



Environmental Social  
Governance Report

2023





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# Overview

## The challenge

The built environment is responsible for approximately 25% of the UK's greenhouse gas emissions. There is an urgent need for the manufacturing and construction industries to reduce emissions to meet the government's Net Zero targets by 2050.

Here at Zentia, we take a pragmatic and transparent approach to ESG, accepting that our business will always have some degree of environmental impact. Our work is to reduce that impact as much as possible. Working on ESG has given us an important opportunity to focus on performance metrics that will reduce our environmental impact, as well as improve our customer and employee experiences, and tighten our already strong corporate governance – all important elements of building a sustainable business.

## Our history: from A to Z

Our unique business circumstances mean that we are at the beginning of our ESG journey.

In 2017, Armstrong World Industries sold its EMEA ceilings business to Knauf, creating one of Europe's biggest manufacturing companies. In response to European Commission competition concerns, in 2019 Knauf divested Armstrong's UK-based plants producing mineral fibre ceiling tiles and grids, along with the sales teams and customer base in several key territories.

Following the carve out, we were required to build a whole new brand – Zentia. A brand that is forward-thinking and anticipates customer needs, with a reliable service and product range. A brand that draws on all the expertise of our past while remaining laser focused on the future, consistently delivering excellence in everything from supplier governance to manufacturing operations.

The renewed focus on ESG is part of our evolution from Armstrong to Zentia. Established in 2022, our ESG programme formalises the various sustainability projects undertaken across our manufacturing operations into a single strategic programme and adds new social and governance commitments to drive responsible, ethical business practices in our industry. This report details our progress in 2023 and outlines our targets up to the year 2025.

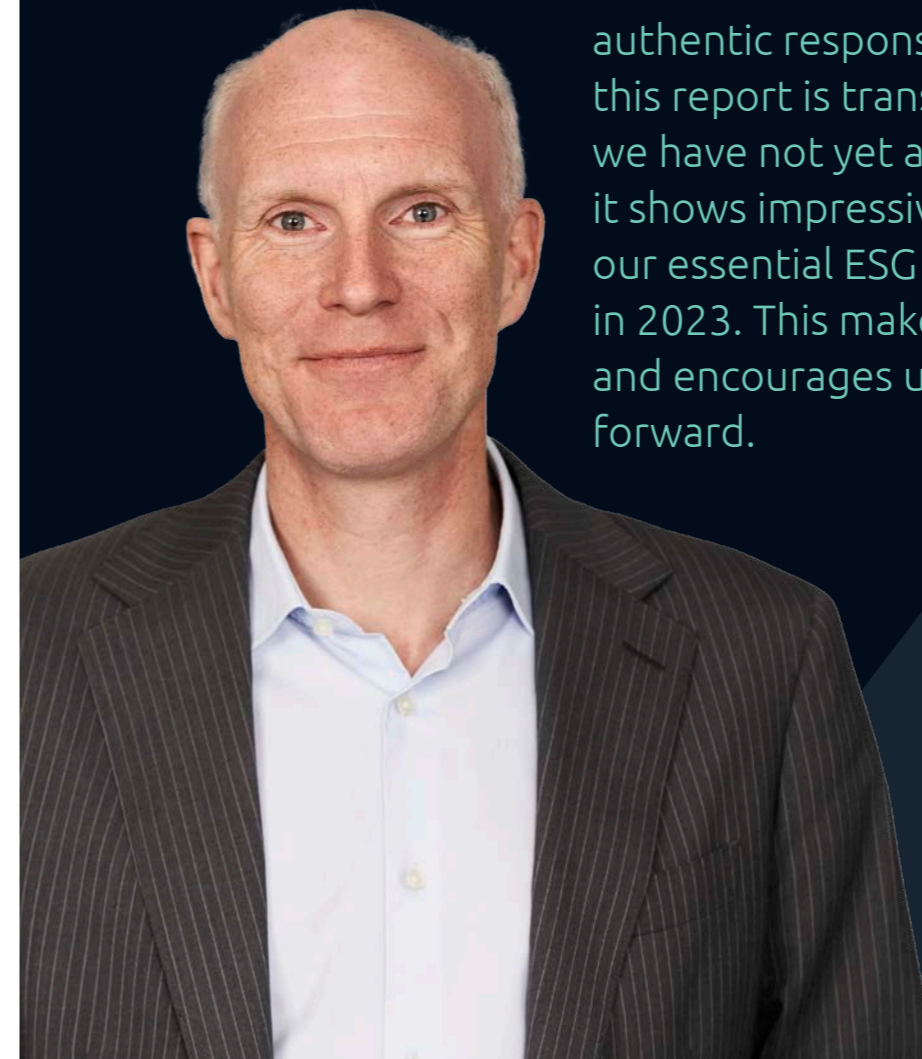
Our ESG work is aligned with the United Nations Sustainable Development Goals. Our objective is to build a strong, sustainable and responsible business that consistently reduces its environmental impact year on year, and is recognised as an environmentally conscious organisation by our customers, prioritises our people, and our local community.

Environmental, social, and corporate governance (ESG) is a set of aspects considered when investing in companies, that recommends taking environmental issues, social issues and corporate governance issues into account. ESG functions as a valuation technique that takes into account environmental, social and governance issues. It can be used to evaluate a company's risks and practices.

**Dirk Jaspers**  
Managing Director



'UK Focus, Reliability, Partnership and Innovation' have been the pillars of the Zentia strategy since Zentia's inception. They are different facets of a sustainable approach to developing our business. This resonates with our drive for sustainability with respect to the Environment, as well as the Social and Governance aspects of our business activity. We commit our efforts, not only to be successful today, but also to display authentic responsibility for tomorrow. While this report is transparent in revealing that we have not yet achieved our eventual goals, it shows impressive progress in a range of our essential ESG indicators in 2023. This makes us proud and encourages us on our path forward.



<sup>1</sup> Building to net zero: costing carbon in construction, House of Commons Environmental Audit Committee, 26 May 2022, accessed 21 February 2024, <https://committees.parliament.uk/publications/22427/documents/165446/default>



# Zentia in numbers

Today, Zentia is the UK's market-leading manufacturer of complete ceiling solutions. We make a wide range of mineral fibre ceiling tiles, suspension grids, and floating ceiling systems at our two factories in Gateshead, Tyne and Wear.

Zentia is the UK's only major manufacturer of mineral fibre ceiling solutions, offering a shorter and more sustainable supply chain to the construction industry in the UK and Ireland, providing specifiers and ceiling contractors with reliable products they can trust.

These products include our most popular suspended ceiling tile family, Aruba

(previously known as Dune eVo), and our flagship innovation for specifiers – Sonify by Zentia.

Our investment in new product development and innovation is continuing to build our reputation for striking, sustainable and reliable products amongst our customers, specifiers, and specialist suspended ceiling installers alike.

**100+**  
years of delivering **reliable suspended ceiling products** to the construction industry

**£55m**  
turnover

**200+**  
employees

**2** UK manufacturing sites

**500+**  
suspended ceiling products

**£37m** investment in UK manufacturing since 2020

# Investing in UK manufacturing

Zentia is already the UK's biggest manufacturer of complete ceiling solutions. Over 69% of our turnover comes from products manufactured in the UK.

We're investing £37m into our factories to install equipment which allows us to insource manufacturing of products which have historically been bought in and imported from mainland Europe. Much of our new equipment has been purchased in the UK, to support our Governance goal of shorter supply chains.

By 2025, we predict that 91.8% of our turnover will come from products manufactured in Gateshead, Tyne and Wear.

For our customers, this means a UK source for essential suspended ceiling products, made to the highest standards and always available for purchase.



|  | Actual |       | Predicted |  |
|--|--------|-------|-----------|--|
|  | 2023   | 2024  | 2025      |  |
| % manufactured in the UK                         | 69.3%  | 85.7% | 91.8%     |  |
| % manufactured in the EU                         | 29.4%  | 9.2%  | 3.1%      |  |
| % manufactured in the US                         | 1.2%   | 1.2%  | 1.2%      |  |
| % manufactured in the People's Republic of China | 0.1%   | 3.9%  | 3.9%      |  |

# ESG: 2023 progress

In 2023 we established a framework for measuring and reporting on our ESG performance, and incorporating ESG into our everyday business activities.

By developing our ESG work in line with the UN Sustainable Development Goals (SDGs), we've been able to set robust and challenging performance targets. We're making major investments and introducing different ways of doing business so that we hit our 2025 metrics.

We made significant progress in 2023:

- Through a thorough materiality assessment, we identified six key performance indicators (KPIs) and set ambitious targets for 2025
- We established an ESG Governance Team to oversee action plans and report on progress

- We introduced a CO<sub>2</sub> emissions assessment into our New Product Development (NPD) and Capital Investment approval process
- We introduced a quarterly review of ESG topics raised by the wider business

### Our KPIs in practice

To keep our focus on continually improving our business, we have assigned our KPIs to each of our focus SDGs.

### The 17 UN Sustainable Development Goals



# Our focus SDGs

| Focus SDGs                                | Zentia goals for end 2025  | KPI   | 2022 Baseline                           | 2023 Actual                              | 2025 Target                             |
|---|--|---|---|--|---|
| 3 GOOD HEALTH AND WELL-BEING              | Reduce total recordable incident rate to 0 per 1,000,000hrs                          | Total recordable incidents rate per 1,000,000hrs                              | 8.3                                     | 5.6                                      | < 3                                     |
| 8 DECENT WORK AND ECONOMIC GROWTH         | Improve employee satisfaction  | Average satisfaction score from annual employee engagement survey             | 62.2%                                   | 66.1%                                    | 75%                                     |
| 11 SUSTAINABLE CITIES AND COMMUNITIES     | Increase customer awareness of Zentia products' sustainability performance           | Customer promotion of Zentia's products in response to sustainability enquiry | n/a                                     | 8.20/10                                  | 9/10                                    |
| 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | Product-level Environmental Product Declarations (EPDs) for all Zentia-made products | % Revenue from products with EPD  | 22%                                     | 22%                                      | 90%                                     |
| 13 CLIMATE ACTION                         | Reduce Scope 1 and 2 emissions by 30%  | Kg CO <sub>2</sub> / m <sup>2</sup> Tile                                      | 3.5 Kg CO <sub>2</sub> / m <sup>2</sup> | 3.41 Kg CO <sub>2</sub> / m <sup>2</sup> | 2.5 Kg CO <sub>2</sub> / m <sup>2</sup> |
| 17 PARTNERSHIPS FOR THE GOALS             | Ensure that suppliers have good governance   | % Raw material spend covered by supplier risk assessment                      | 36%                                     | 44%                                      | 95%                                     |

# Achievements so far



**93% of water** used in manufacturing is now recycled

Our mineral tile factory has its own water recycling system. In 2023, only 7% of the water used in our manufacturing process was drawn from the mains supply.



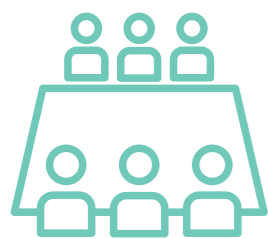
**1,400 tonnes of pre-consumer newspaper waste** used in our manufacturing process...

Our mineral ceiling tiles are made with waste products from other industries, including newspapers.



... along with **200 tonnes** of pre-consumer egg cartons

Following a drop in newspaper availability during the Covid-19 pandemic, we branched out into egg cartons. This means that 200 tonnes of waste from another industry saved from going to landfill.



We established a **Corporate Social Responsibility Committee**

Our CSR Committee is tasked with finding ways to engage with and support our local community. So far, we have:

- Engaged with our local authority, Gateshead Council, to identify local community projects that we can support, like Gateshead Foodbank and Warm Spaces
- Introduced a volunteering leave scheme to allow our people to participate more in the local community
- Organised internal events to raise money for local charities, including the Great North Children's Hospital



We've adopted **electric cars**

In 2023 we launched our first electric car scheme for employees, who are given the opportunity to lease electric cars on a salary sacrifice basis. To date, 11% of our employees have switched to electric vehicles.



We've introduced an off-cut recycling service for our **Pinnacle Approved Partners**

Our Pinnacle Approved Partners are specialist ceiling installers trained to the highest standards in Zentia products and fitting so that projects can be completed quickly and efficiently. With regular training and support from Zentia, they are fully up to date on best practice and product installation.

Our Pinnacle Approved Partners can return their tile off-cuts to our mineral tile factory in Gateshead, reducing the levels of waste produced during a ceiling installation. The returned ceiling tile is put back into our product mix to form new suspended ceiling products.



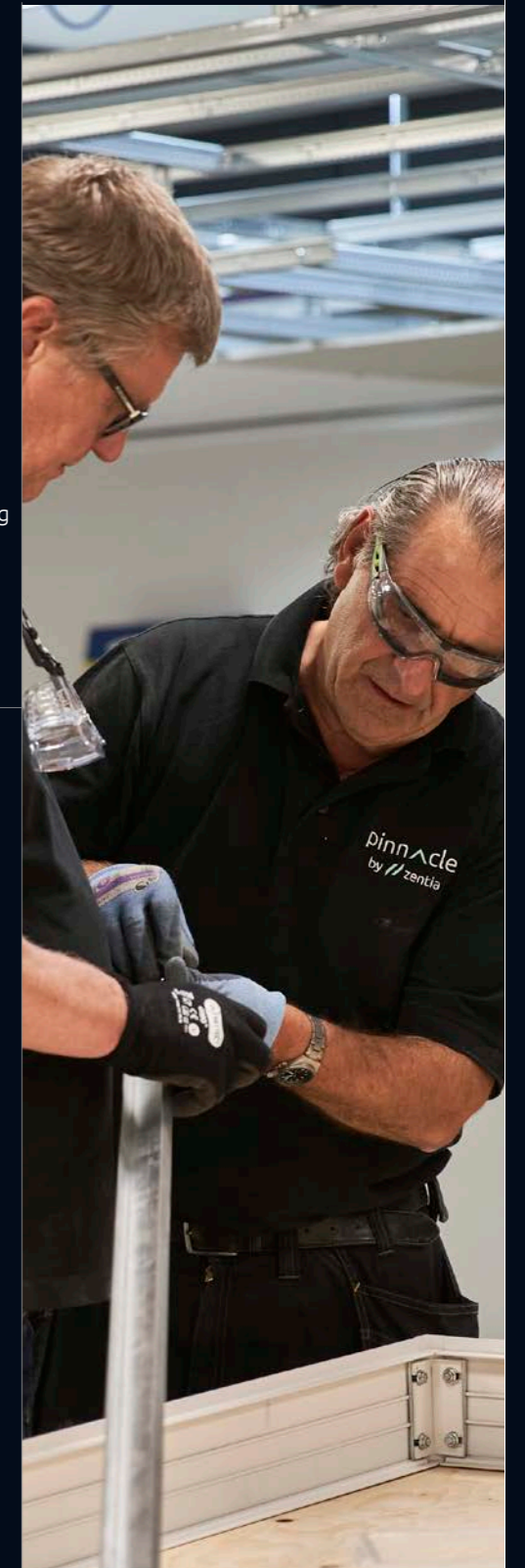
Introduction of a **Recognition Portal**

To promote a culture of recognition across our business, we launched our own Recognition Portal. Every Zentia colleague has an account and the ability to leave positive feedback for colleagues who have helped them in their projects.



**Health assessments** for colleagues

In 2023 our People Services team organised voluntary private health assessments for our colleagues. Available to all members of staff, these health assessments provided general health and well-being checks as well as screening for more serious conditions like diabetes and high cholesterol.





### Celebrating and rewarding success

At Zentia, we think it is important to reward success, and at the end of 2023 we celebrated three years of high achievements with an all-hands social event at the entertainment venue Lane 7 in Newcastle upon Tyne. Over 170 members of the Zentia team enjoyed good food and good company while participating in a series of entertaining team-building games.



### We're supporting research into Net Zero suspended ceiling tiles

TransFIRE is a UK Research and Innovation funded programme, established as part of the Foundation Industries Challenge. This programme covers businesses working in ceramics, metals, cement, glass, paper, and bulk chemicals. We're sharing best practice with other group members to increase the efficiency of our manufacturing operations.

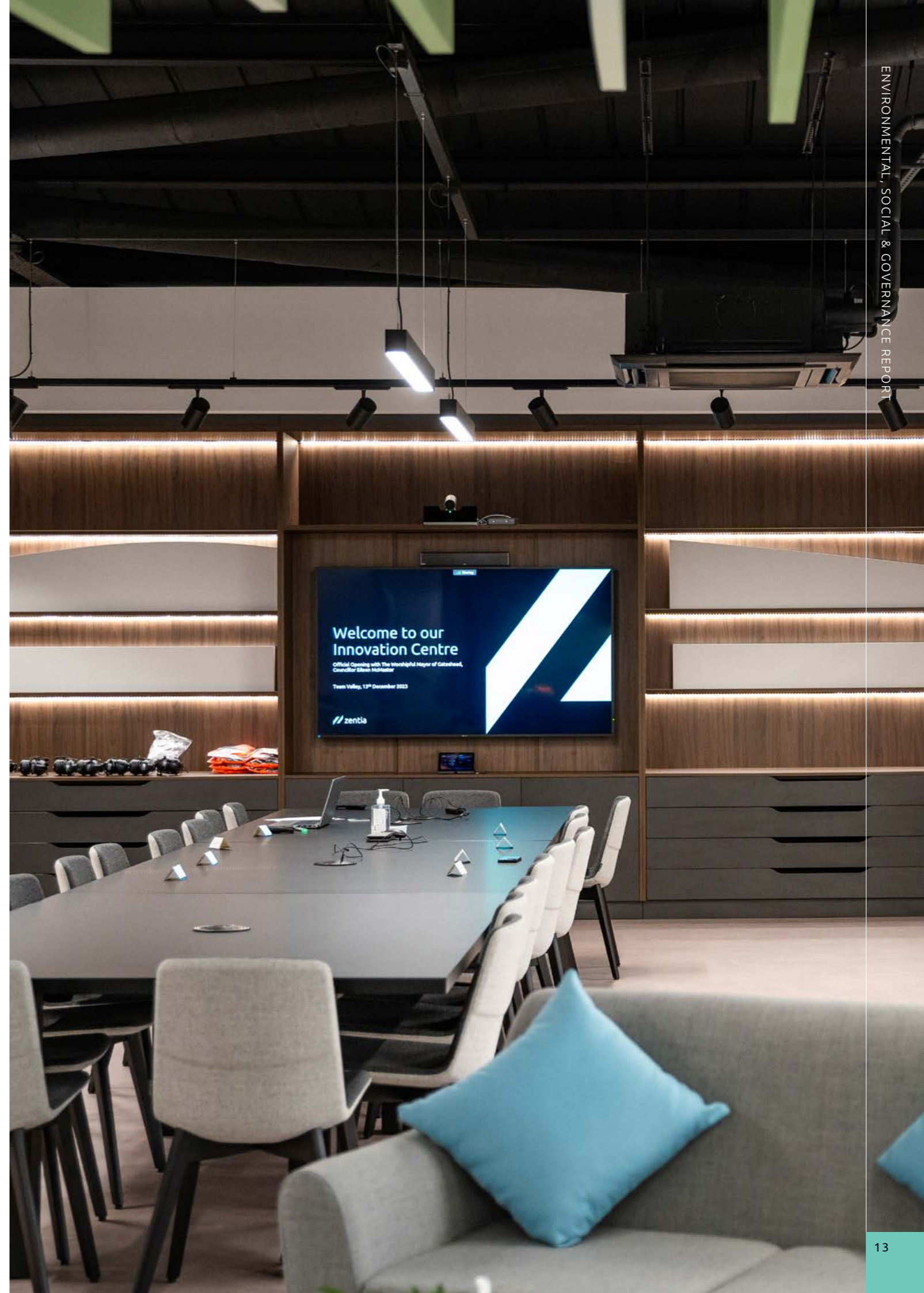
We're also actively collaborating with academic institutions like the University of Cambridge and Bangor University, with the goal of producing a Net Zero suspended ceiling tile.



### We've committed to train a significant number of apprentices year on year

Zentia launched its apprenticeship scheme in 2021 and we're now committed to hiring up to five new apprentices each year. These apprentices work across a range of disciplines, from engineering and manufacturing operations to health and safety and people services.

All of our apprentices are hired in our own community, the North East of England. Our apprenticeship scheme not only helps our business and enables our apprentices to develop their careers, but also helps retain core manufacturing skills in the North East. We're proud to support our local community in this way and give our apprentices an exciting and worthwhile training experience that exposes them to many different parts of our business.



# Environmental Product Declarations

In 2023, one of our biggest areas of focus was our commitment to Environmental Product Declarations (EPDs). While many of our products have always been covered by EPDs, last year we committed to having all of our UK-made products covered by single product level EPDs by the end of 2025.

EPDs summarise the environmental performance of a product within a standardised methodology. Whilst there are some variances dependent on the assessor body, datasets collected, and assumptions made, they allow analysis of environmental performance. This can be at a factory level, a product category level, or at single product level, with single product level assessment being of the most value to the specification process.

Zentia suspended ceiling products manufactured at our factories in Gateshead will have single product level EPDs, allowing specifiers and contractors to compare environmental impact across our product range. Our products manufactured in the EU will remain covered by existing EPDs.

Zentia's EPDs are produced in partnership with Building Research Establishment (BRE) using the LINA 2 database and the latest best practice in Life Cycle Assessments. A major benefit of EPDs is demonstrated through the BRE Environmental Assessment Method (BREEAM), a suite of schemes that enable consistent and comparable assessment and verification across the entire built environment lifecycle, which awards more credits/points to single product level EPDs. BREEAM rewards performance above standard regulations which deliver environmental, comfort, or health benefits. Architects and specifiers use BREEAM to specify the sustainability performance of their buildings in a way



that is quick, comprehensive, highly visible in the marketplace and provides a level playing field.

As well as providing valuable information to our customers on the environmental performance of our products, we will also use the EPD as a tool to drive our environmental efforts in a way that benefits the whole supply chain.

The manufacturing of our mineral fibre ceiling tiles was insourced to our mineral fibre factory in Gateshead in 2023. We submitted the EPDs of all our UK-made, non-laminated tiles for verification, as well as EPDs for our UK-made suspended ceiling grid products. We expect to publish these EPDs in the first quarter of 2024.

**Carl Davison**  
Commercial Technical Manager

Environmental Product Declarations are extremely valuable to built environment professionals at every stage of the design and construction process. They help architects and other specifiers understand the environmental impact of our products and allow them to compare and contrast different elements of our product portfolio.

With the sector's increased focus on whole product lifecycle and the prioritisation of sustainability at the design stage, we believe that product-level EPDs will play a vital role in reducing the construction industry's environmental impact in the future.

## % Revenue from products with EPDs

2023 Actual

22%

2025 Target

95%

 zentia



# Scope 1 and 2 emissions

The manufacturing of ceiling tiles is an energy intensive process but we are committed to reducing greenhouse gas (GHG) emissions at our mineral tile factory by 30% by 2025.

The main source of carbon and GHG emissions at our mineral tile factory comes from the gas required to dry the mineral fibre baseboard during production.

Our commitment to insourcing our manufacturing had a substantial impact on our GHG emissions due to the scale up of our manufacturing operations and the commissioning of new equipment and materials. We expect this element to reduce going forward. During 2023 we used 3.41 kgCO<sub>2</sub> / m<sup>2</sup>, a decrease of 2.57% from 2022.

## Our focus on energy reduction

Zentia has set a target of a 30% reduction in the GHG emissions at the mineral fibre plant by the end of 2025. This will be measured in kgCO<sub>2</sub> / m<sup>2</sup> ceiling tile and compared to the 2022 figure of 3.5 kgCO<sub>2</sub> / m<sup>2</sup>, giving a target of 2.5 kgCO<sub>2</sub> / m<sup>2</sup>.

This will bring us in line with targets set by the UK Environment Agency as part of the Climate Change Agreement and will be achieved by a mixture of capital investment and process improvement projects.

**£4.5m**  
capital investment  
to reduce energy  
consumption

As part of our plan to update and upgrade the mineral tile factory, an investment of over £4.5m has been approved to replace the gas burners and upgrade the insulation on the main dryer, which currently accounts for half of the gas used in the process. It is expected that the proposed changes will reduce energy usage by between 15 and 20%.

**10%**  
reduction in energy  
usage at our mineral tile  
factory by submetering

We have teamed up with an energy management partner, Green Power Advice, to install submeters throughout our factories. These will be used to identify and optimise the highest energy processes. Over the next two years we expect these improvements to account for a 10% reduction in energy usage in the mineral fibre plant.

**10%**  
reduction in energy  
consumption through  
process improvements

Continuous improvement projects relating to waste and downtime will directly impact emissions and make the ambitious target of 30% reduction achievable.

## Scope 1 and 2 emissions

| 2022 Baseline                             | 2023 Actual                                | 2025 Target                               |
|---|--|---|
| 3.5<br>kgCO <sub>2</sub> / m <sup>2</sup> | 3.41<br>kgCO <sub>2</sub> / m <sup>2</sup> | 2.5<br>kgCO <sub>2</sub> / m <sup>2</sup> |

Gavin Scott  
Technical Manager



**“** We have set an ambitious reduction target for our GHG emissions, but they are entirely achievable. We have a robust and detailed plan that will ensure we reach our goal of a 30% reduction in emissions by 2025. **”**

# Customer Engagement

In 2023, we carried out our first customer satisfaction survey as Zentia. While we were pleased with the results, we know there's room for improvement.

The survey was designed to ask respondents to provide a rating between one and ten for each question, with one being very poor and ten being outstanding. It was delivered to over 200 representatives of our nine distributor customers in the UK.

The survey asked respondents to rate everything from our communications about orders and deliveries to the frequency of their contact with our area sales managers. In every instance, our customers gave us average ratings of over eight out of ten.

The final question in our customer satisfaction survey is focused on our products and how they are viewed in the context of queries about sustainable products from the market:

**How likely are you to promote Zentia products in response to a sustainability enquiry?**

For the purposes of our ESG report, this is the metric we will aim to improve over the next 24 months.

2023 Actual

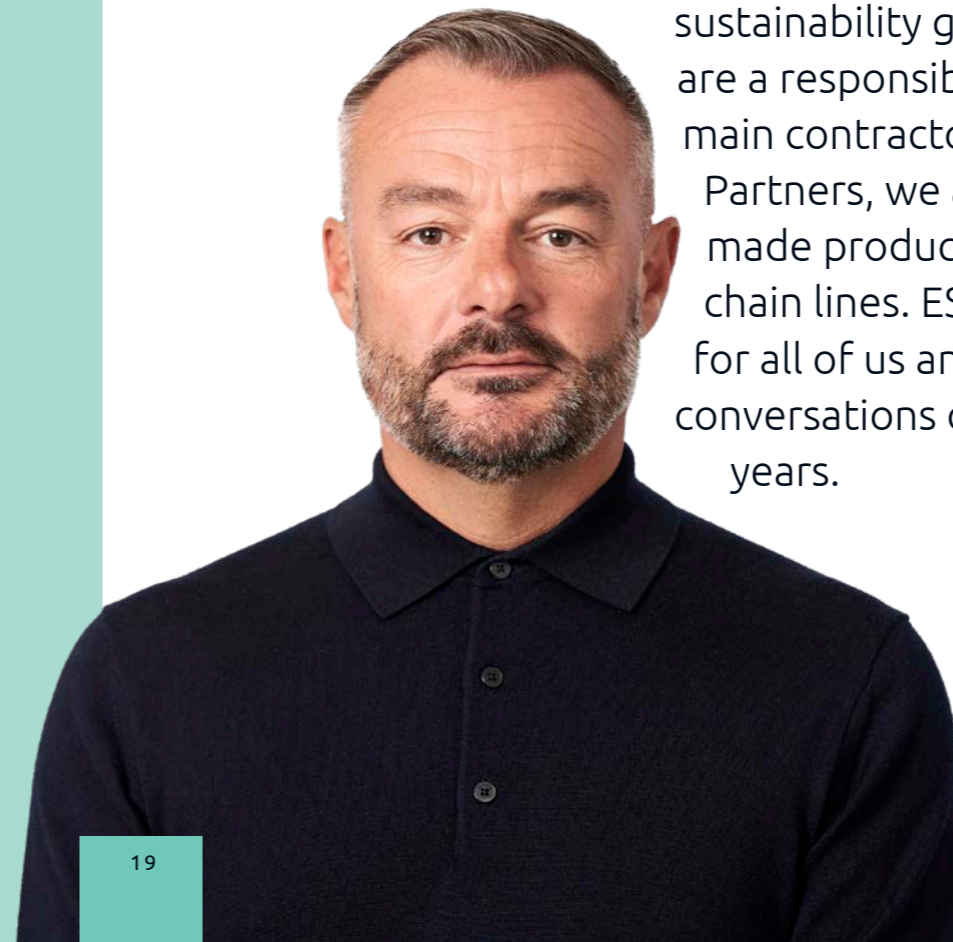
8.2/10

2025 Target

9/10

**GRAHAM TAYLOR**  
Sales & Marketing Director

At every touchpoint in our route to market, ESG is an important factor to consider. Our approach allows us to connect with the market in an entirely new way and allows us to help our partners achieve their own sustainability goals. For our distributors, we are a responsible and reliable supplier. For main contractors and Pinnacle Approved Partners, we are a reliable supplier of UK-made products offering shorter supply chain lines. ESG is an exciting opportunity for all of us and will drive many interesting conversations over the next months and years.



**Becoming a sustainability partner of choice**

When it comes to sustainable ceiling solutions, we want to be the UK construction industry's partner of choice. A few of the ways we plan to improve our reputation in this area include:

**Promotion of our product-level EPDs**

Our new product-level Environmental Product Declarations will allow architects, specifiers and other construction industry professionals to compare the environmental impact of a Zentia suspended ceiling product against others in our range. We believe that these EPDs will be a highly valuable resource to our target specification markets.

**Expansion of our website's sustainability content hub**

Our website's sustainability page will be expanded into a full content hub. In this new section of our website, we will host information about our products, our ESG work, an archive of

our ESG reports, information about our Corporate Social Responsibility (CSR) activities, and more.

**Publication and promotion of this ESG report**

A full communications plan will sit behind the publication of our ESG Report, with sustainability messaging incorporated into everything from future brand campaigns to our recruitment advertisements. This reflects the increasing value of ESG to our people, our business, and our target audiences.

**Presentation pack on ESG at Zentia**

Members of our sales division will be issued with an ESG presentation pack that can be customised to suit their respective target audiences. This will allow us to promote and highlight our business as an ethical manufacturer to audiences ranging from architects to main contractors, in online presentations as well as in face to face meetings.

# Employee satisfaction

At Zentia, our people are at the heart of everything we do. We try to achieve the UN Sustainable Development Goal of Good Health and Wellbeing by offering a range of benefits to our colleagues.

Every colleague and their immediate family has access to Zentia's free, confidential Employee Assistance Programme (EAP), which is available at all times. The EAP offers physical and mental health advice and support on diet and fitness, as well as financial and legal advice.

In terms of physical wellbeing, colleagues have certain salary sacrifice benefits available to them. These include a cycle to work scheme allowing colleagues the benefit of affordable tax free options to purchase pedal and electric cycles. Zentia also operates an onsite, free to use gym.

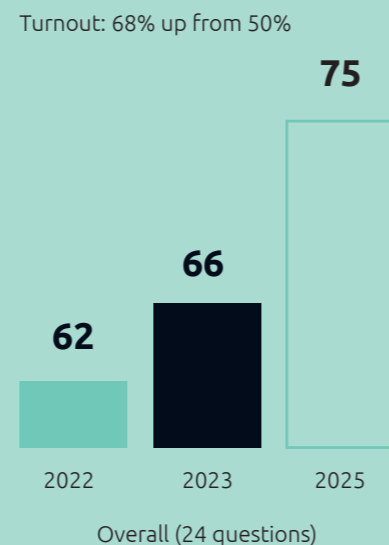
In July 2023, colleagues from Zentia participated in the AJ Bell Great North 10k Run in Newcastle, Tyne and Wear. All members of the team completed the challenge, and collectively won the Business Challenge of the Year award for the fastest corporate team.

In November, our manufacturing operations teams completed a Step Challenge in November for Men's Health Awareness Month, which covers a range of different mental and physical health issues. The target for participating teams was 78,000 steps, equivalent to 60 kilometers. Five teams achieved the target of 78,000 steps, with one team member reaching a staggering step total of 199,522 in just 14.5 days.

We are continuously investing in the future and the opportunities that our business can offer. We have an Apprenticeship Programme and we are a member of the National and North East Apprenticeship Ambassador Network supporting young people in their early careers through apprenticeships by providing on the job training to develop their skills and knowledge and become time served.

## Employee engagement survey approval score

Our colleagues' opinions and views matter to us and we try to capture those opinions and views by inviting colleagues to take part in an annual Employee Engagement Survey. In 2023, we achieved an average engagement score of 66% with a completion rate of 68% up from 50% in 2022. There is still more work to do in order to achieve our employee engagement target for 2025 of 75% but we believe that we are moving in the right direction.



### Wellbeing

We will now be holding ourselves to an even higher standard for colleague wellbeing. We will sign up to the Better Health at Work Award for 2024. The award recognises the efforts of employers in the North East and Cumbria in addressing health issues in the workplace. As part of this, we will be required to hold a minimum of three health campaigns over the year, with one health campaign already completed. Zentia took part in the Samaritans' "Brew Monday" campaign, encouraging all colleagues across the business to take some time to "check in" with one another as opposed to always talking about business.

**Gillian Dunn**  
General Counsel and Company Secretary



### Engaging with colleagues

The results of our employee engagement survey indicated that communication is a key area for improvement across our business. We will do this through a number of mediums such as our regular Plant Consultative Committee meetings, a quarterly forum which allows two-way communication between our senior managers and our colleagues. We are also conducting a more in depth analysis of the survey results, and we will identify specific target groups and topics for further discussion and improvement.

### Community

As a business that has been part of the North East infrastructure for over 80 years, community is not only important to Zentia, but our colleagues as well. Following the success of our 2023 work with Gateshead Foodbank and Warm Spaces, this year we will repeat our Easter egg collection for disadvantaged families in our community.

I am proud of the work that we are doing to achieve our sustainability goals. In respect of employee engagement, we made great progress in 2023 although we acknowledge that we have a long way to go in achieving our ultimate target. Our colleagues contribute to the success of the business and in turn, we hope to provide our colleagues with what we consider to be the basic necessities to carry out their roles effectively

<sup>2</sup> Brew Monday, Samaritans, <https://www.samaritans.org/support-us/campaign/brew-monday/>

# Health and safety

Health and safety best practice is a way of life at Zentia and we are striving towards zero recordable incidents across our business. This is an important part of our approach to ESG, our responsibility towards our people and the creation of a sustainable business.

From weekly management audits to ISO certifications, we make sure we get the operational details right. We have included TRIR (Total Recordable Incident Rate) in our ESG program to highlight our efforts in this area.

We take a practical approach to our TRIR metric. At Zentia, a recordable incident is a lost time injury. Any accident that results in an employee's absence the following day affects our TRIR.

We are very proud to say that our ceiling grid factory has seen no recordable incidents in over ten years of manufacturing operations. This is an outstanding achievement and testament to our health and safety standards through the years.

At our mineral tile factory, recordable incidents are extremely rare thanks to the robust health and safety processes and procedures already in place.

## Management audits

These walkarounds take place every month at our grid factory, and every week at our mineral tile factory. The two factories are audited on different schedules due to their respective sizes and activities. Our grid factory is a smaller and more modern facility with a simple layout and fewer employees, which can be audited relatively quickly.

In contrast, the oldest parts of our mineral tile factory were originally

constructed in 1948, with several new additions over the years. Operations are more energy intensive and require more employees on site every day, so the health and safety risks are greater. In this factory, audits are carried out by management teams of two, with no team examining either their own areas of responsibility or the same area twice in a twelve-month period. This ensures a constant fresh perspective and helps to minimise risks.

## ISO audits

Both of our factories are audited to ISO 14001 standards, and our mineral tile factory to ISO 45001 standards. As part of each assessment, operational audits are carried out by BSI assessors.

## Risk assessments

Internally, risk assessments are carried out for all manufacturing processes on a 24 month schedule, as well as all areas of our two factories. We are fully compliant with all regulations deriving from the Health and Safety at Work Act 1974.

We also require external contractors and suppliers to provide us with their own risk assessments and method statements before they begin working on site. If they do not have adequate documentation, we work with them until they meet our required standards. Every external visitor receives a health and safety induction before they start their activities.

2022 Baseline

8.3

2023 Actual

5.6

2025 Target

<3

Chris Taylor-Carr  
Operations Director



“The safety of our people has always been a top priority at both of our manufacturing sites. ESG is a framework for us to drive a zero accidents culture across our business.

With a new focus on TRIR over the coming 24 months, our goal is to get that number down to zero. I am excited to see the impact that an

even more vigilant safety culture can have on our business.”

# Supplier management

As a responsible manufacturer, we work with our suppliers to ensure best practice and minimal environmental impact. We rigorously manage our suppliers to ensure that all the businesses we work with are adhering to the highest ethical standards.

In 2022, we introduced a Supplier Code of Conduct with which we expect all of our suppliers to comply. This Code of Conduct commits them to the highest standards in business, active anti-slavery practices, as well as to good governance and anti-corruption standards.

We are now focusing our attention on our supplier risk assessments. This will ensure that we are fully aware of the risks facing each supplier and help to inform our decisions around next steps and how we can help them to make improvements, if any are required.

## How we carry out supplier risk assessments

We undertake a series of risk assessment reviews with our suppliers. These reviews cover four business areas: Delivery, Quality, Financial and Commercial, and Processes. We evaluate our suppliers' supply chain set-up, looking at current and historic performances, as well as the stability and set-up of the company. We ask several key questions, including:

- Can they be relied upon to provide us with goods and services to meet our requirements?
- Are there any geopolitical risks around a company's location, ownership, or finances?
- Do they encourage best and sustainable practices?

- Are they a responsible employer and signed up to our Code of Conduct?
- Are they accredited to industry standards?

From this assessment they are scaled from high to low risk or impact, and necessary actions put in place to alleviate or remove these risks highlighted.

Our suppliers are risk assessed every 12 months if they are deemed low risk. Higher risk suppliers are placed onto an improvement plan. Where this is not possible or the required improvements are not made, we begin the tender process to source a new supplier. Once this process is complete, the original supplier is removed from our Approved Vendor List and blocks are placed on our internal systems to prevent the future usage of that supplier.

Risk assessments are undertaken on all of our Category 1 suppliers. These are direct suppliers providing raw materials and logistics that directly impact our production, final product, and supply. Our supplier Code of Conduct mandates that our requirements are flowed down to their supply chain.

As of November 2023, 44% of our Category 1 suppliers had completed the risk assessment process.

## Supplier risk assessments

2022 Baseline

35%

2023 Actual

44%

2025 Target

95%

Jonathan Wake  
Head of Procurement



Supplier management is a priority at Zentia, reflecting our need to source quality raw materials for the products we make and sell. As an ethical business, we're committed to working with equally responsible suppliers to minimise our environmental impact, as well as ensuring that anti-slavery practices, good governance, and anti-corruption standards are embedded in our supply chain. Risk assessments are a key element of this work and we look forward to completing this project over the next 24 months.

# The future

At Zentia, we're working hard to make lasting improvements to our business over the next 24 months. Our ESG initiative is a purposeful programme that will help us to build a strong, sustainable and responsible business that consistently reduces its environmental impact year on year.

We want to be recognised as an environmentally conscious organisation by our customers, our people, and our local community.

Some of the things you can expect to see from us in 2025 include:

## A continued commitment to reducing GHG emissions

Our factories will always be energy intensive, but that doesn't mean we'll stop looking for more improvements once we achieve our 2025 targets.

## More research into Net Zero products suspended ceiling products

We don't know if it's possible to produce true Net Zero ceiling products, but we're committed to finding out. Our research and collaboration with academic institutions will continue.

## The embedding of sustainability and circularity into our product development and production

We'll make even greater efforts to consider the full life-cycles of our products during their development, from cradle to grave. We're also looking at ways to extend our off-cut recycling service for Pinnacle Approved Partners. This will increase the circularity of our product, first by accepting laminated off-cuts and later by looking at recycling full ceilings at an interior's end of life.

## More CSR activities that benefit our local communities in the North East of England

Working with Gateshead Council, we will continue looking for ways that we can support our local communities, whether that be through volunteering days, donation drives, or professional mentoring programmes for students.

## Enhanced supply chain monitoring

Our supply chain monitoring will be expanded to cover more in depth ESG analysis via the introduction of the EcoVadis tool.

## Building an even better and more sustainable business

With our bold and challenging ESG goals, we are embracing these principles of good governance and changing the way we do business. We're building an organisation that has a positive impact on our people, our customers, and the built environment.

If we achieve every single one of our goals, in the space of just three years we will:

- Publish product-level Environmental Product Declarations that cover 90% of our products
- Reduce our GHG emissions by 30%
- Improve our reputation for sustainable products
- Increase our employee satisfaction levels and improve staff retention
- Record zero accidents at our factories
- Complete risk assessments on 95% of our suppliers

The ambition of these goals is a testament to our people. They make possible the most impossible of tasks. Since our carve out from Knauf Ceiling Solutions just four years ago, our business has rebranded, relaunched, and achieved ever-greater commercial success. As we complete our transition from Armstrong to Zentia and embed ESG into every part of our business, we look forward to achieving our goals at the end of 2025.





## About Zentia

Today, Zentia is the UK's market leading manufacturer of complete ceiling solutions. We make a wide range of mineral ceiling tiles, suspension grids, and floating ceiling systems at our two factories in Gateshead, Tyne and Wear. Evolved from Armstrong Ceiling Solutions and with over 100 years of knowledge and experience, Zentia is the UK's only major ceiling manufacturer, offering a shorter and more sustainable supply chain to the construction industry in the UK and Ireland, and providing specifiers and ceiling contractors with reliable products they can trust.

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