have harmful impacts on human health or the environment. To ensure that our customers are informed on the products they purchase, Ferguson also provides Safety Data Sheets on all relevant products that we sell.

1 Management includes all positions with direct reports and is not restricted by title.
 2 Reporting a snapshot value from July 31, 2023.
 3 Race and ethnicity data reflects U.S. workforce only. Minority data is self-reported by associates in accordance with SASB guidelines.



Ferguson SASB Disclosure Matrix: Multiline and Specialty Retailers and Distributors (continued)

Table 1. Sustainability disclosure topics and accounting metrics (continued)

Activity metric	Category	Unit of measure	Code	Data response or reference
Product sourcing, packaging and marketing (continued)				
Discussion of process to assess and manage risks and/or hazards associated with chemicals in products	Discussion and analysis	n/a	CG-MR-410a.2	Hazard Communication: The safe storage, handling and disposal of hazardous materials is inherent in our business and our Health & Safety group has a team dedicated to Hazardous Materials Management. For associates who are in roles that require chemical handling, storage or transport, Initial Hazardous Materials Training and annual refresher training is required and provided. For associates who may handle or manage hazardous wastes, specific training is required and provided. Ferguson has robust policies and procedures in place to ensure that these materials are safely stored and disposed of, and that associates know how to respond to the unlikely event of a spill. A Hazardous Materials and Environmental Compliance Steering Committee meets quarterly and includes cross-functional leaders throughout the business to communicate industry trends and educational opportunities for Ferguson associates.
Discussion of strategies to reduce the environmental impact of packaging	Discussion and analysis	n/a	CG-MR-410a.3	Ferguson works to reduce the environmental impact of packaging, with a specific focus on right-sizing product packaging. Within our distribution network Packsize packaging machines allow us to print the actual dimensions of a package to ensure that parcels are shipped in an efficient way, minimizing waste and void fill, and reducing related carbon emissions from product shipment. Each of our distribution centers have had these machines installed, which has resulted in increased efficiency and savings. Ferguson employs a dedicated Packaging Design Engineer to advance our sustainability efforts through a holistic approach to packaging. The role focuses on reducing cost, damage and material waste from the packaging of our brand products. We successfully made several changes this year, including redesigning some of our Own Brand toilet lid packs to fit more product in shipping containers – bringing efficiency gains and waste reduction. By changing the unit orientation from vertical to horizontal, we’ve increased the number of units per stack by 35 and have reduced material in the master carton by 0.04 square meters. Ferguson continues to work to identify opportunities to reduce our environmental impact by increasing the use of sustainable and recyclable packaging materials.

Ferguson SASB Disclosure Matrix: Multiline and Specialty Retailers and Distributors (continued)

Table 2. Activity metrics

Activity metric	Category	Unit of measure	Code	Data response or reference
Product sourcing, packaging and marketing (continued)				
Number of 1) retail locations and 2) distribution centers	Quantitative	Number	CG-MR-000 A	1) 1,762 branch locations 2) 14 DCs
Total area of 1) retail space and 2) distribution centers	Quantitative	Number	CG-MR-000 B	1) 4,500,000 m ² 2) 784,000 m ²



TCFD

Disclosure

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Task Force on Climate-Related Financial Disclosures Report

Ferguson plc (NYSE: FERG; LSE: FERG) is a leading value-added distributor in North America providing expertise, solutions and products from infrastructure, plumbing and appliances to HVAC, fire, fabrication and more. We exist to make our customers' complex projects simple, successful and sustainable. Ferguson is headquartered in the U.K., with its operations and associates solely focused on North America and managed from Newport News, Virginia. For more information, please visit [corporate.ferguson.com](https://www.ferguson.com) or follow us on LinkedIn <https://www.linkedin.com/company/ferguson-enterprises>.

About this report

This report provides decision-useful, climate-related information across the four thematic areas of the Task Force on Climate-Related Financial Disclosures (TCFD): Governance, Strategy, Risk Management, and Metrics and Targets. The information detailed in this report is a result of a cross-functional body of work and illustrates the integration of climate-related risks and opportunities into our business strategy and operations. The process to date has prioritized promoting organizational awareness around relevant climate-related risks and opportunities. As we advance on our sustainability journey, we expect to continue to evolve our ESG reporting.

¹ We received Independent Limited Assurance on select assertions and claims made within this TCFD Disclosure. For more information, please see the "External Assurance Statement" which details the scope, activities, and conclusions of this engagement. This document is available on the Ferguson website, www.corporate.ferguson.com.

Governance

a) Describe the board's oversight of climate-related risks and opportunities.

Ferguson's Board of Directors (Board) has a vested interest in improving Ferguson's environmental, social, and governance (ESG) performance. The Board and its committees have structured their annual program to receive updates on sustainability progress from our Vice President of ESG, with ESG on scheduled Nominations & Governance Committee agendas.¹ Topics such as reviewing project implementation and performance, progress against targets, and opportunities to integrate sustainability measures into capital expenditures are discussed at scheduled Nominations & Governance Committee meetings.¹ Our corporate governance documents, including Committee charters, can be found on the Corporate Governance page of the Investor tab of our website at corporate.ferguson.com under Governance Documents.

The Nominations & Governance Committee is responsible for providing oversight of our ESG disclosure framework, which includes climate-related issues and relevant public disclosures, including our ESG Report.¹

Our CEO holds ultimate responsibility with respect to performance on climate-related issues. Our CFO is actively engaged in assessing risk related to climate change and alongside the management team's Finance Committee, approves all capital expenditures above a pre-approved financial threshold.¹ ESG is incorporated into the company's annual strategic planning process, which is overseen by the Senior Vice President of Strategic Development.¹

b) Describe management's role in assessing and managing climate-related risks and opportunities.

Our ESG department is a part of the Finance organization, ultimately reporting to the Chief Financial Officer. Our Vice President of ESG is responsible for the day-to-day management of our ESG priorities and reports directly to the Head of Investor Relations and Communications. The VP of ESG and the ESG team monitor climate-related issues and work to ensure integration into our business strategy and operations.¹ In addition to the VP of ESG, the ESG team is comprised of a Director of Social Impact, a Senior Manager of Environmental Sustainability, an ESG Data Analyst and a Social Impact Specialist.

Ferguson also has a two-person Environmental Product Strategy team that coordinates on sustainable product innovation, including development and expansion of low-emission goods and services with our supplier partners. The Environmental Product Strategy team positions our sales force to assist our customers in achieving their sustainability goals, which ultimately aims to help the company seize climate-related business opportunities.

Environmental, Social & Governance Steering Committee

The VP of ESG chairs the Environmental, Social & Governance Steering Committee (the "ESG Steering Committee"), a cross-functional committee that includes leaders responsible for the ESG Framework and ESG subject matter experts (SMEs) from across the business. The purpose of the ESG Steering Committee is to assist the Executive Committee in overseeing the company's ESG-related key risks and opportunities, including climate-related risks and opportunities, that may have a significant impact on the company and its ability to sustain trust with associates, customers, suppliers, and the investment community.¹ It also supports Ferguson's on-going commitments to ESG and guides the evolution of the company's ESG Framework and priorities.

Environmental Leadership Council (ELC)

The ELC comprises a cross-functional group, including Ferguson Ventures, and our marketing, communications and ESG teams, along with leaders across our customer groups, who possess decades of combined experience driving sustainable solutions across the company and the marketplace. This group brings broad and deep industry knowledge and an incredible level of passion that will further drive our strategy. The ELC influences the direction of our Environmental Product Strategy and investment approach, while providing direct access to customer insights and market trends.¹

Task Force on Climate-Related Financial Disclosures Report (continued)

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Through a cross-functional climate-related risk and opportunity assessment conducted in FY2023 which included both internal and external subject matter expertise, we identified climate-related physical and transition risks and opportunities posed to the company.

Climate-related risks and opportunities were qualitatively prioritized based on their identified time horizon, probability rating, impact rating, and mitigation status.

- Short-term: 0-5 years
- Medium-term: 6-10 years
- Long-term: 10+ years

The most relevant climate-related risks and opportunities that were identified and further evaluated through scenario analysis are set out in the tables on pages 56 and 57.¹ While the climate-related risks we identified are not material when applying the same threshold as to our other enterprise risks, we continue to monitor these risks closely.¹

¹ We received Independent Limited Assurance on select assertions and claims made within this TCFD Disclosure. For more information, please see the "External Assurance Statement" which details the scope, activities, and conclusions of this engagement. This document is available on the Ferguson website, www.corporate.ferguson.com.

TCFD Risk	Ferguson Risk	Impact	Current and Future Mitigation Strategies	Time Horizon
Transition Risk: Policy and Legal				
Increased pricing of GHG emissions	The implementation of a carbon tax in countries in which Ferguson operates.	While there is currently no carbon pricing system in the U.S. that impacts Ferguson, there have been discussions at the state level. A carbon tax may negatively impact Ferguson's operational expenses, product costs, and service costs.	<p>In FY2022 Ferguson purchased and installed an on-site 1.1-megawatt solar array at its Perris, California Distribution Center and invested in a solar array for the Phoenix, Arizona Distribution Center, which is expected to be online in FY2024.¹ These emissions reduction efforts will help to reduce the volume of emissions which are taxed.</p> <p>In addition, Ferguson has a Scope 1 and Scope 2 (location-based) emission intensity reduction goal. Efforts towards this goal including building efficiency updates, building electrification, fleet rightsizing, and fleet electrification will also help to reduce the volume of emissions which are taxed.</p>	Medium (5-10 years)
Physical: Acute				
Increased severity of extreme weather events	Increased frequency and severity of floods, wind storms, cyclones, wildfires, storm surges, hail, drought, etc. impact operations through damages to facilities and inventory.	The frequency and severity of extreme weather events has increased considerably in recent years. This trend is expected to continue to worsen in the future as the climate continues to warm and could have a significant impact on a multitude of factors impacting Ferguson's business.	<p>Ferguson's Corporate Security and Business Continuity Department has plans covering localized disasters causing short-term business disruptions (i.e., natural weather events), nationwide disruptions, and singular incidents which have potential to adversely impact Ferguson's reputation.¹ These plans help Ferguson determine how to react when an event occurs.</p> <p>Widespread interruptions to Ferguson's operations are naturally hedged against through the company's widespread operational footprint and digital tools.</p>	Short (0-5 years)
Physical: Chronic				
Rising mean temperatures	Rising mean temperatures significantly impact energy usage in Ferguson managed buildings.	<p>Even under a low emissions scenario, heat thresholds relevant to health are projected to be exceeded more frequently at high global warming levels. This could have multiple implications for Ferguson including increased energy demand for facility cooling and updating facilities to provide better working conditions for associates.</p> <p>Additionally, during extreme heat events the electricity grid can also be overwhelmed, potentially leading to grid brownouts and blackouts, which could result in significant disruptions to Ferguson's operations.</p>	Ferguson has developed a consistent framework to support sustainable design, construction, and operations in support of the company's goals. ¹ These sustainable design standards are applicable to new Market Distribution Centers and medium-scale "business as usual" locations which are typically between 50,000 and 150,000 square feet and include a large portion of warehouse space and with a smaller office space. ¹ Some also include a retail counter. The standards are aligned with the LEED and Fitwel programs which promote healthy, resilient, and efficient green buildings. ¹	Long (10+ years)

Task Force on Climate-Related Financial Disclosures Report (continued)

b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.

The process to date has prioritized promoting organizational awareness around relevant climate-related risks and opportunities. Our approach is still developing, and further management actions may follow as potential impacts are investigated and integrated.

Ferguson’s purpose is to provide innovative products and solutions to help make our customers’ complex projects simple, successful, and sustainable.

The climate-related risks identified in the table above, while not assessed as material when applying the same threshold as our other enterprise risks, have the potential to impact our business in several ways, including increasing operational expenses, increasing the cost of the products we sell and disrupting our supply chain.¹

Several business opportunities were also reviewed, including the transition of the residential sector to a low-carbon future and the reduction of operating expenses through investments in energy efficiency and renewable energy. Both the climate-related risks and opportunities identified in this report are taken into consideration during the organization’s strategic and financial planning processes.¹

¹ We received Independent Limited Assurance on select assertions and claims made within this TCFD Disclosure. For more information, please see the “External Assurance Statement” which details the scope, activities, and conclusions of this engagement. This document is available on the Ferguson website, www.corporate.ferguson.com.

TCFD Opportunity	Ferguson Opportunity	Current and Future Mitigation Strategies	Time Horizon
Products & Services			
Development/ expansion of low emission goods and services	Ferguson expands its low emissions goods and services offerings.	Ferguson’s Environmental Product Strategy team aims to expand Ferguson’s offering of sustainable products by training our associates, educating the customer, and leading the industry. ¹ Through Ferguson’s large network of suppliers, the company can expand across multiple products including heat pumps to electrify heating, tankless water heaters to reduce energy usage, leak detection technology to reduce water waste, and Wi-Fi monitoring to ensure appliances are turned off when not in use. Expanding Ferguson’s inventory to include these types of products will help Ferguson maintain its competitive edge in the market.	Medium (5-10 years)
Energy Source			
Use of lower emission energy sources	Ferguson combines on-site renewables and other energy strategies to drive the use of lower emission energy sources across the business.	In FY2022 Ferguson purchased and installed an on-site 1.1-megawatt solar array at its Perris, California Distribution Center and invested in a solar array for the Phoenix, Arizona, Distribution Center, which is expected to be online in FY2024. ¹ Energy produced by these new solar panels, combined with a Virtual Power Purchase Agreement, will help Ferguson increase its consumption of low emission energy sources. Ferguson has also engaged a third-party consultant to evaluate efficiency improvements in current facilities and future new builds. ¹	Short (0-5 years)
Markets			
Use of public sector incentives	Ferguson leverages green policy incentives.	Local and national incentives such as the Inflation Reduction Act and the Infrastructure Investment and Jobs Act offer tax benefits to Ferguson’s customers for home energy efficiency upgrades. ¹ As a result, Ferguson is likely to see an increased demand for some of its products. Ferguson can take advantage of this by educating its customers on the various products which qualify for these benefits and how they can be installed in a customer’s home or business. Ferguson can also take advantage of tax incentives that would reduce the financial burden of transitioning our operations towards more sustainable solutions.	Short (0-5 years)

Task Force on Climate-Related Financial Disclosures Report (continued)

Environmental considerations are an element of the company’s annual strategic planning process. Strategies to address climate-related risks and realize opportunities are presented by individual functional and customer groups.¹ The company is working to expand knowledge of and responsibility for encouraging the adoption of sustainable and energy-efficient products and solutions across the entire sales force. The Environmental Leadership Council (ELC) will influence the direction of Ferguson’s Environmental Product Strategy and investment approach by helping to spur innovation within our supplier base and encouraging our manufacturers to create more sustainable products and solutions.

c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Ferguson has assessed climate-related risks and opportunities using scenario analysis, which has enhanced our strategic conversations about the future by considering, in a more structured manner, what may unfold that is different from business-as-usual. Our strategy for managing these risks and realizing the opportunities is consistent across the range of evaluated scenarios. Our initial focus is on identifying the most relevant climate-related risks and opportunities for the business, and we intend to continue to evaluate our strategies as our organizational approach matures.

Ferguson also evaluated the impact of key climate-related risks and opportunities using the below scenarios across a range of company-specific inputs to build resiliency into our strategy across a variety of internal scenarios. The scenarios were chosen to represent a broad spectrum of outcomes. See details below about how scenarios were used in our analysis across a variety of time horizons.

IEA Announced Pledges Scenario

- Assumes all climate commitments made by governments around the world, including Nationally Determined Contributions and longer-term net zero targets, as well as targets for access to electricity and clean cooking, will be met in full and on time.

IEA Net Zero Emissions by 2050

- Emissions trajectory consistent with keeping the temperature rise in 2100 below 1.5°C (with a 50% probability)

IPCC SSP1-2.6

- Estimated warming of 1.3 – 2.2°C by 2060
- Pathway narrative: Sustainability – Taking the Green Road (Low challenges to mitigation and adaptation)

IPCC SSP 5-8.5

- Estimated warming of 1.9 – 3.0°C by 2060
- Pathway narrative: Fossil-fueled Development – Taking the Highway (High challenges to mitigation, low challenges to adaptation)

Transition Risk, Policy – Increased pricing of GHG emissions

- Projected cost of a carbon tax on Ferguson’s operations under Net Zero Emissions by 2050 scenario and Announced Pledges Scenario through 2030, 2040, and 2050.
- Projected Ferguson Scope 1 emissions trajectory across both high and moderate emissions reduction scenarios.

Physical Risk, Acute – Increased severity of extreme weather events

- Leveraged financial impacts from historical extreme weather events that rose to the level of insurance claim to project potential additional impact in the future by peril, geographic region, or asset types utilizing low emission scenario SSP 1-2.6 and high emission scenario SSP 5-8.5.

Physical Risk, Chronic – Rising mean temperatures

- Modeled the projected change in the company’s energy consumption as a result of rising temperatures and the company’s electric transition. This model’s low emission scenario uses SSP 1-2.6 for physical risks and IEA’s Announced Pledges Scenario for transition risks, and the high emission scenario uses SSP 5-8.5 for physical risks and IEA’s Stated Policies scenario for transition risks.

Opportunity: Products & Services – Development/expansion of low emission products and solutions

- Evaluated the projected financial impact to Ferguson of society’s transition to low emission products and solutions, specifically heat pump space heaters and heat pump water heaters. This model utilizes projections from Rewiring America’s June 2023 Pace of Progress Report as well as SSP1-2.6 and SSP5-8.5 scenarios.

Opportunity: Energy Source – Use of lower emission energy sources

- Performed an assessment of current and possible future facilities to determine each location’s potential for renewable energy generation and exposure to climate perils utilizing low emission scenario SSP 1-2.6 and high emission scenario SSP 5-8.5.

¹ We received Independent Limited Assurance on select assertions and claims made within this TCFD Disclosure. For more information, please see the “External Assurance Statement” which details the scope, activities, and conclusions of this engagement. This document is available on the Ferguson website, www.corporate.ferguson.com.

Task Force on Climate-Related Financial Disclosures Report (continued)

Risk management

Disclose how the organization identifies, assesses, and manages climate-related risks.



a) Describe the organization's processes for identifying and assessing climate-related risks.

- Climate-related risks and opportunities, including existing and emerging regulatory requirements, were initially identified by the ESG team based on industry research, advancements in technology, and other sustainability trends.¹
- Impacts are explored further through interviews and document review with subject matter experts within the company including Fleet, Facilities, Investor Relations, Legal, Business Continuity and Finance.¹
- Climate-related risks and opportunities are categorized using Tables A1.1 and A1.2 in the Appendix to TCFD 2021 guidance.¹
- Each identified climate-related risk is mapped to a Ferguson risk area based on impact to: income before tax, market cap, reputation, dividend payment, strategy and operations.¹
- The climate-related risks and opportunities were qualitatively prioritized based on their identified time horizon, probability rating, impact rating and mitigation status.¹
- Impacts of the most relevant climate risks and opportunities are further analyzed and quantified through scenario analysis.¹
- Climate-related risks are not assessed as material when applying the same threshold as our other enterprise risks.¹

¹ We received Independent Limited Assurance on select assertions and claims made within this TCFD Disclosure. For more information, please see the "External Assurance Statement" which details the scope, activities, and conclusions of this engagement. This document is available on the Ferguson website, www.corporate.ferguson.com.

b) Describe the organization's processes for managing climate-related risks.

The primary responsibility for identifying, assessing, and managing risks belongs with company management. In addition to the information described on page 55 Governance b) and Risk management c) below, the Vice President of ESG is responsible for daily climate-related issue management, monitoring, and integration into business strategy and operations.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Ferguson is committed to maintaining an Enterprise Risk Management (ERM) Program that considers and manages opportunities, risks and uncertainties that may impact achievement of Ferguson's strategic objectives.¹ The ERM Program establishes collaborative risk management processes that are designed to proactively identify, assess, mitigate and monitor business risks and that facilitate the associated reporting about such risks to both internal and external stakeholders. Our Vice President & Deputy General Counsel provides centralized oversight of the ERM program and works with key risk owners across the company.¹

The Board oversees the ERM Program and receives periodic reports from:

- the Audit Committee on the guidelines and policies that govern the process by which risk assessment and management is undertaken by the Executive Committee, including review of the company's risk appetite and criteria;¹
- the Executive Committee (or designees) on existing and emerging enterprise risks, including review of the effectiveness of the mitigation and controls; and¹
- the Chief Legal Officer (or designee) on the ERM Program, including Operational Assurance Statement (OAS) process results.¹

In addition, as noted above, the Nominations & Governance Committee is responsible for providing oversight of our ESG disclosure framework and related public disclosures, including our ESG Report.¹

Task Force on Climate-Related Financial Disclosures Report (continued)

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process

Our assessment of climate-related risks and opportunities uses the metrics below and adopts the same threshold as our other enterprise risks.

Energy Use¹

- Energy consumption within the organization (GJ)
- Percentage grid electricity (%)
- Percentage renewable (%)
- Natural gas consumption within the organization (GJ)
- Diesel consumption within the organization (GJ)
- Gasoline consumption within the organization (GJ)

Revenue from products third-party certified to environmental and/or social sustainability standards (USD)

Number of retail locations and distribution centers

Total area of retail space and distribution centers (m²)

Please refer to our ESG Report for the following: (p. 16) for more details on our Scope 3 reporting; (p. 42) for Executive compensation; and (p. 49-53) for emissions figures and further details.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

We have identified the following risks associated with greenhouse gas emissions which relate to our earlier identified climate-related risks:

Scope 1 risks – Carbon tax and efficiency standards could result in increased operational costs¹

Scope 2 risks – Rising mean temperatures could create more demand for electricity use for comfort cooling and result in increased electricity costs¹

Scope 3 risks – Carbon tax could result in increased product costs¹

Please refer to our ESG Report (p. 49-53) and the Basis of Reporting (p. 1-4) for emissions figures and further details.

c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

To reduce our Scope 1 and 2 emissions by 35% per million USD of revenue by 2026 (against a 2019/2020 baseline).¹

Data is collected and managed on an ongoing basis. We evaluate progress towards this target two times a year. We pursue Independent Limited Assurance on specific ESG indicators in our ESG Report as described in the Assurance Statement available on the ESG tab of our corporate website at corporate.ferguson.com. Please refer to our ESG Report (p. 17-18) for details on our approach to achieve targets.

Carbon emissions	Baseline 2019/2020	2020/2021	2021/2022	2022/2023	Increase/reduction from 2021/2022	Total emissions reduction since 2019/2020
Scope 1 and 2 emissions intensity	12.7	10.6	8.9	8.5	(4.5%)	(33.1%)

Note: Our ESG Report, Basis of Reporting and Assurance Statement can be found on the ESG tab of our website at corporate.ferguson.com.

¹ We received Independent Limited Assurance on select assertions and claims made within this TCFD Disclosure. For more information, please see the "External Assurance Statement" which details the scope, activities, and conclusions of this engagement. This document is available on the Ferguson website, www.corporate.ferguson.com.

UK Listing Rule Disclosure – Board Diversity Statement

In accordance with Listing Rule 14.3.3R(1), Ferguson plc is required to include a Board Diversity Statement in relation to FY2023 setting out whether it has met certain targets on board diversity. The required disclosure is set out as at July 31, 2023 and there have been no changes between this reference date and the date of approval of this document. Data in relation to the Board has been collected through the annual Directors and Officers questionnaire in which a question asked Directors to provide self-identified specific diversity, skills and experience; and data in relation to executive management has been collected through details held on the Company's human resource management software.

As of July 31, 2023, Ferguson plc can confirm as follows in relation to each target.

Target	Result	Progress
At least 40% of the Board should be female	Not Met	36% of the Board are female as at July 31, 2023. While the target was met (45%) at the beginning of the fiscal year, due to Board composition changes that occurred during the year, the target was no longer met by the end of the reporting period.
At least one member of the Board should be from a minority ethnic background;	Met	There is one ethnic minority female Non-Employee Director on the Board.
At least one of the senior Board positions (Chairman, Chief Executive Officer ("CEO"), Senior Independent Director ("SID") or Chief Financial Officer ("CFO")) should be a woman.	Not Met	The senior Board positions of Chairman, CEO and CFO are currently held by men. Until the individuals in those positions retire or otherwise leave, the Company will not meet the target. Due to the Company's move towards U.S. governance, the SID role has been retired. While the Chairman, CEO and CFO are all men, the Chairperson of two of the Committees of the Board (Audit and Compensation) are women.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair) ¹	Number in executive management ²	Percentage of executive management
Men	7	64%	3	8	73%
Women	4	36%	0	3	27%
Not specified/prefer not to say	0	0	0	0	0

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair) ¹	Number in executive management ²	Percentage of executive management
White British or Other White (including minority white groups)	10	91%	3	11	100%
Mixed multiple ethnic groups	0	0%	0	0	0%
Asian/Asian British	0	0%	0	0	0%
Black /African Caribbean/Black British	1	9%	0	0	0%
Other ethnic group including Arab	0	0%	0	0	0%
Not specified/prefer not to say	0	0%	0	0	0%

¹ The Company is only reporting against the CEO, CFO and Chair positions as there is no longer a Senior Independent Director role. The functions and responsibilities of that role have been taken on by the Chairperson of the Nominations & Governance Committee.

² Executive management defined, in accordance with the Listing Rules, as the Executive Committee, including the Company Secretary.

Cautionary note on forward-looking statements

Disclaimer

Certain information included in this report is forward-looking, including within the meaning of the Private Securities Litigation Reform Act of 1995, and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, objectives and projections with respect to the company's ESG program and related sustainability-centric plans and efforts, statements or guidance regarding or relating to our future financial position, results of operations and growth, projected interest in and ownership of our ordinary shares by investors including as a result of inclusion in North American market indices, plans and objectives for the future including our capabilities and priorities, risks associated with changes in global and regional economic, market and political conditions, ability to manage supply chain challenges, ability to manage the impact of product price fluctuations, our financial condition and liquidity, legal or regulatory changes, statements regarding our expectations for U.S. residential and non-residential growth drivers and other statements concerning the success of our business and strategies. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as "believes," "estimates," "anticipates," "expects," "forecasts," "intends," "continues," "plans," "projects," "goal," "target," "aim," "may," "will," "would," "could" or "should" or, in each case, their negative or other variations or comparable terminology and other similar references to future periods.

Forward-looking statements speak only as of the date on which they are made. They are not assurances of future performance and are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections (including the projected ESG initiatives, results and performance, including whether the company will be able to achieve its emissions reduction goals in the anticipated timeframe or at all), anticipated events and trends, the economy and other future conditions. Therefore, you should not place undue reliance on any of these forward-looking statements. Although we believe that the forward-looking statements contained in this report are based on reasonable assumptions, you should be aware that many factors could cause actual results to differ materially from those in such forward-looking statements, including but not limited to: weakness in the economy, market trends, uncertainty and other conditions in the markets in which we operate, and other factors beyond our control, including disruption in the financial markets and any macroeconomic or other consequences of the current conflict in Ukraine or potential conflict between China and Taiwan; failure to rapidly identify or effectively respond to direct and/or end customers' wants, expectations or trends, including costs and potential problems associated with new or upgraded information technology systems or our ability to timely deploy new omni-channel capabilities; decreased demand for our products as a result of operating in highly competitive industries and the impact of declines in the residential and non-residential markets as well as the repair, maintenance and improvement ("RMI") and new construction markets; changes in competition, including as a result of market consolidation or competitors responding more quickly to emerging technologies (such as generative artificial intelligence ("AI")); failure of a key information technology system or process as well as exposure to fraud or theft resulting from payment-related risks; privacy and protection of sensitive data failures,

including failures due to data corruption, cybersecurity incidents or network security breaches; ineffectiveness of or disruption in our domestic or international supply chain or our fulfillment network, including delays in inventory, availability at our distribution facilities and branches, increased delivery costs or lack of availability; failure to effectively manage and protect our facilities and inventory or to prevent personal injury to customers, suppliers or associates, including as a result of workplace violence; unsuccessful execution of our operational strategies; failure to attract, retain and motivate key associates; exposure of associates, contractors, customers, suppliers and other individuals to health and safety risks; inherent risks associated with acquisitions, partnerships, joint ventures and other business combinations, dispositions or strategic transactions; regulatory, product liability and reputational risks and the failure to achieve and maintain a high level of product and service quality; inability to renew leases on favorable terms or at all as well as any remaining obligations under a lease when we close a facility; changes in, interpretations of, or compliance with tax laws in the United States, the United Kingdom, Switzerland or Canada; our indebtedness and changes in our credit ratings and outlook; fluctuations in product prices (e.g., commodity-priced materials, inflation/deflation) and foreign currency; funding risks related to our defined benefit pension plans; legal proceedings as well as failure to comply with domestic and foreign laws, regulations and standards, as those laws, regulations and standards or interpretations and enforcement thereof may change, or the occurrence of unforeseen developments such as litigation; our failure to comply with the obligations associated with being a U.S. domestic issuer and the costs associated therewith; the costs and risk exposure relating to environmental, social and governance ("ESG") matters, including sustainability issues, regulatory or legal requirements, and disparate stakeholder expectations; adverse impacts caused by a public health crisis; and other risks and uncertainties set forth under the heading "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended July 31, 2023 as filed with the Securities and Exchange Commission (the "SEC") on September 26, 2023, and in other filings we make with the SEC in the future.

Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with our legal or regulatory obligations, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

The United Nations Sustainable Development Goals (UNSDGs) are aspirational in nature. The analysis involved in determining whether and how certain initiatives align with the UNSDGs is inherently subjective and dependent on a number of factors. There can be no assurance that reasonable parties will agree on a decision as to whether certain projects or investments align with a particular SDG. Further, statistics and metrics relating to ESG matters are estimates and may be based on assumptions or developing standards (including Ferguson's internal standards and policies).

Further, there can be no assurance that the Company's policies, procedures, and positions relating to ESG, including climate change, will continue; such policies, procedures and positions, including initiatives, goals and targets, could change, even materially. The Company is permitted to determine in its discretion that it is not feasible or practical to

implement or complete certain of its policies, procedures, positions, goals or targets relating to ESG issues based on cost, timing, or other considerations. No assurance can be given that the Company will remain a signatory, supporter, or member of any ESG-related initiative or other similar industry frameworks. Except where indicated, this document and the data contained herein has not been verified or otherwise assured by an independent third party.

Additionally, terms such as "ESG," "impact" and "sustainability" can be subjective in nature, and there is no representation or guarantee that these terms, as used in the report, will reflect the beliefs or values, policies, principles, frameworks or preferred practices of any particular investor or other third party or reflect market trends. The ESG, climate or impact goals, commitments, incentives and initiatives outlined in this report are purely voluntary, are not binding on the Company's business or investment decisions and/or management and do not constitute a guarantee, promise or commitment regarding actual or potential positive impacts or outcomes. The Company has established, and may in the future establish, certain ESG, climate or impact goals, commitments, incentives and initiatives, including but not limited to those relating to greenhouse gas emissions reductions.

Statistics and metrics relating to ESG matters are estimates and may be based on assumptions or estimates (which may prove to be inaccurate) or developing standards (including the Company's internal standards and policies).

Certain information contained herein has been obtained from third parties, and in certain cases have not been updated through the date hereof. While these third-party sources are believed to be reliable, the Company makes no representation or warranty, express or implied, with respect to the accuracy, fairness, reasonableness or completeness of any of the information contained herein, and expressly disclaims any responsibility or liability therefor. The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact of that information. Further, in this report, we are not using terms such as "material" or "materiality" as they are used under the securities or other laws of the United States or any other jurisdiction, or as they are used in the context of financial statements and financial reporting. Materiality, for the purposes of this document should not, therefore, be read as equating to any use of the word in other reporting by the Company.

External assurance

Ferguson engaged ERM Certification and Verification Services Inc. (ERM CVS) to conduct third-party limited assurance of specific metrics for the period August 1, 2022 – July 31, 2023 which are presented in the FY2022/2023 ESG Report. ERM CVS assessed whether these metrics are fairly presented in accordance with the reporting criteria. For more information, please see the "External Assurance Report" which details the scope, activities and conclusions of their engagement. Both of these documents are available on the Ferguson website, www.corporate.ferguson.com.

