Building momentum

Annual Report 2024

synthomer

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Who we are

We are a leading supplier of high-performance, highly specialised polymers and ingredients that play vital roles in key sectors such as coatings, construction, adhesives, and health and protection – growing markets for customers who serve billions of end users worldwide.

From our innovation centres of excellence and manufacturing sites across Europe, The Americas and Asia, we collaborate closely with our customers to develop new products and enhance existing ones tailored to their needs, with an increasing range of sustainability benefits. And through our focus on making our business more efficient, more global and even more specialised, we are positioned to lead the way as a speciality business whose products enhance people's homes and cities, lifestyles, transportation and healthcare.

6,000+
Customers

4,000+
People

31
Manufacturing sites

20+
Countries

5
Innovation centres of excellence

Our business is built around three divisions, serving customers in attractive end markets where demand is driven by global megatrends including urbanisation, demographic change, climate change and sustainability, and shifting economic power.

Coatings & Construction Solutions

Our specialist polymers enhance the sustainability and performance of a wide range of coatings and construction products. We serve customers in applications including architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding, and energy solutions.

Adhesive Solutions

Our products help our customers bond, modify and compatibilise surfaces and components for applications including tapes and labels, packaging, hygiene, tyres and plastic modification, improving permeability, strength, elasticity, damping, dispersion and grip.

Health & Protection and Performance Materials

We are a world-leading supplier of water-based polymers for medical gloves, and a major European manufacturer of high-performance binders, foams and other products serving customers in a range of end markets.

About this report

Throughout this report you will find links to our **website**. If you are reading the PDF version of the report, these links will be live. If reading the printed report, please go to **Synthomer.com** and search for the appropriate information.

Our business model

We are a business-to-business speciality chemicals producer. We create value for all our stakeholders by applying our expertise and innovation capabilities to provide high-performance water-based polymers and ingredients to a wide range of blue-chip customers in multiple attractive end markets.

Key strengths and resources

Talented people
4,000+ entrepreneurial, highly skilled employees with the expertise and experience to drive our success

Our global footprint
31 manufacturing sites across North America, EMEA and Asia, including five innovation centres of excellence

Agile supply chain
Our supply chain combines flexibility, agility and resilience through its mix of long-term supply relationships and market-based sourcing of 25+ strategic, and hundreds of secondary, raw materials

Innovation and product development
Hundreds of Synthomer technical service partners focused on understanding customers' individual product needs and advising them on formulations

Cash-generative business model
With scope to flex capital allocation through the cycle, within risk management limits

Our business

Creating products and solutions for 6,000+ long-standing customers in multiple attractive end markets...

- **Coatings**
- **Construction**
- **Health and protection**
- **Tapes, labels and packaging**
- **EV tyres**
- **Energy**
- **Consumer/hygiene**

... with global exposure to GDP+ growth megatrends...

- **Accelerating urbanisation**
- **Demographic and social change**
- **Climate change and sustainability**
- **Shifting economic power**

... through three end-customer focused divisions...

- **Coatings & Construction Solutions**
- **Adhesive Solutions**
- **Health & Protection and Performance Materials**

... with **innovation** driving new product development in close collaboration with **customers**, with a focus on **sustainability** throughout our value chain

Supported by a small corporate centre focused on

Business excellence (SynEx) – Risk management – Capital allocation – Portfolio management

Value creation for stakeholders
2020-2024

EBITDA[1]
£1.3bn

Free Cash Flow
£490m

Wages and salaries
£1.2bn

R&D spend
£155m

Supplier spend
£8.0bn

Corporation tax paid
£190m

Dividends and capital returned to shareholders
£185m

Decrease in Scope 1 and 2 GHG[2] emissions per tonne of production
22%

1 EBITDA is calculated as operating profit before depreciation, amortisation and Special Items.
2 GHG emissions definition as GHG Protocol Corporate Accounting and Reporting Standard.

Our strategy

Since 2022, Synthomer has been delivering on our transformational strategy to become a more focused, stronger speciality chemicals business and fulfil **our purpose: creating innovative and sustainable solutions for the benefit of customers and society.**

The five pillars of our strategy...

- Organic growth in attractive end markets
- Rigorous and consistent portfolio management to build focused, leading positions
- Operational and commercial excellence in how we run our business
- Differentiated steering in how we allocate capital and talent
- Diversity, equity and inclusion and holistic people development

... are each underpinned by three critical principles...

End-market orientation

in everything we do

See page 20-25

Sustainability

as a value driver and a principle for how we run our business

See page 26

Innovation

as a critical enabler

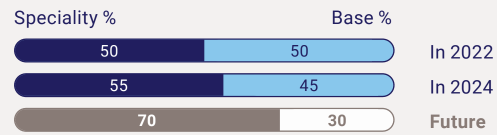
See page 34

... in pursuit of our long-term ambition.

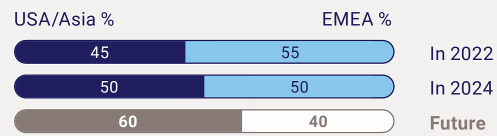
A speciality chemicals company focused on selected attractive end markets

Increasing our specialisation, global reach and simplicity

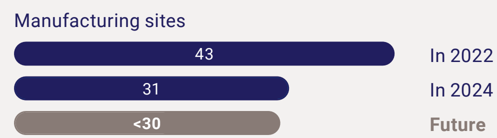
Greater speciality weighting (by revenue)



More balanced geographic distribution (by revenue)



Less complexity



The story of our year

By focusing on delivering our strategy throughout the business...

£26m in cost savings and other self-help delivered in year

Site footprint reduced by five through divestments and site rationalisations

Compounds divestment completed, with three further processes progressing

Zero-capital partnership for US gloves market; China Innovation Centre opened

€350m bond refinanced; next major maturity in 2027

Increasing customer centricity and employee engagement scores

... we made robust financial progress[1] during the year despite mixed end-market demand trends...

£1,986.8m revenue
+5.1% in constant currency

£146.6m EBITDA
+9.2% in constant currency

7.4% EBITDA margin
vs 7.1% in 2023

£50.4m underlying operating profit
+54.5% in constant currency

£7.2m Total Group underlying loss before tax
vs £31.1m loss in 2023

Total Group underlying EPS (2.5)p
vs (35.1)p in 2023

... and continued transforming Synthomer's ability to create sustainable value to meet the needs of the future.

55% of revenues now from speciality businesses

More than 50% of revenues in the USA and Asia

24% of volume from new and protected products (NPP), up from 22% in 2023

7% reduction in absolute Scope 1 and 2 GHG emissions vs 2023

69% of new products with sustainability benefits[2], up from 64% in 2023

1 Continuing Group unless otherwise stated.
2 As defined by Synthomer's Product Sustainability Scorecard.

Chair’s statement

“ 2024 has been a year of inflection for Synthomer. The Company has made further good progress despite the continuing softness in global chemicals markets and laid the foundations for a successful future. I look forward to working with the Board and our management team to build on those foundations.”

Peter Hill, CBE
Chair

After a year of decisive action that has strengthened the business and embedded our strategy for value creation, we are able to look ahead at the opportunities we see for a simplified, more focused Synthomer, with an increasingly specialised product portfolio serving attractive end markets.

Focusing on strategic delivery

I would like to greet stakeholders in this, my first Annual Report since my appointment as Chair in January 2025, after joining the Board in September 2024. It is a privilege to lead the Synthomer Board at such an important stage of the Company’s evolution.

Throughout my induction into the role, I have been very impressed by the focus and determination shown by everyone at Synthomer in delivering its transformational strategy to become a speciality solutions platform, serving our end customers, and driving forward the company’s innovation and sustainability agendas. It is clear that the organisation is becoming a much stronger platform for driving returns and value creation through these actions: making our business less complex, leaning into our strengths and opportunities, pursuing commercial and operational excellence, and disciplined capital allocation. The leadership team and Board share a dedication to fostering a culture that supports greater speed and agility in execution of our strategic choices – as our CEO Michael Willome describes on page 7.

Synthomer’s focus on ‘controlling the controllables’ is delivering better results now, despite the prolonged downturn in the chemicals sector, with robust EBITDA growth, recovering volumes, and stronger gross margins. We nonetheless continue to face significant challenges from the weakness in end-market conditions.

Reducing leverage towards our 1 to 2x medium-term net debt: EBITDA target range remains a key priority. We will continue to monitor and address this in 2025, while recognising that until demand in our end markets begins to recover, our ability to generate significant Free Cash Flow is quite limited. The Board supports the ongoing work to rationalise our portfolio as part of this process, but this will only happen at fair prices.

I am confident that Synthomer has the strategy, people, market positions and financial strength to flourish and outperform competitors as this period of exceptional challenges in our industry begins to ease. I am personally convinced that the business will create substantial value for shareholders and other stakeholders in the years ahead.

Engaging with our stakeholders

There is no better way to understand a business than to meet the people who are closest to its customers and who formulate and produce our products – so it has been a pleasure to meet those teams during my site visits in the UK, USA, China, Malaysia, Germany and the Netherlands, and I look forward to meeting many more. I was consistently impressed by our people's enthusiasm to see Synthomer succeed and their commitment to delivering for our customers. On behalf of the Board I would like to thank them for their hard work and dedication.

I have also met senior leaders of Kuala Lumpur Kepong Berhad (KLK) – our strategic shareholder. The confidence shown by KLK and other shareholders in Synthomer's management team and its speciality strategy – as well as their financial support during the 2023 rights issue and before – has been crucial. I know the whole business is grateful for shareholders' ongoing commitment and constructive feedback. I look forward to meeting and engaging with more of our key stakeholders in the future.

Harnessing the Board's skills, and looking to the future

The Board has continued to oversee strategy and monitor performance, providing challenge and support to Michael and his team.

Our work is described in The Board's year, page 65, but here I would like to highlight how Synthomer's efforts are increasingly focusing on forward-looking activities. One example is our new Innovation Taskforce, bringing together Board members, senior leaders and other experts from around the Group, as described on pages 35 and 67. The Board programme this year also included two deep-dive sessions on geopolitical and industry megatrends. These gave the Board further confidence in the strategic direction of the Company while underlining the importance of making the business as nimble and adaptable as possible in an increasingly complex global and market environment.

Overseeing progress on ESG issues

The Board oversees strategy and delivery on environmental, social and governance (ESG) as commercial considerations for our customers as well as in relation to regulatory and corporate responsibility agendas. ESG is treated as a matter reserved for the whole Board, reflecting its importance to our strategy. Health and safety is a core Synthomer value and is always considered as the first item at every Board discussion. Our performance in these areas is described on page 41.

I have been particularly struck by the work being done to make Synthomer a more diverse, inclusive business. This is one of the five pillars of our strategy, reflecting the importance Synthomer places on understanding as broad a range of end-customer viewpoints and interests as possible. We have more to do, but we have seen encouraging progress on gender diversity in particular over the past few years, as described on page 37.

The Board

There have been several changes to the Board announced since the last Annual Report, with further evolution to follow as we aim to ensure the Board remains well-placed to support Synthomer's continued transformation. As described more fully in the Nomination Committee report on page 95, the Company welcomes Uwe Halder, and is very grateful for the service of the Hon. Alexander Catto and Ian Tyler, both of whom are stepping down during 2025.

I would like to conclude by expressing my thanks to Caroline Johnstone, who stepped down as Chair of the Board on 1 January 2025 after nine years with Synthomer. I know the Board and the business as a whole are very grateful for her contribution and dedication over that time – and on a personal note, I thank her for sharing her invaluable experience and insights during our comprehensive handover.

Peter Hill, CBE
Chair

11 March 2025

Chief Executive Officer's review

"Our direction remains clear: further specialisation is at the heart of our strategy, because speciality products with differentiated benefits for end-users will be the greatest drivers of improved returns for our business in the medium to long term. We believe that our plans to achieve this strategic transformation are building momentum."

Michael Willome
Chief Executive Officer

We made robust financial progress in the year and took important steps in our strategy of focusing on our most differentiated, speciality products, despite the lack of any meaningful recovery in some of our end markets.

Robust results that show the benefits of specialisation

We continued to focus in 2024 on delivering our multi-year self-help programmes, while further strategically repositioning Synthomer to achieve our medium-term growth, margin and returns ambitions. Our direction remains clear: further specialisation is at the heart of our strategy, because speciality products with differentiated benefits for end users will be the greatest drivers of improved returns for our business in the medium to long term.

The chemicals sector remains in a prolonged period of suppressed demand, while geopolitical volatility is having economic and structural effects on global markets and in many parts of our industry. We need to be alert to the risks and opportunities that this environment presents, and continue to make our business even more agile and adaptable so that we can anticipate and respond to the needs of our high-quality customers in their attractive end markets. This year we made further progress in focusing, simplifying and strengthening Synthomer while delivering improved volumes, revenues, margins and underlying earnings.

Profit growth and higher margins

Our 2024 revenue of £1,986.8m (2023: £1,940.6m) and EBITDA of £146.6m for the continuing Group (2023: £137.4m) were in line with expectations. They reflect volume growth and a strong gross margin performance underpinned by significant progress on our multi-year cost-saving and reliability improvement programmes, as well as the ongoing strategic re-allocation of our capital and other resources towards the higher margin, more resilient speciality solutions within our portfolio. As we have flagged since the start of 2024, these actions were partially offset by some increases in operating costs, mainly due to wage inflation and normalisation of bonus accrual. Nonetheless, underlying operating profit increased by 54.5% in constant currency to £50.4m (2023: £33.4m).

The strongest divisional progress in 2024 was achieved by the **Adhesive Solutions (AS) division**, which delivered a step change in financial results this year through our successful performance improvement programme, with improved reliability allowing some previously lost market share to be regained and greater cost efficiency. The programme added a further £21m in benefits in the year, and the scope and scale of further savings to be achieved in 2025 and 2026 continue to increase. Just as importantly, given this strong progress, the AS team are now increasingly able to shift their focus towards the division's considerable global growth opportunities in 2025 and beyond.

The **Health & Protection and Performance Materials (HPPM) division** also made significant EBITDA progress, principally due to a substantial increase in activity levels in the nitrile latex for gloves market, albeit at unit margins that remain well below pre-pandemic levels. We were also very pleased to begin a significant zero-capital partnership for the US domestic medical gloves market. This market is evolving rapidly, in part due to US government procurement policies under both the current and previous US federal administrations, which are designed to support the growth in onshore manufacturing of personal protective equipment. In Q3 2024 we received the initial technology licensing fee payment as the first stage of a multi-year partnership leveraging our Health & Protection intellectual property, technology and manufacturing expertise.

Mixed market conditions, with notably poor levels of construction activity, and a substantial share of higher operating costs limited the scope for our **Coatings & Construction Solutions (CCS) division** to outperform in 2024. However, our most speciality-focused division continued to enhance its alignment of people, capital and strategy to support long-term profitable growth in its markets, including by investing in the innovation pipeline and to support further geographic growth.

Year-end net debt was £597.0m (2023: £499.7m), principally reflecting a reduction in our utilisation of receivables financing facilities, the EC fine settlement, and the remainder of the previously agreed deferred contributions to the UK pension scheme in the period.

Further progress on our specialisation strategy

Getting closer to our customers and serving their needs for specialised, high value-added products is central to our future success.

In 2024, speciality products represented 55% of revenues, and 60% of AS revenues, with the share expected to increase in 2025. We have also continued to build our positions in the USA and Asia, which now contribute more than half of revenues. And while we continue to operate with the vast majority of our production activity in-region to be close to our customers, we have carried on our work of simplifying our business and focusing on specialisation through divestments or closures. We have streamlined our footprint from 43 sites in Q4 2022 to 31 at the start of 2025. This includes the divestment in April 2024 of our non-core latex compounding business, which comprised two manufacturing sites in the Netherlands and one in Egypt. We continue to progress three further non-core divestment processes. We also continue to monitor potential opportunities in strategically attractive end markets for the future, when our financial circumstances allow.

We remain focused on ruthlessly disciplined capital allocation. Putting time and resources behind the parts of the business that have the greatest returns potential is especially important when demand is suppressed.

Innovation and sustainability – adding value for customers

We see innovation and sustainability as integral enablers for our strategy, important differentiators for our customers, and key to value creation in the long term. Our customers' sustainability ambitions demand innovative products with demonstrable sustainability benefits – an area of growing strength for us.

Driving the pace of innovation

Customer-centric innovation gives us clear competitive advantage, and this year we sustained our consistent record of ensuring that new and protected products (NPP) make up at least 20% of our sales volume over the long term.

We know that speed matters if we are to stay ahead in innovation, and this year the Board established our Innovation Taskforce to help drive the pace of change. This is an area where digitalisation and the use of AI will be increasingly important – and already this year we have used advanced data analytics to help identify the precise compositions we need to create new polymers for emulsions in CCS. We have also used digital analytics tools to optimise manufacturing efficiency, for example in a throughput optimisation project at our Le Havre site (see page 33). At the same time, we have strengthened our ability to meet the accelerating need for innovative and sustainable products now that our state-of-the-art laboratories are operational at our new China Innovation Centre in Shanghai.

The responsiveness of our technical teams played an important role in an overall nine-point improvement to 46 in our annual Net Promoter Score (NPS) survey of our customers completed in March 2024. Detailed survey data by business line is being used by our teams to further improve our product offering and enhance the experience of our customers globally.

Making progress on our sustainability objectives

Innovation and sustainability often go hand in hand for us, given customers' demand for products that help them meet their targets and ambitions, and the expectations of consumers and regulators. We continue to build our innovation pipeline to support sustainable product development, with 38 new products launched this year with defined sustainability benefits (see page 34). At the same time, we have made progress across the targets set out in our sustainability roadmap, including the near-term greenhouse gas (GHG) emissions reduction targets that were approved by the Science Based Targets initiative (SBTi) last year. We achieved ISCC PLUS certification at eight of our key sites in 2024, enabling us to offer a mass balance approach for bio-based and circular raw materials as part of our role at the centre of our value chains.

Celebrating our people as part of our entrepreneurial culture

Our people's commitment to delivering for customers has played a key role in our strategic progress in 2024. Across the business, we are strengthening our culture so that we remain true to our values while focusing even more sharply on profitable growth – and on the agile, entrepreneurial spirit that will drive it.

I am very encouraged by the increased engagement score and higher participation rate of 80% for our recent Your Voice employee survey, compared with the last one conducted in 2021. Given the difficult environment of the past few years, our engagement score of 7.0 is a good platform for us to build on. We have further invested in our people and our talent pipeline this year, with expanded graduate and global leadership programmes (see page 39). This ties into our Group-wide focus on excellence – our SynEx programme focuses on both manufacturing and commercial excellence, with a strong emphasis on improving our people's skills and ensuring they can understand and deliver on customer needs as well as on improving our processes.

Our work on diversity, equity and inclusion is also moving forward. We continue to focus on gender diversity in particular. While in 2024 women held 29% of senior management roles, up from 15% in 2020, there is clearly still more to do throughout the organisation, and our work in this area will continue.

Staying focused on process safety

Health and safety is one of our core values and an indispensable part of our culture. For the second year in a row, we achieved an historic low in our recordable injury case rate of 0.14. We are in the top quartile for our industry, a great achievement from all our teams and a reflection of the fact that the Synthomer safety mindset is being embraced by sites that have joined the portfolio through the acquisitions of recent years. Work to improve our safety culture never stops, however. This year we continued our focus on process safety, which shows considerable variation between divisions and reflects the mix of chemistries and facilities we now have in our portfolio. We continue to have work to do at our most recently acquired sites to accelerate their improvement and we will continue these efforts in 2025.

Outlook

Trading since the start of 2025 has been in line with our expectations, which assumed a muted start to the year compared with the relatively strong first quarter in the prior year.

We expect to deliver further earnings progress in 2025, driven by £25-30m in expected benefits from delivering our self-help and strategic plans, with less offsetting cost headwinds expected than in 2024. We are assuming limited end-market demand improvement at this stage. Our confidence is underpinned by the strong 2024 exit margins in our speciality businesses, reflecting progress made on our cost programmes and from reallocating our resources towards our speciality products, coupled with the ongoing volume improvement in Health & Protection.

We also expect to deliver positive Free Cash Flow in 2025 and some deleveraging, even without a significant improvement in market conditions.

In the medium term, we remain committed to our ambition to more than double Synthomer's earnings, through a combination of continued reliability and cost actions, end-market volume recovery and strategic delivery.

Michael Willome
Chief Executive Officer

11 March 2025

Our key performance indicators (KPIs)

Measuring the delivery of our strategy

We measure our progress in delivering our strategy against a range of financial and non-financial KPIs, which we keep under review. All financial performance KPIs are shown for the Total Group as operated in the year, while the non-financial KPIs reflect the continuing Group. We also set out our performance against all our Vision 2030 sustainability targets on pages 41 to 43.

Link to strategy

- Organic growth in attractive end markets
- Rigorous and consistent portfolio management to build focused, leading positions
- Operational and commercial excellence in how we run our business
- Differentiated steering in how we allocate capital and talent
- Diversity, equity and inclusion, and holistic people development

Financial (Total Group)

Revenue

2024	**£1,996.6m**
2023	£2,021.2m
2022	£2,585.1m
2021	£2,329.5m
2020	£1,644.2m
2019	£1,459.1m

Strategy

Definition
Revenue is recognised at the point when control of our products is transferred to customers.

Comment
Total Group revenue decreased to £1,996.6, reflecting non-core divestments. Revenue for the continuing Group increased by 5.1% in constant currency, reflecting an 8.4% increase in volume driven by a recovery of some of the substantial volume declines experienced in 2023, partially offset by pass-through of lower raw material input prices relative to the prior year.

EBITDA

2024	**£149.2m**
2023	£139.1m
2022	£265.1m
2021	£522.2m
2020	£259.4m
2019	£177.9m

Strategy

Definition
Operating profit before depreciation, amortisation and Special Items.

Comment
EBITDA for the continuing Group increased by 9.2% in constant currency, principally benefiting from our self-help actions and strategic reorientation, partially offset by the previously disclosed operating cost increases. Total Group EBITDA also increased compared to prior year.

EBITDA %

2024	**7.5%**
2023	6.8%
2022	10.3%
2021	22.4%
2020	15.8%
2019	12.2%

Strategy

Definition
EBITDA as a percentage of revenue.

Comment
EBITDA margin increased due to the self-help actions and strategic progress noted above.

Underlying EPS

2024	**(2.5)p**
2023	(35.1)p
2022	152.0p
2021	554.0p
2020	212.9p
2019	186.4p

Strategy

Definition
Basic underlying earnings per share before Special Items.

Comment
Underlying earnings per share significantly improved from the prior year, principally reflecting the higher EBITDA, lower depreciation and amortisation and finance costs.

Financial KPIs continued

Free Cash Flow

2024	**£(54.7)m**
2023	£85.7m
2022	£69.2m
2021	£217.6m
2020	£167.6m
2019	£92.8m

Strategy

Definition
Movement in net debt before financing activities, foreign exchange and the cash impact of Special Items, asset disposals and business combinations.

Comment
Free Cash Flow was £(54.7)m, although much closer to neutral when adjusted for the movement in receivables financing and deferred pension contributions.

ROIC

2024	**1.5%**
2023	1.6%
2022	7.6%
2021	26.1%
2020	13.2%
2019	13.0%

Strategy

Definition
Underlying operating profit after tax divided by average invested capital at start and end of year (comprising equity, net debt, post-retirement benefit obligations and lease liabilities).

Comment
2024 underlying operating profit increased by 50.9% compared with 2023 and invested capital was broadly flat; this was offset by a substantially higher effective tax rate in 2024. At the Group's medium-term effective tax rate expectation of 25%, 2024 ROIC would have increased to 2.0%.

Non-financial

% New and protected products (NPP)

2024	**24%**
2023	22%
2022	20%
2021	24%
2020	22%
2019	22%

Strategy

Definition
Percentage of sales volume in the year that can be attributed to patented products and products launched in the past five years.

Comment
The increase in NPP reflects our continuing focus on innovation to enhance our product pipeline and exceeds our target of 20%.

Recordable injury case rate (RCR)

2024	**0.14**
2023	0.16
2022	0.34
2021	0.31
2020	0.36
2019	0.20

Strategy

Definition
Recordable injury case rate for accidents involving more than first-aid treatment, expressed as accidents per 100,000 hours worked by employees and all contractors.

Comment
We achieved another historic low in our RCR rate. This is a great achievement, one that requires continual focus and diligence from all our teams.

Scope 1 and 2 GHG emissions (kt CO_2e)

2024	**305**
2023	329
2022	377
2021	310
2020	403
2019	587

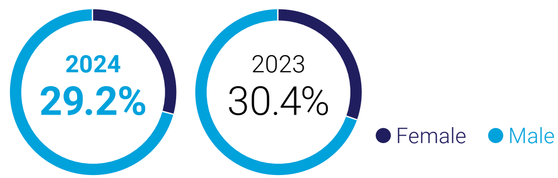
Strategy

Definition
Scope 1 – direct GHG emissions from the activities of Synthomer or under its control.

Scope 2 – indirect GHG emissions from the generation of purchased energy consumed by Synthomer.

Comment
Our Scope 1 and 2 emissions reduced this year by 7.2%, an overall reduction of 44.9% compared to our 2019 baseline. This reduction was primarily driven by a lower-carbon supply of steam to our site in Marl, Germany and a continued focus on energy and process efficiency.

Gender diversity in senior management



Strategy

Definition
Proportion of females in the senior management population (members of the executive team and their direct reports).

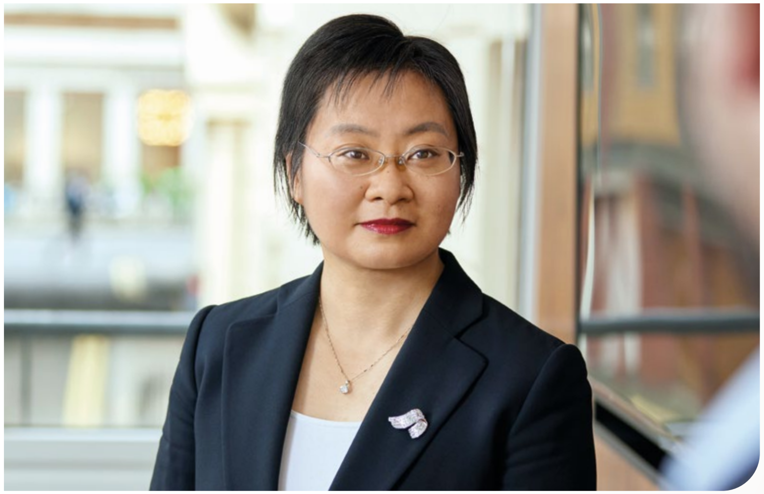
Comment
Despite the slight decline versus 2023, we remain confident of reaching our near-term objective of having women represent 33% of senior managers by the end of 2025.

Review of the year

Innovating

24% of volumes from new and protected products (NPP) in 2024, up from 22% in 2023.

Financial review: Chief Financial Officer's introduction



" We end the year a stronger business than we began it, despite subdued demand, and we will continue to use all available means to drive positive Free Cash Flow and reduce leverage in 2025."

Lily Liu
Chief Financial Officer

A year of steady delivery on our strategy has strengthened the business for the future and returned robust underlying earnings improvement in 2024, even as we continue to remain highly focused on cost, capital discipline and debt management while demand remains subdued.

Controlling the controllables and delivering on strategy

While we are confident that global megatrends will return our sector to growth, 2024 has continued the recent trend of subdued demand in many end markets. We have used this time to focus on two main priorities: ensuring that the business is run as effectively and efficiently as possible in the present, while continuing to reshape Synthomer as a speciality solutions platform for attractive end markets in the medium term. We have made good progress in both areas, and we end the year a stronger business than we began it.

Improving cost competitiveness and reliability

Work across the business continued to focus on further improving cost competitiveness and reliability. This included strengthening our supplier network for key raw materials, and improving our end-to-end planning, procurement and logistics processes. Overall, our performance improvement programme delivered c.£26m in benefits in 2024. As our procurement optimisation programme ramps up in 2025 and other cost and strategic initiatives are implemented, alongside lower offsetting bonus accrual and wage inflation, we are confident in making further earnings progress in 2025.

Strategic progress and rigorous capital allocation

Portfolio management and differentiated capital allocation are important pillars of our strategy.

In April 2024, we completed the divestment of our non-core Compounds business for a profit on disposal of £1.1m before the recycling of translation reserves and cash proceeds of £19.6m after costs. The divestment included three manufacturing sites, further reducing our site footprint to 31, a reduction of nearly 30% since 2022.

Our divestments and rationalisations all serve the central aim of our strategy – to make Synthomer a more focused speciality business. They also support our disciplined approach to capital allocation, prioritising resources to the highest-returning projects in growth markets and giving preference to speciality rather than base businesses. A more streamlined portfolio with fewer sites means our capital, people and time can be directed more effectively to our highest-returning opportunities. In 2024 we spent £83.2m in net capital expenditure, comparable to 2023, but with fewer sites a greater proportion of that has been allocated to enhancing speciality product capacity in attractive geographies, rather than to important but low-returning SHE and maintenance activities. Examples include our de-bottlenecking investment in coatings capacity in the Middle East (see page 20), and the full opening of our China Innovation Centre in Shanghai (see page 33).

Staying focused on net debt

We ended the year with net debt of £597.0m compared to £499.7m at the end of 2023, reflecting a £23.2m reduction in our utilisation of receivables financing facilities (to £87.3m at 31 December 2024), pension payments of £19.8m including the remainder of the previously agreed deferred contributions to the UK pension scheme, as well as payment in H1 of the £39.1m EC fine imposed in 2022 by the European Commission in relation to Styrene Monomer purchasing. Free Cash Flow was £(54.7)m, although much closer to neutral when adjusted for the movement in receivables financing and deferred pension contributions, but clearly lower than the very high level of EBITDA to Free Cash Flow conversion in 2023.

At year-end, net debt: EBITDA under the covenant leverage definition was 4.6x, well within our 5.75x covenant requirement, although some way from our medium-term target of the 1-2x range. We continue to focus on all available opportunities to reduce leverage. The non-recurrence of the exceptional outflows in 2024, and expected reductions in net working capital, are expected to support positive Free Cash Flow and deleveraging in 2025, even if end-market conditions do not significantly improve.

In April 2024, we successfully tendered for €370m of our bonds due in 2025, reducing gross debt and extending maturities by issuing €350m of bonds due in 2029. We expect to pay the remaining €150m outstanding of 3.875% senior unsecured loan notes maturing July 2025 from cash and short-term deposits. The Group's undrawn committed liquidity at 31 December 2024 was in excess of £470m, comprising unrestricted cash and short-term deposits of £225.8m, the undrawn RCF and other committed facilities. Our next significant debt maturity is in 2027.

Targeting growth in the medium and long term

We remain fully focused on our medium-term targets. Driven by the growth we expect as end-market demand recovers, we anticipate mid-single-digit growth over the cycle on a constant currency basis. We aim to bring our EBITDA margin above 15%, driven by specialisation, sustainable innovation and greater differentiation, and supported by business excellence and further simplified manufacturing operations and supply chains, in line with our strategy. Over time, our goal is to drive return on invested capital into the mid-teens.

Lily Liu
Chief Financial Officer

11 March 2025

Financial review

Group revenue, EBITDA and operating profit – continuing operations

Revenue for the continuing Group of £1,986.8m (2023: £1,940.6m) increased by 5.1% in constant currency. This principally reflects an 8.4% increase in volume driven by a recovery of some of the substantial volume declines experienced in 2023, partially offset by pass-through of lower raw material input prices relative to the prior year.

EBITDA for the continuing Group increased by 9.2% in constant currency to £146.6m (2023: £137.4m), principally benefiting from our self-help actions and strategic reorientation to higher margin speciality businesses, partially offset by the previously disclosed operating cost increases, mainly due to wage inflation and normalisation of bonus accrual. Corporate costs increased to £23.7m in the period (2023: £20.2m), reflecting wage inflation, bonus accrual, timing of operating expenditures and higher expenditure in relation to implementing our sustainability objectives. Depreciation and amortisation was £96.2m (2023: £104.0m), resulting in underlying operating profit for the continuing Group of £50.4m (2023: £33.4m).

On a statutory basis, including the Special Items excluded from underlying measures (see below), this resulted in an operating loss for the continuing Group of £(24.1)m (2023: £(39.5)m).

Full year ended 31 December 2024, £m	CCS	AS	HPPM	Corp	Continuing operations	Discontinued	Total Group
Revenue	**790.5**	**588.4**	**607.9**	**–**	**1,986.8**	**9.8**	**1,996.6**
EBITDA	**85.9**	**47.9**	**36.5**	**(23.7)**	**146.6**	**2.6**	**149.2**
EBITDA % of revenue	**10.9%**	**8.1%**	**6.0%**		**7.4%**		**7.5%**
Operating profit – underlying	**60.6**	**15.0**	**8.4**	**(33.6)**	**50.4**	**2.4**	**52.8**
Operating profit/(loss) – statutory	**32.5**	**(9.5)**	**(9.5)**	**(37.6)**	**(24.1)**	**(1.8)**	**(25.9)**

Full year ended 31 December 2023, £m	CCS	AS	HPPM	Corp	Continuing operations	Discontinued	Total Group
Revenue	820.2	581.7	538.7	–	1,940.6	80.6	2,021.2
EBITDA	100.1	31.2	26.3	(20.2)	137.4	1.7	139.1
EBITDA % of revenue	12.2%	5.4%	4.9%		7.1%		6.8%
Operating profit/(loss) – underlying	74.3	(7.5)	(6.0)	(27.4)	33.4	0.4	33.8
Operating profit/(loss) – statutory	42.1	(32.7)	(15.3)	(33.6)	(39.5)	57.2	17.7

Special Items – continuing operations

The following items of income and expense have been reported as 'Special Items – continuing operations' and have been excluded from EBITDA and other underlying metrics:

Full year ended 31 December	2024 £m	2023 £m
Amortisation of acquired intangibles	**(45.1)**	(49.3)
Restructuring and site closure costs (including share of JV)	**(15.4)**	(14.7)
Impairment charge	**(5.7)**	(5.6)
Pension past service cost	**(4.4)**	–
Sale of business	**(3.3)**	(0.1)
Acquisition costs and related gains	**(0.6)**	(2.0)
Regulatory fine	**–**	(0.7)
Abortive bond costs	**–**	(0.5)
Total impact on operating profit – continuing operations	**(74.5)**	(72.9)
Loss on extinguishment of financing facilities	**(1.4)**	(4.7)
Fair value movement on unhedged interest rate derivatives	**–**	(1.8)
Total impact on loss before taxation – continuing operations	**(75.9)**	(79.4)
Taxation Special Items	**7.5**	(1.7)
Taxation on Special Items	**7.1**	4.5
Total impact on loss for the period – continuing operations	**(61.3)**	(76.6)

Amortisation of acquired intangibles reflects the amortisation on the customer lists, patents, trademarks and trade secrets that arose on historic acquisitions. The intangible assets arising on the acquisition are amortised over a period of 8-20 years.

Restructuring and site closure costs in 2024 mainly comprised a £2.4m gain in relation to site rationalisation activity and a release of a tax penalty provision in Malaysia, a £5.5m charge in relation to the ongoing integration of the acquired adhesive resins business, £7.3m in relation to the ongoing functional and site rationalisation in the USA and Europe, as a result of previous divestments and closures, and £3.7m of restructuring costs associated with our operational site reviews to align with our strategic initiatives.

In 2024, a £3.6m impairment charge was provided for in relation to the mothballing of the nitrile latex plant in Malaysia and a £2.1m impairment was recognised in relation to site rationalisations in the USA.

The pension past service cost of £4.4m relates to a one-off non-cash 'Barber window' equalisation and other adjustments which arose following a legal review of scheme documentation.

Sale of businesses costs of £3.3m in 2024 mainly comprise costs incurred in relation to previous and potential future divestments.

Acquisition costs and related gains of £0.6m in 2024 relate to the pension costs associated with the acquisition of the adhesive resins business.

Taxation Special Items of £7.5m reflects the release of a Malaysian uncertain tax provision which was successfully concluded in the year.

The Taxation on Special Items for continuing operations in 2024 was £7.1m, mainly relating to deferred tax arising on the amortisation of acquired intangibles and restructuring and site closure costs.

Discontinued operations

On 30 April 2024, the Group completed the divestment of its latex compounding operations ('the Compounds business') to Matco Latex Services BV, resulting in a net cash inflow of £19.6m. The profit on disposal before the recycling of translation reserves was £1.1m. The Compounds business is reported as a discontinued operation in these results. In accordance with IFRS 5, discontinued revenues have been reduced by £5.7m, representing the revenue earned to the date of sale by the continuing operations from inter-company sales to the Compounds business. Continuing revenues have been increased by the same amount.

In the period, £4.2m of net losses were recognised in relation to Special Items – discontinued operations (2023: £39.4m gain), comprising the profit on disposal of £1.1m noted above and £(4.4)m of translation losses recycled from reserves on the disposal, as well as £0.2m of gains related to other previous disposals offset by £(1.1)m of costs in relation to the closure of the North America Paper & Carpet business.

Finance costs

Full year ended 31 December	2024 £m	2023 £m
Interest payable	**(68.0)**	(70.6)
Interest receivable	**12.1**	10.2
Net interest expense on defined benefit obligation	**(1.7)**	(2.7)
Interest element of lease payments	**(2.4)**	(1.8)
Finance costs – underlying	**(60.0)**	(64.9)
Fair value movement on unhedged interest rate derivatives	**–**	(1.8)
Loss on extinguishment of financing facilities	**(1.4)**	(4.7)
Finance costs – statutory	**(61.4)**	(71.4)

Underlying finance costs decreased to £60.0m (2023: £64.9m) and comprise interest on the Group's financing facilities, interest rate swaps, amortisation of associated debt costs and IAS 19 pension interest costs in respect of our defined benefit pension schemes. The reduction in net interest payable mainly reflects increased interest receivable following receipt of the proceeds of the rights issue in October 2023 and resulting lower gross debt, partially offset by increased bond interest as a result of the bond refinancing (see below).

The Group recognised as Special Items a total of £1.4m in finance costs relating to the write-off of previous issue costs on extinguishment of financing facilities, as a result of the bond refinancing.

Taxation

The Group's underlying tax credit for continuing operations was £4.2m (2023: £3.5m credit), representing an effective tax rate on the underlying loss before tax of 43.8% (2023: 11.1%). The effective tax rate is driven by the geographical mix of profits. The Group is within the scope of the OECD Pillar Two model rules which came into effect from 1 January 2024. Management has performed an assessment of the Group's potential exposure to Pillar Two top-up tax for 2024 and based on that assessment, transitional safe-harbour relief should apply to all jurisdictions in which the Group operates and therefore the Group does not expect an exposure to Pillar Two top-up tax. The Group expects the effective tax rate to trend towards 25% over time.

Non-controlling interest

The Group continues to hold 70% of Revertex (Malaysia) Sdn Bhd and its subsidiaries. These entities form a relatively minor part of the Group, so the impact on underlying performance from non-controlling interests is not significant.

Earnings per share

Earnings per share is calculated based on the weighted average number of shares in issue during the year. The weighted average number of shares for 2024 was 163.5m (2023: 85.4m on a comparable basis), reflecting the 20 to 1 share consolidation and the issuance of new shares at a discount under the rights issue in October 2023. As at 11 March 2025, the Company had 163.5m shares in issue.

Underlying earnings per share is (2.5) pence for the year, a significant improvement from (35.1) pence in 2023 on a comparable basis.

The statutory earnings per share is (44.4) pence (2023: (78.5) pence on a comparable basis).

Currency

The Group presents its consolidated financial statements in sterling and conducts business in many currencies. As a result, it is subject to foreign currency risk due to exchange rate movements, which affect the Group's translation of the results and underlying net assets of its operations. To manage this risk, the Group uses foreign currency borrowings, forward contracts and currency swaps to hedge non-sterling net assets, which are predominantly denominated in euros, US dollars and Malaysian ringgits.

In 2024, the Group experienced a translation headwind of £3.3m on EBITDA, with average FX rates against our three principal currencies of €1.18, $1.28 and MYR 5.84 to the pound.

Given the global nature of our customer and supplier base, the impact of transactional foreign exchange can be very different from translational foreign exchange. We are able to partially mitigate the transaction impact by matching supply and administrative cost currencies with sales currencies. To reduce volatility which might affect the Group's cash or income statement, the Group hedges net currency transaction exposures at the point of confirmed order, using forward foreign exchange contracts. The Group's policy is, where practicable, to hedge all exposures on monetary assets and liabilities.

Cash performance

The following table summarises the movement in net debt and is in the format used by management:

Full year ended 31 December	2024 £m	2023 £m
Opening net debt	**(499.7)**	(1,024.9)
Underlying operating profit (excluding joint ventures)	**51.2**	32.4
Movement in working capital	**(24.9)**	80.6
Depreciation of property, plant and equipment	**84.3**	96.5
Amortisation of other intangible assets	**12.1**	8.8
Net capital expenditure	**(83.2)**	(84.0)
Operating Cash Flow[1]	**39.5**	134.3
Net interest paid	**(54.6)**	(54.3)
Tax (paid)/received	**(18.1)**	9.3
Pension funding	**(19.8)**	(7.3)
Adjustment for gain on sale of assets	**(4.3)**	–
Adjustment for share-based payments charge	**1.6**	1.8
Dividends received from joint ventures	**1.0**	1.9
Free Cash Flow	**(54.7)**	85.7
Cash impact of settlement of interest rate derivative contracts	–	12.1
Cash impact of restructuring and site closure costs	**(20.2)**	(28.0)
Cash impact of acquisition costs	**(1.7)**	(1.9)
Payment of EC fine settlement amount	**(39.1)**	–
Proceeds on sale of business	**20.5**	208.2
Purchase of adhesive resins business	–	(18.4)
Rights issue (costs)/proceeds	**(4.7)**	265.5
Repayment of principal portion of lease liabilities	**(12.1)**	(12.4)
Dividends paid	**(0.5)**	–
Foreign exchange and other movements	**15.2**	14.4
Movement in net debt	**(97.3)**	525.2
Closing net debt	**(597.0)**	(499.7)

1 Operating Cash Flow is defined as Total Group EBITDA plus/minus net working capital movement less capital expenditure.

Underlying operating profit increased to £52.8m reflecting the trading performance described above.

The net working capital outflow of £24.9m principally reflects a reduction in receivables financing utilisation of £23.2m (see below) and tactical increases in inventory at year end.

In December 2022, the Group put in place non-recourse receivables financing facilities for a maximum committed amount of €200m. Factored receivables assigned under the facilities were substantially lower than at the start and midpoint of the financial year, amounting to £87.3m net at 31 December 2024 (30 June 2024: £128.0m net, 31 December 2023: £110.6m net). Under the facilities, the risks and rewards of ownership are transferred to the assignees. The duration of the committed facilities runs to 31 January 2027.

Depreciation reduced reflecting the capital expenditure profile, while amortisation of other intangibles increased due to the Pathway business transformation programme. Net capital expenditure was £83.2m (2023: £84.0m), principally for Pathway and recurring SHE and sustenance expenditure. The Group continues to anticipate broadly similar levels of capital expenditure to FY 2024 in FY 2025.

Net interest paid increased to £54.6m (2023: £54.3m) reflecting increased and rephased bond interest costs, offset by increased interest receipts from cash raised in the October 2023 rights issue.

Net tax paid was £18.1m (2023: £9.3m received) reflecting tax payments on account made in the year.

In the year, £19.8m in cash contributions were made to the Group's pensions schemes, including c.£17.4m in previously agreed deferred contributions to the UK pension scheme which are not expected to recur.

The cash impact of Special Items including restructuring and site closure costs and acquisition costs was an outflow of £21.9m.

Proceeds on sale of business of £20.5m comprises £19.6m from the sale of the Compounds business noted above, less £3.3m Sale of business costs also previously described above, plus £4.2m final receipt of deferred consideration from the disposal of the Laminates, Films and Coated Fabrics business in February 2023.

Group debt is denominated in euros and dollars. The euro weakened relative to sterling during the year, leading to a foreign exchange gain in net debt.

Financing and liquidity

At 31 December 2024, net debt was £597.0m (31 December 2023: £499.7m). The increase principally reflects settlement of the EC fine in January, the c.£23m reduction in utilisation of receivables financing facilities, the remainder of the previously agreed deferred contributions to the UK pension scheme and the Free Cash Flow movements noted above, partially offset by the divestment proceeds for the Compounds business

In April 2024, we tendered for €370m of our bonds due 2025, reducing gross debt and extending maturities by issuing €350m of bonds due 2029.

As at 31 December 2024, committed borrowing facilities principally comprised a €300m RCF maturing in July 2027, the UK Export Finance (UKEF) facilities of €288m and $230m both maturing October 2027, €350m of five-year 7.375% senior unsecured loan notes maturing May 2029 and the remaining €150m outstanding of 3.875% senior unsecured loan notes maturing July 2025. At 31 December 2024, the RCF was undrawn and the UKEF facilities were fully drawn.

The Group's undrawn committed liquidity at 31 December 2024 was in excess of £470m, comprising unrestricted cash and short-term deposits of £225.8m, the RCF and other committed facilities.

The RCF and the UKEF facilities are subject to one leverage ratio covenant. For prudence, the Group agreed in March 2024 to extend the period of temporary covenant relaxation to ensure that appropriate headroom was maintained. Accordingly, the net debt: EBITDA ratios required under the covenant have been set at not more than 5.75x in December 2024, 5.0x in June 2025 and 4.75x in December 2025. Reducing leverage further towards our 1-2x medium-term target range remains a key priority for the Group.

The Group's net debt: EBITDA for the purposes of the leverage ratio covenant increased from 4.2x at 31 December 2023 to 4.6x at 31 December 2024, principally due to the higher net debt at the period end as described elsewhere.

The Group expects net financing costs of c.£60-65m in 2025 as a result of interest rate movements, the recent bond refinancing and other changes to the Group's financing arrangements.

Balance sheet

Net assets of the Group decreased by 4.7% to £1,107.7m at 31 December 2024, mainly reflecting the loss in the period.

Provisions

The Group provisions balance decreased to £35.3m compared with a balance of £41.5m as at 31 December 2023, mainly reflecting cash utilisation of £7.3m in the period, most notably in relation to restructuring and site rationalisation activities.

Retirement benefit plans

The Group's principal funded defined benefit pension schemes are in the UK and the USA and are both closed to new entrants and future accrual. The Group also operates an unfunded defined benefit scheme in Germany and various other defined contribution overseas retirement benefit arrangements.

The Group's net retirement obligation decreased by £15.0m to £49.7m at 31 December 2024 (31 December 2023: £64.7m), and reflects the market value of assets and the valuation of liabilities in accordance with IAS 19, including an asset of £26.0m for the UK scheme , which was affected by a £4.4m charge in relation to one-off past service costs. The net retirement obligation reduction comprised £19.8m of cash contributions, partially offset by actuarial losses of £2.1m. During 2025 the Group anticipates making c.£1.6m in contributions to the UK scheme.

Coatings & Construction Solutions (CCS)

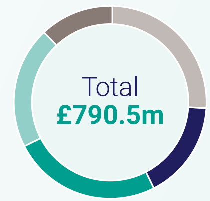
"Our focus in 2024 has been on enhancing organic growth capability, disciplined investment in innovation and improving our customer proposition, and continued optimisation of our manufacturing base."

Ana Perroni Laloe
President, Coatings & Construction Solutions

While mixed market conditions and a substantial share of higher operating costs limited the scope for CCS to outperform in 2024, our most speciality-focused division continued to enhance its alignment of people, capital and strategy to support long-term profitable growth.

Main product applications
Architectural and masonry coatings
Waterproofing and flooring
Fibre bonding
Energy solutions

2024 revenue by end market



Architectural coatings	26%
Industrial coatings	17%
Consumer materials	25%
Construction	20%
Energy solutions	12%

2024 revenue change vs 2023

Volume	Price/mix	FX	Total
+2.4%	(3.4)%	(2.6)%	**(3.6)%**

Total addressable market
£9bn+

People
2,100

Manufacturing sites
17

CCS performance review

Full year ended 31 December	2024 £m	2023 £m	Change %	Constant currency[1] %
Revenue	**790.5**	820.2	(3.6)	(1.0)
Volumes (ktes)	**513.1**	501.2	+2.4	
EBITDA	**85.9**	100.1	(14.2)	(12.2)
EBITDA % of revenue	**10.9%**	12.2%		
Operating profit – underlying	**60.6**	74.3	(18.4)	(16.6)
Operating profit – statutory	**32.5**	42.1	(22.8)	

1 Underlying constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Performance

Divisional revenue decreased by 1.0% in constant currency to £790.5m (2023: £820.2m), with a 2.4% increase in volume offset by lower pricing, reflecting pass-through of lower raw material costs. The year-on-year volume growth was driven by market share gains in coatings as we focus on organic growth geographically, and an improvement in construction volumes, albeit from very low levels. Consumer activity levels were flat while our activities in energy end markets experienced a slower rate of growth following a reprofiling of orders from certain key customers in the second half.

The division was successful in improving gross margins in all key end-market areas apart from construction, reflecting our ongoing focus on enhancing the speciality nature of our offering for customers. CCS generated £85.9m of EBITDA (2023: £100.1m) in the year, equating to an EBITDA margin of 10.9% (2023: 12.2%). This reflected the limited volume growth, a significant share of the higher operating costs described previously, investment in our innovation pipeline and geographic range of offerings, and the non-recurrence of some tactical initiatives from 2023.

CCS is typically the most seasonally weighted of our divisions to the first half. In 2024 this was exacerbated by the relatively slower growth in higher margin product areas during the second half.

Strategy

Our priorities throughout 2024 have been enhancing organic growth capability, disciplined investment in innovation and enhancing our customer proposition, and continued optimisation of our manufacturing base to align with our strategic ambitions.

During the year we continued to leverage our leading market positions in niche European markets into other markets globally. Through a more end-market aligned approach, with key account management and value selling, we are targeting opportunities to grow our market share particularly in the USA and Middle East.

During the year we reviewed and begun to overhaul our approach to innovation with a view to becoming more end-customer focused and faster to market with new products. We have also begun to increase the proportion of our innovation work that focuses on offering more sustainable products utilising bio-based or circular raw materials, which is a point of increasing differentiation in many of our markets.

All our growth plans are integrated with our asset optimisation projects and other cost and capacity management activities. For example, we have recently invested to improve the manufacturing flexibility of a number of our major facilities in the USA and Asia, giving us the ability to manufacture a number of products in those regions that were previously only made in Europe. We also successfully commissioned a small investment which enhances our coatings capacity in the Middle East, and we are increasing our focus on growing our customer base in China, capitalising on the Group's new innovation centre in Shanghai.

We continue to identify and take action on opportunities to optimise our production activities to improve asset utilisation rates while reducing complexity and cost. Our Fitchburg, Massachusetts facility successfully transferred products to other sites and ceased production ahead of schedule during the period, with the site subsequently sold after year end. In the year we delivered a successful AI-enabled pilot project to enhance throughput at one of our capacity-constrained sites, a significant new capability for our excellence teams which we plan to utilise more widely across the Group as a whole in the coming years.

Adhesive Solutions (AS)

“While continued delivery on the performance side remains a key objective in 2025, we are also increasingly focused on the longer-term growth of the division.”

Stephan Lynen
President, Adhesive Solutions

AS has achieved a step change in financial results this year through our successful performance and reliability improvement programme. We will continue to build on this progress while increasing our focus on our considerable global growth opportunities.

Main product applications
Tapes and labels
Tyres and plastic modification
Packaging and hygiene

2024 revenue change vs 2023

Volume	Price/mix	FX	Total
+9.0%	(5.0)%	(2.8)%	**+1.2%**

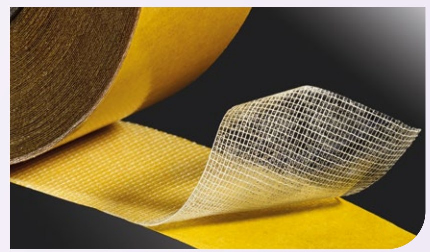
2024 revenue by end market

Tapes and labels	33%
Plastic modification	12%
Packaging	9%
Tyres	14%
Hygiene	7%
Assembly and other	25%

Total addressable market
£10bn+

People
700

Manufacturing sites
6



AS performance review

Full year ended 31 December	2024 £m	2023 £m	Change %	Constant currency[1] %
Revenue	**588.4**	581.7	+1.2	+4.0
Volumes (ktes)	**269.3**	247.2	+9.0	
EBITDA	**47.9**	31.2	+53.5	+57.1
EBITDA % of revenue	**8.1%**	5.4%		
Operating profit/(loss) – underlying	**15.0**	(7.5)	n/m	n/m
Operating loss – statutory	**(9.5)**	(32.7)	(70.9)	

1 Underlying constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Performance

Divisional revenue increased by 4.0% in constant currency, to £588.4m (2023: £581.7m), outpacing a sluggish underlying environment for adhesives end markets in 2024. Divisional volumes increased by 9.0%, with speciality product areas (c.60% of AS revenue) benefiting from a strong innovation and opportunity pipeline while retaining robust pricing. Meanwhile, many base product areas regained significant market share from global competitors as a result of our improved cost competitiveness. Across the division, some pass-through of lower raw material costs partially offset the volume growth in revenue terms.

Within the division, speciality products (such as rosins, amorphous polyolefins (APOs), water-based emulsion and polybutadiene polymers) performed well throughout the year, particularly in gross margin terms, reflecting their greater differentiation for customers. In our more base chemical products (particularly hydrocarbon resins), cost savings offset ongoing competitive pressure while margins benefited from operating leverage to improved volumes. Across the division, market conditions softened modestly in the second half, including for automotive end markets. Geographically, volume improved in all regions.

Divisional EBITDA increased by 57.1% in constant currency to £47.9m (2023: £31.2m), with EBITDA margin increasing by 270bps to 8.1% (2023: 5.4%). This very encouraging performance was achieved despite the absorption of the higher operating costs described elsewhere, and reflects the return to growth and the performance improvement programme that was put in place in mid-2023 by the new divisional management team. The programme delivered £21m in benefits in 2024, slightly ahead of our expectations, with more to follow in 2025 and beyond (see below).

Strategy

The AS division has made significant headway this year through the dedicated performance improvement programme, which has focused on systematically transforming the adhesive resin business acquired in 2022. The programme has reduced costs and improved end-to-end operations, from supplier network improvement to production site efficiency and delivery logistics, enabling substantially better service for customers. Having delivered £26m in cumulative benefits in 2023 and 2024, the programme is now expanding its objective from £25m originally to £35m+ in cumulative benefits by the end of 2026.

While continued delivery on the performance side remains a key objective in 2025, we are also increasingly focused on the longer-term growth of the division. We see clear opportunities to build on our leading positions in a range of speciality adhesive applications in attractive end markets and our multi-year relationships with many high-quality customers, supported by a global production network and comprehensive technology and service platform. During the year the depth and nature of our technical dialogue and joint projects with many customers has evolved considerably, particularly in relation to innovation and sustainability. This includes replacing solvent-based pressure-sensitive adhesives in speciality tapes and developing new APO types for improved performance in packaging and hygiene applications. Our efforts are supported by achieving ISCC PLUS certification of our major manufacturing sites and supporting decarbonisation projects. This means we are increasingly well-placed to partner both up and down our value chains to make them more sustainable.

Most of our investment for growth also aims to build on the strengths of our speciality portfolio, such as our investment to increase APO capacity at our Texas facility, which is expected to come onstream in Q2 2025. Meanwhile, in accordance with our differentiated steering strategy, in the base product areas we continue to focus any investment on enhancing cost competitiveness or reliability, such as our project to strengthen our supply chain for hydrocarbon resin production in Europe which began to ship during H2 2024 as planned.

Health & Protection and Performance Materials (HPPM)

> "As a predominantly base chemicals division, we're focused mainly on enhancing cost efficiency across our value chain while improving our overall value proposition for customers."
>
> **Rob Tupker**
> President, Health & Protection and Performance Materials

Heath & Protection activity levels increased substantially through the year, albeit at unit margins that remain below pre-pandemic levels, and we began a significant zero-capital technology partnership for the US domestic glove market. Compounds was divested in 2024 and our plans for other non-core businesses continue to make headway.

Main product applications
Medical glove manufacture
Speciality paper and food packaging
Carpet and artificial turf
Polymer modifiers
Inorganic specialities

2024 revenue by end market

Health & Protection	38%
Speciality vinyl polymers	8%
Paper	15%
Carpet	12%
Foam	6%
Acrylate monomers	12%
William Blythe	9%

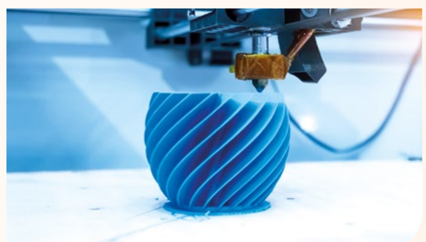
2024 revenue change vs 2023

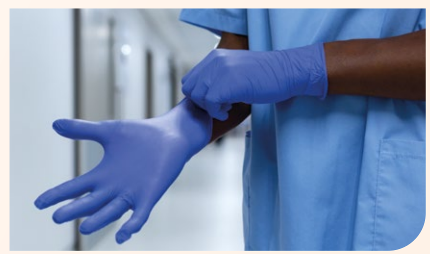
Volume	Price/mix	FX	Total
+14.1%	+1.5%	(2.8)%	**+12.8%**

Total addressable market
£4bn+

People
1,200

Manufacturing sites
8





HPPM performance review

Full year ended 31 December (continuing)[1]	2024 £m	2023 £m	Change %	Constant currency[1] %
Revenue	**607.9**	538.7	+12.8	+15.6
Volumes (ktes)	**580.6**	508.7	+14.1	
EBITDA	**36.5**	26.3	+38.8	+40.3
EBITDA % of revenue	**6.0%**	4.9%		
Operating profit/(loss) – underlying	**8.4**	(6.0)	n/m	n/m
Operating loss – statutory	**(9.5)**	(15.3)	(37.9)	

1 Laminates, Films and Coated Fabrics, North America Paper and Carpet and the Compounds business have been reclassified as discontinued operations.

2 Underlying constant currency revenue and profit retranslate current year results using the prior year's average exchange rates.

Continuing divisional performance

Divisional revenue increased by 15.6% in constant currency to £607.9m (2023: £538.7m), underpinned by a 14.1% increase in volume.

Heath & Protection volumes improved by 24.4% year-on-year as the post-pandemic imbalance between supply and demand in the nitrile latex for gloves market reduced further, driven mainly by continued underlying hygiene demand growth globally. However, for context, volumes have only now recovered to 80% of 2019 levels. Unit margins remain low by historical standards but have improved over the course of the year. In the period, we received an initial technology licensing fee payment that is the first stage of the multi-year capital-free technology partnership which leverages our Health & Protection intellectual property, technology and manufacturing expertise for the onshore US glove market.

In our Performance Materials portfolio, volumes increased by 6.9%, led by Speciality Vinyl Polymers and SBR for Paper in Europe, while trading in Acrylate Monomers and SBR for carpet and foam in Europe has been more challenging.

As predominantly base chemicals businesses, the division is highly operationally leveraged to volumes and capacity utilisation, and in aggregate achieved a significant improvement in profitability at the gross profit level over the year, supplemented by self-help cost reduction activities (including the mothballing of our facility in Kluang, Malaysia which completed in H1 2024 as planned). This was partially offset by the higher operating costs described elsewhere – but despite this, divisional EBITDA increased by 40.3% in constant currency to £36.5m (2023: £26.3m), with EBITDA margin improving by 110bps to 6.0% (2023: 4.9%).

Strategy

Our differentiated steering approach to our core Health & Protection business focuses primarily on enhancing cost efficiency across our value chain while improving our overall value proposition for customers through selective investment in process and product innovation and sustainability. For example, in early 2025 we established a pioneering value chain in partnership with suppliers Neste and PCS to manufacture bio-based nitrile latex for the glove industry, using responsibly sourced bio-based feedstock.

We continue to enhance our market intelligence and understanding of the end users of our products (often multiple steps down the value chain) to identify high-growth potential markets. This supported our decision during 2024 to redesignate our Speciality Vinyl Polymers business as core following a review of adjacent market opportunities.

We have also been carefully monitoring and seeking to position ourselves for developments in latex glove end markets, particularly in the USA. The implementation of new tariffs from 1 January 2025, which has affected the competitors of many of our customers, may create growth opportunities in the coming years. We will continue to support our US partner with further technology licensing and manufacturing expertise as they work to begin construction of onshore US capacity for nitrile latex and glove manufacture. We continue to actively explore other potential partnership opportunities for this business with little or no capital investment. The division's growth potential is also expected to benefit from Synthomer's new China Innovation Centre in Shanghai.

At the end of April 2024, we completed the divestment of our Compounds business to Matco Latex Services BV, reducing our manufacturing site footprint by three sites (two in the Netherlands and one in Egypt), as described elsewhere.

Three other non-core portfolio rationalisation processes continue to progress, including the planned divestment of SBR for paper, carpet and foam in Europe.

Sustainability in focus: turning insights into practical action

“ The work we did last year to understand the greenhouse gas emissions across our value chains and engage with our business teams on the topic has led to a significant change in mindset across Synthomer.”

Chris Brown
Vice President, Environment, Social and Governance

Thanks to new data, skills and relationships, we have made significant progress this year to further embed sustainability into our everyday business and create value for customers.

This year has been pivotal for Synthomer and our sustainability agenda. Not only is it continuing to support our strategy to drive value, it has increasingly become a business principle, influencing the decisions that our teams make. This sustainability mindset helps us better anticipate and respond to customer needs – recognising that, like us, they are increasingly taking a value chain approach. It supports our progress against our Vision 2030 roadmap , which lays out a series of sustainability-related targets for the Group (see below). It also drives the innovation and specialisation that enable Synthomer's growth.

You can see a growing maturity in the way we are using our product sustainability scorecard (as Robin Harrison, our Vice President, Innovation describes on page 34) and evolving our approach to sustainable procurement, innovation and human rights, in the systems we are building to support better data analysis and the work we are doing in our operations to address our own carbon footprint. I know from conversations with the Board that they see a greater sense of ownership among our executives and divisional leaders too.

Highlights from 2024

- Launched our Bio, Circle and Clima product propositions
- Achieved ISCC PLUS accreditation for eight of our manufacturing plants
- Completed a double materiality assessment in line with future requirements for the European Union's Corporate Sustainability Reporting Directive (CSRD)
- Maintained our A- 'leadership' level for CDP Climate
- 140 employees engaged through our Sustainability Academy
- Implemented site sustainability audits under the Together for Sustainability (TfS) standards
- Achieved top-quartile safety performance in our industry for the second consecutive year.

Taking an holistic approach to our value chain relationships

A lot of our progress has been made possible because of data insights and our teams' improved understanding of how to use those insights with their stakeholders.

Data has always been important, but in 2024 it became a key enabler for sustainability at Synthomer, as we built on the comprehensive assessment of greenhouse gas (GHG) emissions inside our value chain that we conducted the year before. The assessment has provided an unprecedented level of granularity in terms of our carbon footprint for specific raw materials, chemistries, plants and businesses. This has enabled our business teams to have deeper conversations that have more impact, and to take tangible action across the whole value chain.

The examples shown (right) demonstrate our ability to respond quickly to create value for our customers and ourselves when we take a 'whole value chain' approach. That starts with our commercial teams engaging with customers to understand their needs and sustainability ambitions, and then our businesses, functions, innovation and operations teams working together, and with their stakeholders, such as suppliers, to create tailored solutions.

They also demonstrate how we are building our sustainable procurement capabilities in direct response to our 2023 GHG assessment and new climate transition action plan (see box on page 29),

Examples of our whole value chain approach

Adhesive Solutions (AS)

When a key customer asked us to help them deliver their ambitious sustainability goals, particularly reducing their Scope 3 carbon footprint for a significant part of their purchases from us, we rapidly mobilised a multi-disciplinary team to investigate our options. Within six months, we were able to commercialise a new line of products branded as Regalite™ CLIMA, which offer a 20-40% reduction in carbon footprint compared to baseline, driven by utilisation of renewable energy and feedstock sources in the production process of our manufacturing site in Middelburg, the Netherlands.

Coatings & Construction Solutions (CCS)

We used our internal expertise to support our commercial team to demonstrate the significant contribution of our product in the customer's own product carbon footprint. We then presented the customer with reduction options and incorporated carbon cost benefits to show the true value of our lower-carbon product. One option resulted from extensive supplier engagement to enable the sourcing of new lower-carbon versions of two key raw materials used in production. Our models suggest this switch could eventually reduce our Group-level Scope 3 GHG emissions by 2%.

Health & Protection and Performance Materials (HPPM)

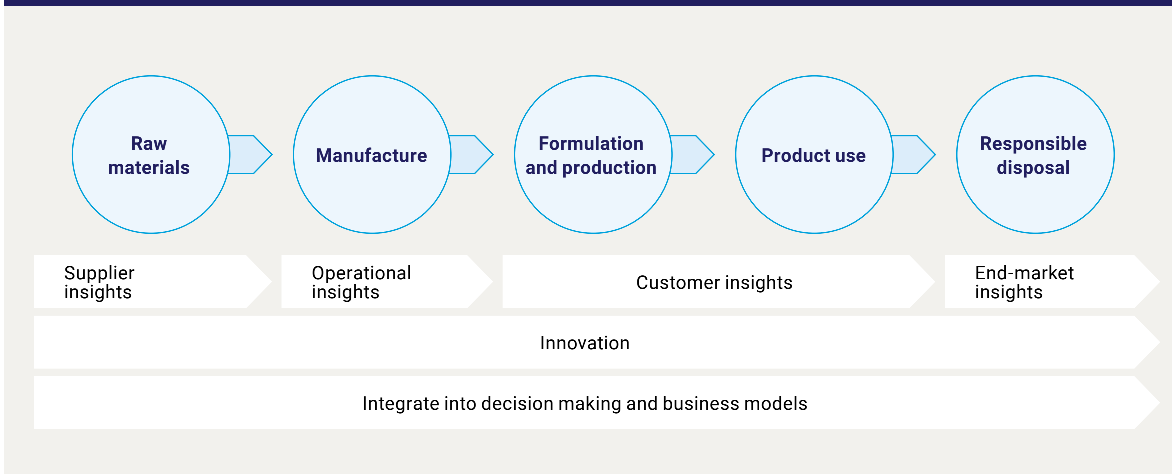
We developed cross-value-chain partnerships with upstream suppliers, glove manufacturers, distributors and end users to drive market demand for lower-carbon and sustainability-certified nitrile gloves. This included some of our experts travelling to the USA with one customer to attend workshops with end users, including hospitals, to learn more about their needs.

GHG emissions are an increasingly important topic for our customers, and we are preparing ourselves for increasing demands and assurances from them. For example, our procurement team is using the more detailed understanding of our Scope 3 GHG emissions embedded within our value chain to make informed choices about what raw materials we buy, and where from – choices like sourcing new lower-carbon butyl acrylate and butadiene.

There are significant challenges associated with sourcing lower-carbon raw materials and we are working with our customers, suppliers and leading industry groups to ensure we have the digital tools and data governance models to help overcome them.

Our lifecycle assessment (LCA) and procurement teams have established processes on how we request, validate and manage ESG data, specifically related to product carbon footprints (PCFs). We will continue to improve these processes, and use the data insights they give us to inform our procurement and contracting activities. So while we still have more work to do, this will help us improve the way we consider emissions in our buying decisions alongside other, more traditional criteria, such as price, availability and quality.

Building deeper relationships for radical collaboration throughout the value chain



Building trust across our value chain

Alongside data, trust is the common thread that runs through all the divisional examples on page 27, above. And, given the scale of the climate challenge, they demonstrate how important it is that we move beyond 'transactional' relationships to a more radical form of collaboration across the value chain.

Trust requires credibility, reliability and a willingness to listen and learn from one another. What we have heard from our customers this year is that they want our help to address their upstream Scope 3 GHG emissions – which typically represent the largest part of their carbon footprint. One company's Scope 3 emissions is another's Scope 1 and 2, meaning that in a whole value chain, each company holds a piece of the carbon jigsaw puzzle. Our position within the value chain means we have an opportunity and responsibility to share our pieces of that puzzle, and encourage others to do the same. When we do, we can make more informed, collective decisions that drive measurable action and deliver value.

In recent years we have focused on building that credibility throughout the value chain. For example, our LCA team has developed a suite of detailed PCF reports with an externally verified methodology and compliant with the TfS guidelines. We share the PCF reports with our customers so that they can understand the precise impact of our polymers. Our commercial and procurement teams have also worked to build the sustainability knowledge they need to talk confidently with their stakeholders.

We know this approach is working because our customers tell us. For example, we have had feedback appreciating the granularity and transparency of our PCF reports and adding that it gives them confidence that we can create solutions that address their specific challenges.

We are also proud to be an active member of the Together for Sustainability (TfS) initiative – enabling us to work with our peers to drive collective change across the chemicals sector. A good example of that is our work with TfS to develop new product carbon footprint standards to create a consistent approach across our sector. Eight of our sites are now ISCC PLUS certified. This allows us to offer customers our BIO and CIRCLE products using the mass balance approach.

Our offer of products containing renewable/circular feedstock is made possible through value chain partnerships, both with customers and suppliers.

In Asia, we have teamed up with Neste and PCS to establish one of the first ISCC certified value chains to manufacture bio-based nitrile latex for the glove industry using responsibly sourced bio-based feedstock in a mass-balance approach.

And our CCS coatings business has just launched Revacryl AE 3723 BIO, a 50% mass-balance bio-based emulsion that keeps all the performance properties, while providing a lower-carbon benefit to the customer.

Continuing to strengthen our sustainability insights

This year we appointed a new Sustainability Data Insights and Governance Director, who works collaboratively with our businesses and functions to ensure we have robust, fit-for-purpose data – and the systems to collect and analyse it – to help us continue to make more informed strategic decisions and support our customers' needs. She has worked with our three divisions to develop a GHG forecasting model to help them assess the carbon impact of each product alongside its commercial impact, giving our businesses an holistic view when making their five-year strategy plans.

We are working with our IT team to develop new digital tools to strengthen our forecasting capabilities. This work is particularly important for the longer-term aspects of our carbon transition action plan, since it will help inform the future of our innovation pipeline and the new business models we will need to support a lower-carbon world. These tools will also help us take the right products to market more quickly.

Embedding sustainability across Synthomer

We also need to make sure that our day-to-day processes and decision making are set up in a way that allows our people to unlock the full potential of our innovation pipeline at speed. Our new Innovation Taskforce is designed to help us do that. (See page 35.)

Sustainability at Synthomer has evolved from being a set of important standalone goals to being customer-centric and fundamental to our business. It is now part of our Group-wide performance excellence programme, Synthomer Excellence, and we have set up a new Sustainability Academy to deliver foundation-level and role-specific training to help more of our colleagues engage with their stakeholders with greater fluency and confidence on sustainability topics.

Our new climate transition action plan

This year we developed a new climate transition action plan to support our journey towards net-zero. This will focus on four specific areas and is set out across three time horizons (2025, 2026-2030 and 2030-2050).

Our plan lays out four key areas of focus:

- Integrating a GHG forecasting model into our business plans to identify the product innovation and market development options to reduce our GHG emissions over the next five or more years
- Reducing Scope 1 and 2 GHG by continuing to deliver our current five-year capital improvement plan, driving energy efficiency through our manufacturing excellence programmes, sourcing 100% renewable electricity for all our sites and developing net-zero roadmaps for three pilot manufacturing sites
- Reducing Scope 3 GHG by selectively sourcing lower-carbon fossil-based feedstocks, sourcing certified sustainable feedstocks, developing value chain partnerships and innovating novel (bio- and circular) feedstocks and products
- Risk assessment and scenario analysis to further develop our strategic understanding of climate risk and its financial impacts for our business.

The area where we can make the biggest, fastest impact between now and 2030 is sourcing lower-carbon fossil-based feedstocks, though we need to be working on all areas in parallel to ensure we see the benefits in the medium and longer term.

Conducting our first double materiality assessment

This year we updated our Group-level 2021 materiality assessment with our first double materiality assessment (DMA). The DMA required us to assess the actual or potential effects of our operations on people and the planet, as well as how sustainability issues might affect our financial performance and position. This involved:

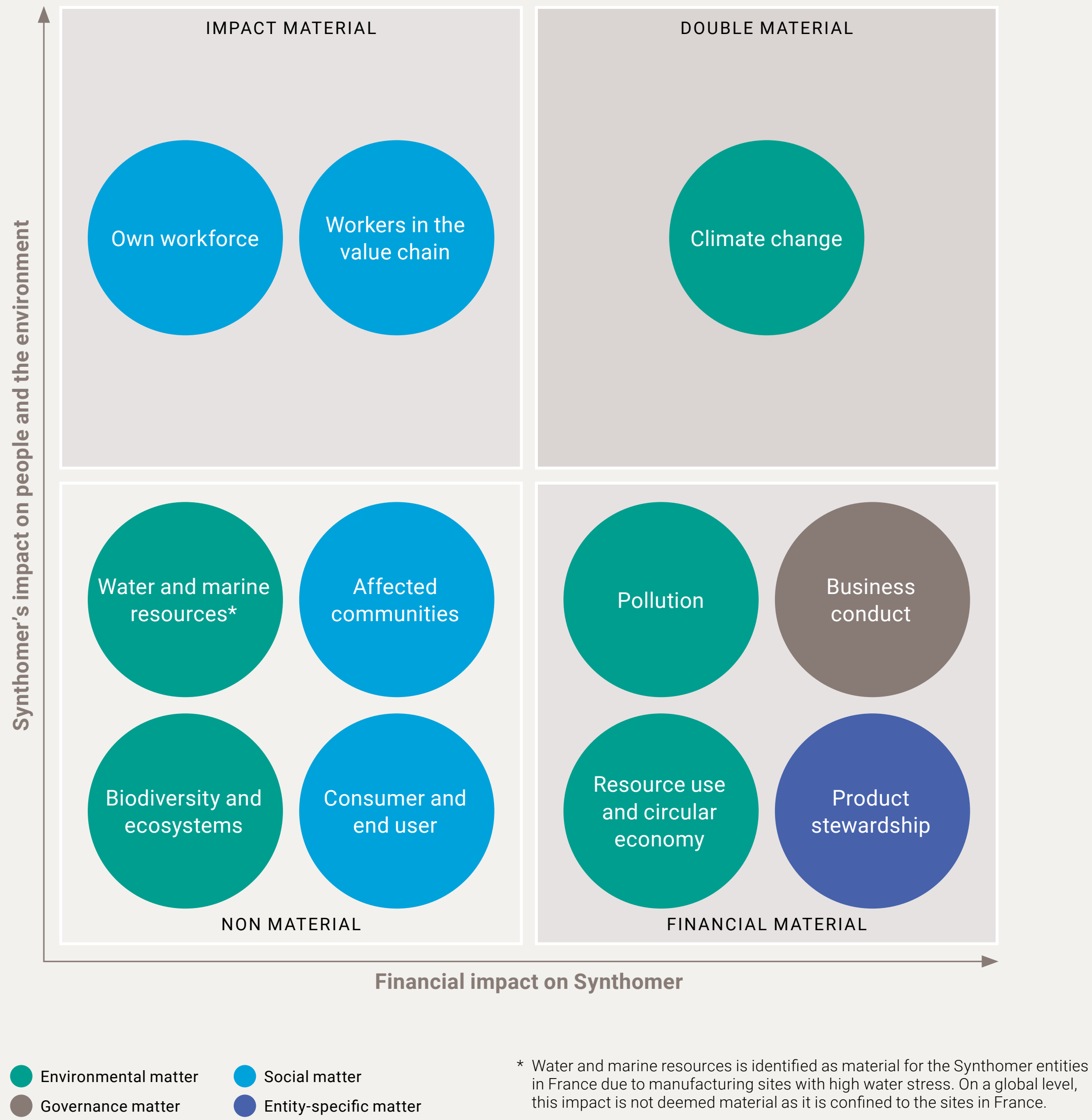
- Mapping our value chain and stakeholders to help us create a longlist of our risks and opportunities and their potential impact on stakeholders
- Engaging with key stakeholder groups, such as employees, investors, customers and suppliers to validate the longlist
- Assessing the financial materiality of those risks and opportunities on our business as well as their likely societal impact to help us set and validate specific materiality thresholds.

As a result, we have identified the topics aligned with the European Sustainability Reporting Standards (shown in the graphic to the right) that are most material to our business at a Group level and a provisional list of material impacts, risks and opportunities. We are now assessing and finalising our key performance indicators and potential changes to our Vision 2030 roadmap.

» For further information on our approach to materiality see **Synthomer.com**

While the DMA confirmed that the majority of our Vision 2030 targets are focused on our most material areas, communities did not reach the materiality threshold, and we have decided to remove our Vision 2030 communities target.

This adjustment to Vision 2030 does not change our commitment to being a good corporate neighbour: the Synthomer Foundation continues its important work to support local communities in the USA and our global volunteering network continues to grow.



* Water and marine resources is identified as material for the Synthomer entities in France due to manufacturing sites with high water stress. On a global level, this impact is not deemed material as it is confined to the sites in France.

Preparing for regulatory changes

Sustainability regulation is a fast-moving landscape, and we continue to monitor developments as they emerge, including around the European Union's Corporate Sustainability Reporting Directive (CSRD). We must be ready for any changes, which means laying the groundwork well in advance of our reporting requirements. That includes our sustainability team working with our financial leadership team to help them understand what sustainability-related regulatory requirements may mean for Synthomer, our reporting and assurance. Meanwhile our new Data Insights and Governance Director is looking at the systems we need to report effectively against the current requirements of future regulation.

CSRD is just one element of the changing regulatory landscape. We also need to be prepared for other new legislation, including the EU's Due Diligence Directive, Carbon Border Adjustment Mechanism and Deforestation Regulation. Different regions are also introducing regulation at different speeds in areas such as product safety. We have seen the number of product-related compliance questions from customers and other stakeholders increase by around 15% in the past five years, often intertwined with questions on other issues, like sustainability and quality. We focus on ensuring we have the appropriate representation across all our main geographies to comply with existing regulation and stay abreast of potential changes.

Continued progress against Vision 2030

We provide more detail on performance against our Vision 2030 targets on pages 41 to 43, but, as last year, we continue to make good progress.

Highlights include another historic low in our recordable injury case rate of 0.14, meaning we remain in the top quartile for our industry for the second consecutive year.

» See People in focus on pages 36 to 40

We have also continued our work to address the Scope 1, 2 and 3 GHG emissions across our entire value chain.

In terms of performance, we hit our renewable electricity target for the fourth year running and we continue to review our options to participate in power purchase agreements.

We have also seen an improvement in our expected future water resilience thanks to the work we started in 2023 to establish sustainable water management at our sites located in areas of high water stress and with high water use.

Looking ahead

This year, 2025, marks the midpoint between launching Vision 2030 and the deadline for realising our targets. There is still plenty to do, and there will be challenges along the way, but everything we have achieved so far gives me confidence that we are in good shape.

But 2030 is a milestone, not the final destination. So we will continue to shift our focus towards radical collaboration with customers and suppliers, and to ensure we have the skills, data and processes to take a more agile, proactive approach to sustainability-driven market opportunities. We have put strong foundations in place. Now it is time to build on them.

More information on our approach to sustainability

We provide more information on the work we are doing to understand our climate-related risks and opportunities in our Climate Action report, summarised on pages 58 to 61.

We obtain independent assurance for our ISO management systems and independent verification at a limited assurance level of our Scope 1, 2 and 3 GHG emissions. We benchmark our progress, and identify areas where we can improve our performance through disclosures to organisations including CDP, Ecovadis, S&P, London Stock Exchange Group and MSCI.

This year, we maintained our A- 'leadership' level for CDP Climate. We continue to work closely with industry bodies such as the Chemical Industries Association in the UK, the European Chemical Industry Council (CEFIC), and the American Chemistry Council in the USA.
For more information, see Ratings and Resources on our **website**.

We provide more information on our most relevant sustainability issues in our ESG Performance Summary and in a series of in-depth insights that are available on our **website**.

Environment
Climate action
Water
Waste and pollution

Social
Health and safety in the workplace
Workers in the value chain
Product safety
Diversity, equity and inclusion
Communities

Governance
Business conduct

DELIVERING: Our strategy in action

DEVELOPING: Our skills and leadership training

Our success depends on our talented people, and we want to make sure they have the right skills and capabilities to help us achieve our strategic objectives.

That is why, despite ongoing market challenges, we continue to invest in employee development across all levels of the business. In many cases, our programmes have helped people accelerate their career at Synthomer. Through our graduate programme, university graduates participate in a structured, two-year learning scheme. This offers hands-on experience, strategic project work and direct access to mentoring, learning events, and networking opportunities with senior leaders. This year, 11 graduates took part in the scheme, and 50 current Synthomer people have benefited since 2018.

Our Accelerated Leadership Programme is designed to support nominated high-potential talent at every stage of their Synthomer career. We also offer a range of virtual leadership training opportunities open to all. Meanwhile, everyone at Synthomer has access to our internal leadership development framework – called Synthomer University – which focuses on leadership skills and performance excellence. And our Excellence Academy delivers targeted skills training in key business areas including commercial, sustainability and procurement. By investing in our people, we cultivate home-grown future leaders, foster innovation, and continue to drive Synthomer's transformation.

Gillis du Toit, Energy and Sustainability Engineer
2024 Synthomer graduate programme

INNOVATING: With end customers in mind

When it comes to food packaging, nothing is more important than keeping consumers safe.

Thanks to our new Plastvance™ T product, our customers can now make lower-carbon, more recyclable packaging without compromising on safety or making major changes to their production processes.

Our Adhesive Solutions business developed Plastvance™ T to help food packaging manufacturers switch from polystyrene to polypropylene. This matters because polypropylene is thinner, but more durable, than polystyrene, meaning it has a lower carbon footprint. Importantly, it also meets strict food packaging regulations in the USA, Europe and China and can be recycled.

Historically, suppliers have considered the switch unworkable without significant capital investment. However, we conducted our own packaging film trials to demonstrate to some of the biggest food brands that by using Plastvance™ T as a plastic modifier, polypropylene can be thermoformed using existing packaging machinery without additional cost.

Some of the biggest names in the food industry are now trialling Plastvance™ T in their own facilities and we expect significant sales in 2025. It is a great example of how, by understanding end users' needs and applying focused innovation, we can put attractive products in the hands of our customers.

SPECIALISING:
Opening our new China Innovation Centre

Around the world, our innovation centres of excellence help us create the specialised, highly differentiated products that our customers need. This year, that innovation network grew with the official opening of our new China Innovation Centre (CIC) in Shanghai.

The £6m centre is home to more than 10 research and development laboratories, strengthening our innovation capabilities in what is the world's largest – and fastest-growing – chemicals market.

The facilities will enable our team of scientists, technicians and technical services managers to design and tailor innovative products specifically for China and the wider region. It brings us closer to our customers, and helps us strengthen our presence in a market where we see exciting growth opportunities over the next decade.

The CIC is one of our five innovation centres of excellence and seven technical centres that we operate globally (see page 35 for a full list).

OPTIMISING:
Using data to optimise operational efficiency at Le Havre

In 2024, we implemented a digital transformation project at our Le Havre manufacturing site in France to increase the production capacity of a key product line and meet growing market demand.

The project team used machine learning algorithms and artificial intelligence to generate new data and insights to help optimise the cycle times of our batch reactors – a core stage in the production process. The team implemented the resulting technical solutions, supported by a structured change-management framework to encourage collaboration and agile teamwork across different areas of expertise.

Using advanced analytics, the team was able to capture critical operational knowledge and increase visibility across the project's performance metrics, delivering rapid results in an iterative manner. This has led to new ways of working and generated actionable, data-driven insights that have improved process efficiency and reduced cycle times by as much as 19%. It has also helped lower energy consumption per batch, unlocked operational improvements and empowered the team at Le Havre to adopt data-driven decision making to continuously improve performance and drive long-term success. We are now sharing the tools, techniques and key lessons from this project across Synthomer.

Innovation in focus: tangible progress in meeting customer needs

Innovation is key to adding value for customers and differentiating our specialised portfolio, and this year we have continued to transform our project pipeline.

Everything we do in innovation – developing new or enhanced products, more efficient processes or new applications – is designed to bring us closer to our customers' needs and to support our growth strategy.

Those needs are increasingly driven by demand for products with sustainable benefits, which is why we are pleased that, once again, we exceeded our Vision 2030 sustainable products goal. In all, we launched 38 new products with enhanced sustainability benefits this year, representing 69% of all products launched (2023: 64%).

» See page 41 for more details on our Vision 2030 sustainable products performance.

> "We are seeing great examples of our teams turning analysis into practical action across Synthomer."
>
> **Robin Harrison**
> Vice President, Innovation

New products this year include a hydrophobic dispersion technology platform (HDT) allowing direct-to-metal application of a water-borne coating delivering good adhesion and anti-corrosion properties. This will allow many of our customers to move away from solvent-borne coatings for metal applications in outdoor environments.

Much of this success is a result of our work to ensure we have the right tools and resources to meet that growing demand. For example, our product sustainability scorecard as part of our strategic scorecard continues to provide a clear framework for discussing product development and shaping portfolio decisions. As a result, we no longer have any projects with a negative sustainability score.

Meanwhile, our comprehensive assessment of GHG emissions inside our value chain in 2023 is having a significant impact on our innovation choices. In CCS for instance, we have sourced low-carbon impact butyl acrylate (BA) and butadiene (BD) (two key raw materials), which we will pilot at scale in 2025. This is a direct result of our carbon assessment, which identified fossil-based BA and BD as significant contributors to our Group-level upstream Scope 3 emissions. Our models suggest that switching could reduce those emissions by 2%.

Building strong relationships across the whole value chain

As Chris Brown also discusses on page 28, while data is important, meaningful change in a complex global value chain will only be possible if we work together – with our customers, their customers, our suppliers and other relevant stakeholders.

Here, too, we are seeing examples of this in action. In AS, we have developed Plastvance™ T, which helps food packaging customers to switch from polystyrene to polypropylene for some applications without major changes to their production processes. See more in our case study on page 32.

We are also looking beyond our traditional value chain relationships to help create meaningful change. In HPPM, we are developing a styrene-butadiene rubber polymer for use in carpet backing that allows the fibres from the carpet to be recycled at end of life. But while

Highlights from 2024

- Opened innovation centre of excellence in Shanghai, China.
- Exceeded our Vision 2030 sustainable products target for the second consecutive year.
- Winner of the Chemical Industries Association Sustainability Award for our product sustainability scorecard – marking the third year in a row it has received external recognition.
- First sales of FSC-certified resin to a tyre customer.
- Launched a new polymer that will help reduce the weight of latex gloves, lowering their overall carbon footprint.

customers can see the potential benefit of the product, it will not add value for them until there are recycling facilities that can process it. So we are talking to recycling firms, to create an end-to-end journey for a specialised product that has clear environmental benefits.

Creating a more valuable, efficient innovation pipeline

As well as exceeding our Vision 2030 target, we exceeded our aim to ensure that NPPs make up at least 20% of our sales volume – the NPP metric – over the long term. This year we reached 24% (2023: 22%).

New product innovation often requires collaboration between our global technology platform innovation team and divisional innovation teams to tailor solutions for customers and respond to changing consumer and market trends.

This year, for example, our central team worked with CCS to review customer evaluations of pilot-scale batches from our new bio-based emulsions polymer platform. Early feedback from our customers has been positive and we have begun new product development activities within the CCS innovation team. The team is now working with AS to look at developing bio-based and hybrid binder systems for paints and coatings applications, and the next generation of emulsion polymers for pressure-sensitive adhesives using bio-based monomers in the same platform.

Digitalisation and machine learning can dramatically accelerate our innovation. The emulsions polymer system is a great example. It is one of the first projects in Synthomer to use advanced experimental design and data analytics to help identify and predict the precise compositions we need to deliver specific performance requirements in new polymers. Meanwhile, we have launched a high-throughput polymerisation project, spun out of a collaboration with the University of Leeds, that could also significantly increase the speed of new product delivery.

Speed matters if we are to maintain competitive advantage. We know, for example, that interest in sustainability in markets like China is accelerating rapidly. We are well placed to meet that growing interest thanks to our newest innovation centre in Shanghai, China. Its state-of-the-art laboratories are designed to specifically support local product development in the local market.

Our new Innovation Taskforce

We want to keep this momentum going, which is why we have set up a new Innovation Taskforce. The taskforce is chaired by our non-executive director Roberto Gualdoni, and includes other non-executive directors, members of our Executive Committee, some of our Group and divisional innovation leaders and our VP of ESG. Following a deep-dive review with four Board members in September 2024, the taskforce has set up three work programmes. The first is looking at ways to improve the value of our innovation pipeline, and includes a new exploratory innovation team, which is already reviewing options in markets closely adjacent to our current portfolio. The second aims to redesign the innovation operating model to drive improved innovation delivery and value creation. The third looks to pilot AI/machine learning to drive greater speed to market. Combined, the changes delivered by these work programmes will create a new culture of innovation for the long-term delivery of our market and sustainability needs.

Working in partnership to accelerate innovation

One of the best ways in which we can accelerate innovation is by working in partnership with academia.

This year, we worked with the University of Montpellier and University of York to develop a new monomer system and formulation additives with high bio-based carbon content. We then evaluated their performance in real-world systems with positive results, and in November 2024 we filed a patent based on the additive technology. We are now looking to evaluate the new additive with our customers.

Meanwhile, we extended our programme with the University of York, thanks to a prestigious ‘Prosperity Partnership’ grant from the UK Government, which will enable us to evaluate the next generation of bio-based monomers, aiming to drive decarbonisation and defossilisation in the speciality polymer industry.

Looking ahead

Designing with sustainability in mind has become ‘business as usual’ for our innovation teams. But the way we do it is evolving, thanks to new data and digital tools and the work of our Innovation Taskforce to drive greater efficiency and speed to market. These will continue to be important areas of focus in the coming year, ensuring our innovation pipeline continues to do what matters most – serving the needs of our customers.

Our innovation centres

Our centres of innovation excellence, which provide products and process innovation across all our divisions:

Akron, USA
Harlow, UK
Marl, Germany
Shanghai, China
Kulai, Malaysia

Our market-specific technical centres:

Chester, Jefferson, Longview, USA
St Albano, Italy
Sintra, Portugal
Accrington, UK
Middelburg, the Netherlands

People in focus: a maturing approach to supporting our people

Our people's commitment to our customers and delivering the products they need has played an essential part in our strategic progress this year.

Our employees are at the heart of our success, which is why we continue to build an increasingly inclusive and dynamic culture that supports diversity of thought and encourages employees to share their views.

Strengthening employee engagement

We are particularly pleased that so many employees chose to participate in this year's global employee survey, Your Voice. It was our first since 2021 and, in all, 80% of employees shared their views – 7% more than three years ago.

We achieved an overall engagement score of 7.0 out of 10, which positions us in the middle of our chosen external benchmark and represents an improvement on our 2021 performance. This is a good result given how much internal change and external turbulence our employees have had to navigate in recent years.

We are encouraged by the positive scores for questions on safety, ethics and compliance, which sit at the heart of our core values. At the same time, employees would like to see opportunities to further strengthen career development and provide more support in times of transition and change.

Highlights from 2024

- 80% of employees responded to our global Your Voice engagement survey, helping us achieve our Vision 2030 employee engagement target
- Introduced new Global Recognition Framework with more than 60 nominations received for our inaugural Group Inspire Awards
- Strengthened our diversity, equity and inclusion commitment with new recruiting guidelines, continued focus on inclusive leadership and new pilot initiatives to drive gender diversity
- Launched Synthomer University with emphasis on leadership development, including three regional pilots for a new Operations Supervisor programme and three regional Emerging Leader programme cohorts

Our people priorities

We have updated our priority areas to ensure they continue to support Synthomer's overall business strategy. They are:

- Creating a compelling employee value proposition and fostering an innovative workplace
- Cultivating talent and capability to drive portfolio transformation and growth
- Driving HR excellence in optimising processes and execution
- Integrating strategic workforce planning for differentiated talent allocation
- Promoting engagement and wellbeing through holistic development and inclusive culture.

Board engagement

Our Board-level Employee Voice engagement initiative gives Board members the opportunity to actively engage with our people. This year, Board members held 11 face-to-face and virtual meetings across Asia, Europe and the USA.

We also introduced a new Board report summarising the status of our graduate programmme activities during the year. This was combined with a 'show and tell' session at our headquarters in London, giving six graduates the opportunity to meet Board members and share their experiences.

More information on the Board's engagement with employees and other stakeholders is available on pages 76 to 81.

- 80% participation
- 7.0 overall engagement score
- More than 25,000 individual comments

Employee engagement is key to our strategy and we are committed to turning the survey results into positive actions. We already have a good track record. Our 2021 survey led to more than 250 specific actions, and progress in several key aspects of our people agenda, such as diversity, equity and inclusion (DE&I) and internal communications, is directly linked to previous survey results. Your Voice action planning will be one of our key people priorities for 2025.

Supporting employee health and wellbeing

Having established a new Synthomer Wellbeing Committee and Employee Assistance Programme in 2023, we focused on specific action in 2024, including embedding wellbeing priorities into site-specific safety, health and environment (SHE) goals. We also introduced wider initiatives, such as a World Mental Health Day campaign and financial wellbeing sessions in Asia. To help monitor our progress, we have also established a new health and wellbeing dashboard as part of our people analytics reporting. We asked specific health and wellbeing questions in our 2024 Your Voice survey to help us understand the impact our work is having.

Strengthening the way we manage recognition, talent and performance

This year, we created a more globally consistent approach to employee recognition, with a multi-tiered framework that includes a new Group-wide awards programme called the Inspire Awards. Launched in May 2024, it received 60 nominations from around the world. Our Executive Committee chose the three winning teams, who were then put forward for our Synthomer Choice Award. This was presented at our Global Leadership Team event to Jeganeswaran Annamala, Technical Service Manager in Health & Protection, for his work during the year with a key nitrile customer.

We continued to focus on development conversations to strengthen our talent pipeline and support career development and succession planning, and introduced a new talent health check framework.

We have made good progress in embedding our performance management framework, with completion rates for goal setting, mid-year conversations and summary conversations well above 90%. We are also expanding the inclusion of individual or team performance into bonuses for wider parts of the organisation to recognise the strong contribution our employees make during challenging times.

Growing local support for our DE&I agenda

Diversity, equity and inclusion (DE&I) remains a core pillar of Synthomer's strategy and our approach is maturing every year. We were particularly pleased to rank second at the 2024 SCI Innovation & Sustainability Awards, with judges noting our work to set up our DE&I-focused employee resource groups, our Inclusive Leadership programme and our DE&I ambassador network in Asia.

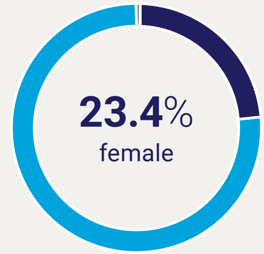
That network of local DE&I ambassadors continues to grow, with new representatives across EMEA and the USA.

We continue to raise awareness and build skills through initiatives like our inclusive leadership training and a new unconscious bias campaign. Our new recruiting guidelines will help ensure we have diverse selection panels in place and remove bias from our recruiting process.

Our gender diversity statistics

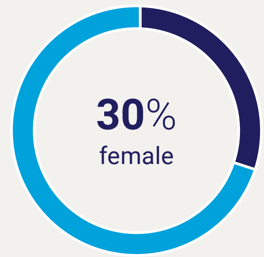
All employees

Female	960
Male	3,129
Not declared	13
Total	4,102



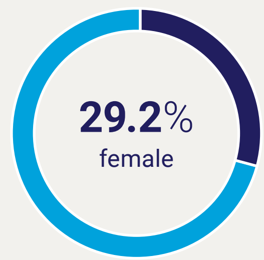
Board

Female	3
Male	7
Total	10



Senior management

Female	14
Male	34
Total	48



Our employee resource groups

We have three DE&I employee resource groups:

ENGENDER – our women's network

THRIVE – our LGBTQ+ network

EMPOWER – our cultural diversity network.

Monitoring our progress

We monitor progress via our DE&I dashboard. We added a new element to the dashboard this year to show the age differences in our teams. With the number of younger team members on the rise and a growing number of more experienced members reaching retirement we intend to use this data to improve ways that those different generations can learn from one another.

Our Board and Executive Committee continue to actively support our DE&I programme, providing governance via our DE&I Advisory Board and often engaging with employee resource group events, as described in The Board's year on page 67.

» For more on Board-level diversity, see our Nomination Committee report on pages 95 to 97.

We have continued to make progress towards our Vision 2030 gender diversity target, with females now representing 23.4% of our workforce. The percentage of females in senior management has fallen slightly to 29.2% while our Board is 30.0% female. Despite the slight decline versus the previous year, we remain confident about our near-term objective of 33% female representation in senior management by the end of 2025. When looking at our leadership pipeline, the picture is also encouraging: our graduate programme has a female representation of 55% amongst active members of the programme.

» See page 43 for more details on our Vision 2030 gender diversity performance.

It takes time to make meaningful change, particularly in a manufacturing industry like ours, where women have been historically underrepresented. At Synthomer, just 9% of our manufacturing team is female. We want to do more to shift that figure, and in 2024 we ran pilot focus groups at two of our sites in France. Hosted by Ana Perroni Laloe, our DE&I executive sponsor, and our HR Vice President for CCS and EMEA, the sessions gave female members of our operational teams an opportunity to share their experiences, views on what works well at Synthomer and ideas for change. We are aiming to hold similar sessions in other parts of the world over the next year, using what we hear to draw up an action plan.

Helping our people do the right thing

We expect everyone who works with and for Synthomer to act with integrity and respect – as enshrined in our values. Our Code of Conduct applies to everyone at Synthomer, and in 2024 we updated it to ensure it remains fit for purpose. Those updates include providing more detailed guidance for employees in areas like accepting gifts and hospitality. Over the coming year we will run a series of regional Code of Conduct roadshows to communicate the changes. Training on our Code is mandatory and we monitor participation closely.

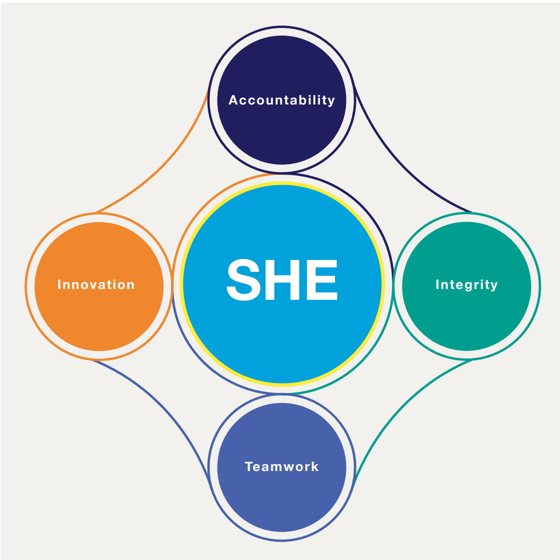
We also continue to build our Human Rights Working Group, with representatives from all our main regions. This year the Group has reassessed the risk of modern slavery in our operations, using publicly available data to help identify our highest-risk locations. We are now working with those sites to raise awareness and ensure we have robust mitigation measures in place.

Our full Code of Conduct is available on our website, along with our Group policies and Sustainability insights, including:

Workers in the value chain

Business Conduct.

We are guided by five core values and associated behaviours that we all share



Our values were developed based on feedback from our employees, and represent the key expectations of everyone in Synthomer.

Deepening our approach to leadership development

One of the best ways that we can help more employees feel connected to Synthomer's strategic goals is by making sure our leaders have the right skills to manage, guide and communicate with their teams.

We continued to develop our Leadership Essentials series of videos and e-learning modules and virtual classes – available to all leaders – with inclusive leadership, managing change and developing teams being key areas of focus this year.

We also made progress in our targeted leadership development programmes – Operations Supervisor Development and Emerging Leader programme.

Co-developed with our manufacturing organisation, we piloted our Operations Supervisor Development programme in all three regions in 2024 and intend to roll it out further in 2025. We also aligned our 12-month Emerging Leader programme across all regions. This year there were 55 participants.

We are now developing a new programme for our future senior leaders called Aspire, a key people priority for 2025.

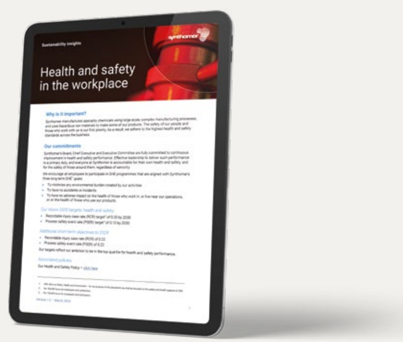
These activities are all part of our internal Leadership Academy, which is itself part of our newly launched Synthomer University. We continue to build other parts of the University, including our Sustainability Academy and Procurement Academy, which focus on helping our people develop the technical skills that are relevant for their jobs.

Looking ahead

While our approach in key areas like DE&I and recognition will continue to mature, one of our main areas of focus in the next 12 months will be making sure we address feedback from our latest Your Voice survey. We will also continue work to roll out our development programmes to a broader audience across Synthomer.

Our approach to managing health and safety

All our sites must align their processes and policies with our Group-wide Safety, Health and Environment Management System (SHEMS). Find out more at **Synthomer.com**



Health and safety: another good year for occupational safety

Keeping our people and contractors safe is our highest priority, and is enshrined in our core SHE value, which states that 'we always have time to work safely'.

Our 2024 health and safety performance

For the second consecutive year, we achieved an historic low in our recordable injury case rate of 0.14. This is a great achievement, one that requires continual focus and diligence from all our teams.

Our process safety event rate, at 0.21, includes considerable variation between divisions and reflects the mix of chemistries and facilities we now have in our portfolio. We still have work to do at our most recently acquired sites to accelerate their improvement.

» See also page 43 for details on our Vision 2030 health and safety performance.

Continuing our focus on process safety

Improving our process safety performance remains challenging, particularly at our newer sites. So we continue to strengthen our site systems and focus on 'leading' indicators, such as permit to work, while encouraging near-miss and weak-signal reporting. In addition, we make full use of traditional measures, such as incident reporting and learning from both internal and external incidents.

Our new 'bowtie' barrier initiative has now completed checks on 10% of our identified barriers as part of our major accident hazard prevention programme. Our ongoing analysis shows that while the appropriate barriers are in place, some could be strengthened and we have shared important lessons with our other sites.

Sharing knowledge to keep improving

We used this year's annual regional SHE conferences to invite leaders to share their personal experiences of responding to an incident at their site, including what it meant for them and how they dealt with the necessary follow-up improvements. And we introduced new process safety webinars as a direct result of feedback from our 2023 conferences.

We have continued to roll out our competency assurance process to ensure we have consistent health and safety knowledge and skills across the business, and provided process safety training at our newer sites and for new employees.

Our safety performance by division

Full year ended 31 December	**2024**	2023
Recordable injury case rate (RCR) per 100,000 hours for employees and contractors		
CCS	**0.25**	0.23
AS	**0.00**	0.38
HPPM	**0.09**	0.03
Continuing Group	**0.14**	0.16
Process safety event rate (PSER) per 100,000 hours for employees and contractors		
CCS	**0.15**	0.13
AS	**0.69**	0.63
HPPM	**0.09**	0.08
Continuing Group	**0.21**	0.18

Priorities for 2025

While we still have work to do, our longer-term SHE trends continue to demonstrate that the longer sites are part of Synthomer and our SHE management system, the better their performance, though this year's PSER does show a small increase year-on-year. Our functional SHE experts will continue to support our newer sites to help them accelerate their SHE improvement by fully adopting strong systems and by learning from others across the Company.

Our Vision 2030 progress

Our Vision 2030 roadmap lays out a series of sustainability-related targets in areas that matter most to our stakeholders and where we can have the most material impact.

We keep our targets under review and update them when needed. This year, we conducted our first 'double' materiality assessment (DMA). The majority of our Vision 2030 targets correspond with the most material impacts, risks and opportunities identified by the DMA (see page 30).

We are now working to fully align our Vision 2030 targets with the material topics that relate to our DMA, and assessing and finalising our KPIs and any potential changes to our Vision 2030 roadmap. One target, 'Our communities', did not reach the materiality threshold and we have decided to remove it from our Vision 2030 reporting from this year.

Nonetheless, the Synthomer Foundation continues its great work to support local communities in the USA (see Synthomer Foundation on our **website**) and our internal global volunteering network is growing.

We provide more detail online on each of our target areas, including our approach, governance, progress and priorities. This information is organised into three areas – environment, people and governance – and can be found on our **website**. This information includes more detail on our community programme.

Sustainable products

Vision 2030 target

At least 60% of new products with enhanced sustainability benefits.

Target	**60%**
2024	**69%**
2023	64%
2022	50%

Short-term 2025 objective*

At least 55% of new products with sustainability benefits.

Progress against the target and objective in 2024

This year we launched 38 new products with enhanced sustainability benefits, meaning we exceeded our 2030 target for the second consecutive year.

As well as introducing new products with a lower carbon footprint, one of the best ways we can reach our target is by eliminating substances of concern. In 2024, we met our commitment to completely eliminate an emulsifier used in fibre bonding binders called alkylphenol ethoxylates from our global production processes.

We continue to evolve our product sustainability scorecard to ensure we are designing new products with sustainability in mind, while sustainability now represents 25% of the weighting in our strategic scorecard.

Strategy

» See Innovation in focus on pages 34 to 35.

Link to strategy

- Organic growth in attractive end markets
- Rigorous and consistent portfolio management to build focused, leading positions
- Operational and commercial excellence in how we run our business
- Differentiated steering in how we allocate capital and talent
- Diversity, equity and inclusion, and holistic people development

Sustainable procurement

Vision 2030 target

80% procurement spend with a sustainability rating.

Target	**80%**
2024	**53%**
2023	46%
2022**	37%

Short-term 2025 objectives*

- 50% procurement spend covered by a sustainability rating and improvement plan
- Audit eight key suppliers' sites by 2025
- Ensure that all our highest-risk suppliers agree to our Supplier Code of Conduct or equivalent standards

Progress against the target and objective in 2024

We achieved our short-term objective to have 50% of our spend covered by a sustainability rating.

Using the TfS audit methodology we have identified suppliers that we want to work with to better understand their approach to key sustainability topics. This year we audited eight sites, with a particular focus on human rights. We identified themes such as keeping records on working hours and managing breaks, and our suppliers are now working to improve in these areas.

We continue to review our supply chain risk and strengthen our due diligence tools and methodologies.

Our training this year has helped the procurement team improve its understanding of sustainability-certified materials, such as ISCC PLUS, and how to request and validate sustainability data from our suppliers. We also ran training on human rights and modern slavery.

To date, 93% of our highest-risk suppliers have agreed to meet our Supplier Code of Conduct or equivalent standards.

Strategy

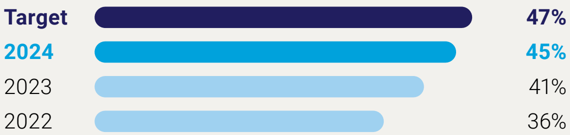
» See Sustainability in focus on pages 26 to 31.

* Set in 2020, excluding health and safety objectives, which are reset on an annual basis.
** Excludes adhesive resins business acquired in April 2022.
Met or exceeded target.

Environment

Vision 2030 target

Reduce Scope 1 and 2 absolute emissions by 47%.



Short-term 2025 objective*

- 30% absolute reduction in Scope 1 and 2 emissions (versus 2019)
- 5% energy reduction on intensity (versus 2022)

Progress against the target and objective in 2024

Our Scope 1 and 2 emissions reduced this year by 7.2%, an overall reduction of 44.9% compared to our 2019 baseline. Our Scope 1 emissions increased 4% versus 2023. This was mainly due to an increase in reported process emissions from monomer production at our site in the Czech Republic. Additional emissions were also due to the rise in energy demand corresponding to increased sales volumes.

We continue to work on energy and process efficiency projects to tackle these emissions through our Manufacturing Excellence programme. For example, our site in Middelburg, the Netherlands, has saved an estimated 3kt of carbon dioxide equivalent (CO_2e).

In Marl, Germany, we improved energy efficiency by around 6% through process changes and recipe optimisation. We are now sharing some of Marl's approaches with other sites.

While our energy intensity (versus our 2022 baseline) is behind target, we did see a 3.5% improvement compared to 2023.

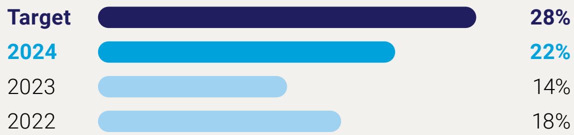
Our Scope 2 emissions were 32% lower than 2023, due primarily to the supplier of steam to the Marl site in Germany closing its last coal-fired production unit.

Other projects, such as replacing and upgrading drying technology at one of our sites in the USA, optimising our waste gas system at our Pasir Gudang site in Malaysia and evaluating opportunities to introduce heat pumps at certain sites, will all play an important part in helping us reach our 2030 goals.

» See Sustainability in focus on pages 26 to 31, our Climate Transition Action Plan on page 29 and our Climate action insight paper at Synthomer.com. See our Environmental performance summary on pages 191 to 194 for data disclosures.

Vision 2030 target

Reduce Scope 3[1] absolute emissions by 28%.



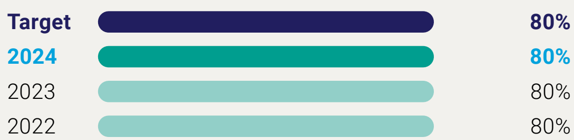
Progress against the target and objective in 2024

Our Scope 3 emissions are similar to last year based on our production volumes.

As explained on pages 27 to 29, our 2023 carbon assessment has informed our understanding of our Scope 3 emissions, particularly the raw materials we buy, and where we buy them from. That work has in turn informed our carbon transition action plan (page 29). And we expect the actions we took in 2024 to reduce our Group-level Scope 3 emissions by 2%.

Vision 2030 target

80% of electricity from renewable sources.



Progress against the target and objective in 2024

We met our target to source 80% of our electricity (as a Group) from renewable sources for the fourth year in a row. This was due to a combination of green tariffs, purchasing energy attribute certificates (EACs) and some smaller onsite renewable power generation.

Because of the likely changes in our manufacturing footprint in the coming years, we have revised our intention to sign a European virtual power purchase agreement due to the volume commitment that would be needed and we are now reviewing other options, such as joining a consortium that aggregates our demand with others.

Also, from 2025, we have updated our renewable electricity procurement policy to include the requirement that when we renew supply agreements we will only use green tariffs (where available) and will purchase EACs so that each of our sites uses at least 80% renewable electricity as a minimum (not just the Group).

We are also assessing the potential timing for introducing a 100% renewable electricity target.

Vision 2030 target

Establish sustainable water management at sites located in areas of high water stress.

Progress against the target and objective in 2024

Our water intensity metrics have improved this year, with water withdrawal intensity 2.2% better than 2023.

Our three sites with high baseline water stress and/or high forecast water stress have made progress against their water stewardship targets. Our site in Ribecourt, France, has met its legally binding 10% reduction target and has a clear set of objectives to hit its 25% reduction target by 2035. Our Le Havre, France site has worked with a third-party expert to develop and submit an action plan to its regulator, setting out proposals to meet a 20% reduction target.

Our site in Langelsheim, Germany, has continued work to consider eliminating once-through cooling using river water, which we estimate could reduce overall Group water withdrawal by 12% when complete. It has also made further progress towards implementing the Alliance for Water Stewardship (AWS) standard with a view to seeking certification in 2025.

Short-term 2025 waste objective*

5% reduction in total waste per tonne (versus 2022).

Progress against the target and objective in 2024

Our targeted three-year rolling waste intensity metric was 6.7% worse over the 2022-2024 period versus 2020-2022.

Like emissions and water, many of our sites are working on projects to improve the efficiency of our manufacturing processes, which can be a common cause of waste. For example, our Jefferson, USA, site optimised its hazardous waste stream management, saving more than $1.2m in disposal costs and reducing hazardous waste by more than 1,000t.

Our total waste figures were affected by one-off waste disposals relating to non-process waste (including more than 1,000t of demolition-related waste at one of our German sites), as shown in the environmental performance summary table on page 193. As a result, our overall waste generation in 2024 was 1.9% up on last year, but 18% lower than 2022.

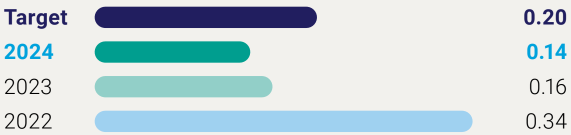
Strategy

» See Sustainability in focus on pages 26 to 31 and our Water and Waste and pollution insight papers at Synthomer.com

Health and safety

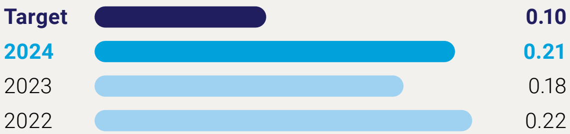
Vision 2030 target

Recordable injury case rate (RCR).***



Vision 2030 target

Process safety event rate (PSER).***



Short-term 2025 objectives*

- RCR of 0.20
- PSER of 0.20

Progress against the target and objective in 2024

We achieved another historic low in our RCR. This is a great achievement, one that requires continual focus and diligence from all our teams.

Our PSER includes considerable variation between divisions and reflects the mix of chemistries and facilities we now have in our portfolio. We continue to have work to do at our most recently acquired sites to accelerate their improvement.

These lagging indicators are important for tracking our overall performance but do not always tell the full story. Some sites have outstanding records, such as Uruapan, Mexico, which recently celebrated 10 years without a recordable injury or major process safety event. Meanwhile, our Adhesive Solutions site in Middelburg, The Netherlands, has completed a full year without a recordable injury for the first time since 2017.

Process safety has remained a priority throughout 2024, and we conducted around 10% of our 'bowtie' barrier checks as part of our ongoing major accident hazard prevention programme. We also carried out SHE audits at 10 sites to assess the way they continue to prevent potential major accident hazards, including how they manage contractors, after we noticed a correlation between contractor events and near-miss incidents.

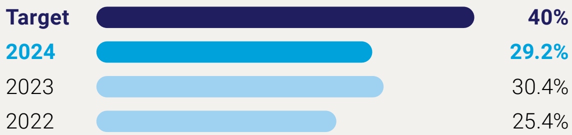
Strategy

» See Sustainability in focus on pages 26 to 31, People in focus on page 40 and our Our health and safety insight paper at Synthomer.com

Our employees

Vision 2030 target

40% senior management[2] gender diversity.



Vision 2030 target

Achieve upper quartile engagement scores against external benchmarks.

Short-term 2025 objectives*

- 33% female senior leaders
- 20% senior leaders from ethnically diverse backgrounds

Progress against the target and objective in 2024

Despite the slight decline versus last year, we remain confident about meeting our near-term objective of 33% female representation in senior management by the end of 2025 – always grounded on our underlying principle of meritocracy.

We find it particularly encouraging to see our overall female representation across the workforce remaining on an upward trend with 23.4% versus 22.8% the year before.

We want to encourage more women to take up manufacturing careers – where they have traditionally been underrepresented both in Synthomer and across the chemicals industry. This year, we held pilot focus groups with female members of our operations at two of our sites, giving them the opportunity to share their experiences and ideas for change. We are aiming to hold similar sessions in other parts of the world over the next year, using what we hear to draw up an action plan.

Our ethnic diversity across senior management was at 20.8% for 2024.

We conducted our global employee engagement survey – Your Voice – in November 2024, with 80% of employees sharing their views. This was 7% higher than the last survey we ran in 2021. We achieved an overall engagement score of 7.0 out of 10, which positions us in the middle of our chosen external benchmark and represents an improvement on our 2021 performance. This is a good result given how much internal change and external turbulence our employees have had to navigate in recent years.

Once again, it is encouraging to see positive responses in areas such as safety, ethics and compliance. Employees also shared their thoughts on areas for improvement, including strengthening our approach to career development and providing more support in times of transition and change.

Our Board continues to hear directly from employees via our Employee Voice programme. This year, the Board participated in 11 face-to-face and virtual sessions across our three main regions.

Strategy

» See Our strategy on page 3, People in focus on pages 36 to 39.

* Set in 2020, excluding health and safety objectives, which are reset on an annual basis.
** Excludes adhesive resins business acquired in April 2022.
*** Per 100,000 hours for employees and contractors.
1 SBTi-approved Scope 3 science-based target is for Category 1: Purchased Goods and Services.
2 Senior management is defined as members of the Executive Committee plus senior managers directly reporting to them.

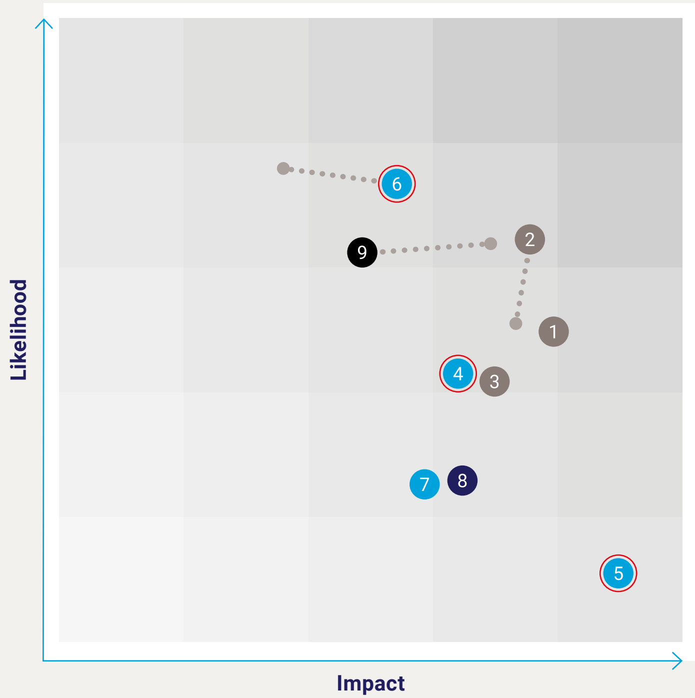
Managing risk

We continue to adapt our risk management framework to protect our business, pursue our strategic objectives and keep pace with the broader environment.

That environment is ever more complex, with increasing geopolitical uncertainty, extreme weather events and technological advancements, which all provide challenges and opportunities to our business.

This heatmap shows the relative positioning of our principal risks based on the three dimensions we use to assess our risks: the likelihood of the risk materialising, its potential impact and its velocity – the time between the risk crystallising and the impact being felt. This is based on our residual (net) ratings of risks after we have considered any mitigating controls. Risks with a high velocity are shown with a red outline, while movements in principal risks compared to last year are shown as grey dotted lines.

Find out more about our principal risks, our mitigation activities and the rationale for movements in principal risks on pages 49 to 56.



Principal risk	Change	Page
1 Delivery of our strategic initiatives	<>	49
2 Demand uncertainty and competitive dynamics	+	50
3 Technology and innovation	<>	51
4 Disruption in supply to our customers	<>	52
5 Process safety	<>	53
6 IT and cyber security	+	53
7 Energy price risk in Europe	<>	54
8 Ethics and compliance	<>	55
9 Financial markets and balance sheet	–	56

Key

- Strategic risk
- Operational risk
- Compliance risk
- Financial risk
- Higher velocity
- + Increased
- <> No change
- – Reduced

How we manage risk

We use leading risk management techniques to help us make good decisions about business opportunities while protecting our sites, systems, employees and other key stakeholders.

This is underpinned by an enterprise risk management framework that helps us to track and report risks and the associated actions we are taking to manage our risk exposure.

Our Board

The Board is responsible overall for ensuring that risk is effectively managed across the Group and for creating the framework for our risk management to operate effectively. The Board continues to set our risk culture and the risk appetite it is prepared to accept to achieve the Group's objectives, recognising that these underpin the effectiveness of our risk management framework.

We also recognise that the chemical manufacturing industry is inherently dangerous and that our business faces many risks. For principal risks, we consider the risk appetite under three categories: risk averse, risk neutral and risk taking. For example, we put process safety in the risk-averse category because safety is one of our core values. That means we are not willing to accept risks of this sort and that any process safety risks must be reduced as far as reasonably practical. In the risk-taking category, however, we put technology and innovation. These enable us to deliver our strategy, so we are more willing to accept higher volatility on returns in this area. Our risk appetite statements are embedded in our enterprise risk management framework.

As part of our governance process in 2025 we will conduct a detailed review and refresh of our risk appetite statements for our principal risks, to make sure they continue to reflect Synthomer's strategic focus.

Risk governance and oversight

Top-down Risk assessment

Board of Directors	Sets the risk culture and risk appetite. Has overall responsibility for reviewing and approving our principal risks.
Audit Committee	Supports the Board to monitor risk exposure. Reviews principal and emerging risks and the effectiveness of risk management and internal control processes. Provides challenge to senior management where appropriate.
Executive team/ Executive Risk Committee	Reports on principal and emerging risks to the Audit Committee and Board. Conducts top-down risk identification and review. Ensures risk management policy is implemented and embedded in the business and appropriate responses are taken to manage risks.
Division and function risk owners	Responsible for risk identification, management and controls within their division and function. Identify and assess risks, determine and monitor risk responses, and ensure operating effectiveness of key controls and progress of actions to manage risk.

Bottom-up Risk assessment – Divisions and functions

Risk and assurance

Establishes the risk management framework

Provides guidance and challenge to divisional and functional risk owners

Aggregates risk information and helps management to identify principal risks

Audit Committee

On the Board's behalf, the Audit Committee reviews and assesses the effectiveness of the Group's risk management framework. The Audit Committee and Board also review the Executive Risk Committee's assessment of principal and emerging risks and provide challenge where appropriate.

This year, the Audit Committee received regular updates on financial and non-financial risk matters, such as compliance and financial controls, and summaries of the work done by the Internal Audit function, which operates a risk-based audit plan, and had discussions with the external auditors. Together, our risk management framework and associated reviews are designed to manage risk within our risk appetite, rather than to eliminate risk completely.

Executive Committee

The Executive Committee is responsible for identifying and managing our strategic, operational, compliance and financial risks using the risk management framework. It also makes sure our risk management policy and culture is implemented and embedded in the business.

Executive Risk Committee

Our Executive Risk Committee (ERC), chaired by the CFO, is responsible for:

- Conducting top-down risk assessments and reviews
- Maintaining an overview of the key risks identified across the Group
- Assessing and reporting on principal and emerging risks to the Audit Committee and Board.

Twice a year the ERC conducts bottom-up and top-down reviews of our principal risks and assesses emerging risks that could threaten the delivery of our strategy. The ERC also takes a key role in assessing our risk landscape.

This year, the ERC took part in a cyber incident response simulation exercise led by our Vice President, Information Technology, supported by an expert partner, to better understand the risks of and required response to a cyber attack. This exercise identified areas where we can enhance our business continuity plans and improve our communications if an outage happens – changes we will implement in 2025.

Division and function risk owners

We have a structured risk management framework that operates at division and Group function level. We use a standard methodology to quantify risk, with a risk assessment matrix to assess risks consistently. The risk matrix looks at three risk dimensions:

- The likelihood of the risk materialising
- Its potential impact
- Its velocity – the time between the risk crystallising and its impact being felt.

Our divisions and functions conduct their own bottom-up risk assessments and record them in a risk register using the Group's standard risk management methodology. They assess risks at both an inherent (gross) level and a residual (net) level, considering the mitigating controls that are in place. Risk owners also identify any additional activities that could mitigate the risk in line with our risk appetite, accepting that some level of risk taking is necessary.

Three lines of defence

We operate a 'three lines of defence' assurance model.

Line 1 Our operational management and employees form our first line of defence, responsible for identifying and managing day-to-day risk in their own areas. They are guided by Group policies, procedures and control frameworks.

Line 2 Our second line of defence includes our Group Risk function, which develops and manages the risk management framework and engages with management to identify, agree and update risk information. This line also includes other compliance and assurance functions – for example, Group SHE, Regulatory Affairs, Compliance and ISO audits – which review how effective the mitigating actions and controls are.

Line 3 Our Internal Audit function provides our third line of defence. It provides independent assurance on internal controls. Our statutory auditors provide external assurance on the financial statements, while an external specialist provides assurance around ISO standards.

UK Corporate Governance Code 2024

In January 2024, the Financial Reporting Council published a revised version of the UK Corporate Governance Code. We have evaluated how the revisions to the Code will affect our risk management arrangements, specifically the key changes relating to Provision 29. This provision requires the Board to make a declaration of the effectiveness of the Group's material controls – including financial, operational, reporting and compliance controls – in the Annual Report at the balance sheet date.

While we believe our existing risk management processes are well placed to meet the new requirements, we are using the opportunity to assess and enhance, where required, the maturity of our risk and internal controls processes. The new Code will apply to the Group for its financial year 2025, except for Provision 29, which will apply for financial year 2026.

Assessing our principal risks

Risks affect us in many ways. The divisions and Group functions submit formal risk assessments twice a year, which help us to identify the likelihood, potential impact and velocity of risks across the business. Management is also empowered and encouraged to manage and react to risks as part of normal day-to-day decision making. Together, these assessments and our three lines of defence mean we can establish effective controls to manage our risks.

Our key risk categories

We categorise our risks – and consider how effective our mitigating actions and controls are – in four areas:

- Strategic risks that could prevent us achieving our strategic objectives
- Operational risks that, if not successfully managed, would threaten our viability – these relate to our ability to operate a sustainable and safe business
- Compliance risks, where a breach of regulations or laws could lead to fines from regulators or to reputational harm, which may disproportionately affect our standing in the investor and wider community
- Financial risks relating to the Group's funding and fiscal security.

The Board has conducted a robust assessment of the Company's emerging and principal risks as part of our integrated risk management framework and the ERC also continued its work this year. This work remains particularly relevant, given market conditions and the macroeconomic and geopolitical environment. The ERC concluded that our key risk categories remain relevant and made no changes to the principal risks. The Board reviewed and endorsed these conclusions.

We outline our principal risks and uncertainties in detail on pages 49 to 56. Our Board and management feel these risks pose the greatest threats to our business and fall into categories that relate closely to our strategic objectives and business model. The risks listed are not in any priority order, nor are all the risks we face listed.

The nature of risk changes over time, with new risks emerging and the effect of others changing. Our risk management and assurance programme can only provide reasonable, not absolute, assurance that key risks are managed to an acceptable level. This is why we cannot provide absolute assurance against misstatement or loss.

Risk movement

Our risk framework helps us identify the principal risks we face, and it allows us to monitor the potential impact and likelihood of a risk occurring, and its velocity should the risk crystallise. The impact and likelihood of these principal risks can fluctuate depending on a range of internal and external factors.

Having assessed our principal risks and uncertainties, we concluded that three of our nine principal risks have either increased or reduced. The Board have reviewed and endorsed these conclusions as follows:

- Demand uncertainty and competitive dynamics – the likelihood has increased, because we are operating in an increasingly uncertain geopolitical environment
- IT and cyber security – the impact has increased, so while our efforts mean we are more prepared and resilient, we are facing an increasingly challenging threat landscape
- Financial markets and balance sheet – the impact has decreased, because of our improved debt maturity profile.

Climate change

We recognise the significant risk posed by climate change – it remains integral to our risk management processes and a core element of a number of our principal risks. Having thoroughly reviewed climate-related risks and opportunities, in line with our approach last year, we believe climate-related risk is best managed within our principal risks, rather than separately as a standalone principal risk. We will continue to review and assess this approach in 2025.

Integrating climate-related risks into our principal risks means we consider transitional risks – primarily the potential effects of carbon taxes, market changes and environmental policy changes – and physical risks – primarily the potential effects of hurricanes, droughts, flooding, rises in sea level and extreme temperatures – in all aspects of our business operations. We recognise the ability of climate change to particularly affect the principal risks we face around:

- Delivery of our strategic initiatives
- Demand uncertainty and competitive dynamics
- Technology and innovation
- Disruption in supply to our customers
- Energy price risk in Europe
- Ethics and compliance.

In 2024, we continued to develop our approach to climate-related risk reporting, to make sure our risk management framework supports our strategy and addresses all relevant statutory requirements. Those requirements now include those of the Financial Conduct Authority, which are aligned with the recommendations of the Task Force on Climate-related Financial Disclosures. They also include regulatory requirements related to climate change, water, biodiversity, greenwashing and company reporting, which include the EU Corporate Sustainability Reporting Directive and IFRS Sustainability Disclosure Standards, as well as developments around the UK and EU carbon border adjustment mechanisms. In 2025, to continue developing our strategic understanding and mitigation actions, we will conduct a more comprehensive climate risk assessment and scenario analysis with a leading climate analytics firm.

If we fail to effectively respond to the risk of climate change, we may compromise our reputation and strategy for growth. This is why we closely monitor it and continue to evaluate whether it should be considered a principal risk in the future.

Emerging risks

We also identify and analyse emerging risks – and the need to mitigate them – as part of our existing risk management processes. Emerging risks may affect us in the longer term, but we do not currently have sufficient information to understand and assess the likely scale, impact or velocity of the risk – or to define an appropriate risk response.

Through the ERC, Audit Committee and Board, we continue to embed and discuss emerging risks as part of our risk programme, to make sure they are appropriately considered and monitored and to evaluate the effect they would have, including on our principal risks. In some cases, emerging risks are superseded by other risks or stop being relevant as the environment we operate in changes.

We are currently monitoring a number of emerging risks, including:

- Artificial intelligence (AI) – AI is developing rapidly, and we see it as both an opportunity and a risk to our business. For example, AI could have advantages in novel chemical formulation and could enhance productivity by automating certain repetitive tasks. However, we are aware it could pose a risk if technical controls are not sufficient or if our competitors use AI to their advantage. We will continue to monitor AI's use so we can evaluate whether to consider it a principal risk in the future.
- Regulatory change – including those regulations relating to UK corporate governance and sustainability disclosures.
- Geopolitical uncertainty – including ongoing interstate conflicts, and changes that may affect international trading activity, such as new sanctions or changes in tariff policies.

Principal risks and uncertainties

Here we outline the most significant risks to our business. Other, lower-level risks could also affect the Group's performance, and these are actively managed through our risk management framework.

Strategic risks

See page 56 for key to strategy icons

Delivery of our strategic initiatives

Risk owners Jan Chalmovsky, President, Strategy and M&A; Anant Prakash, Interim Chief Human Resources Officer

Link to strategy

Movement <> No change

Description

Delivering our strategic initiatives requires a broad range of activities across the Group, each involving a variety of risks that we monitor through our overall risk management framework.

An engaged workforce is a key factor in thriving as an organisation. The challenges of talent attraction, employee retention and workforce engagement remain significant risks to delivering our strategy. This is particularly relevant now, when the chemical manufacturing industry is undergoing profound transformation and talent markets remain competitive.

2024 response

- We have continued to deliver on our portfolio strategy, including divesting our Compounds business, and allocating capital and talent in line with our strategy.
- As part of our strategy to attract, retain and develop people and talent, we:
  - Ran a Group-wide employee engagement survey, with an 80% response rate. This helps us build on existing strengths and address areas for improvement, as we focus on being a great place to work
  - Launched a new global recognition framework to strengthen employee engagement
  - Introduced recruiting guidelines and knowledge hubs to continue to mature our talent acquisition capability
  - Developed a new talent 'health check' to help businesses and functions move from annual talent reviews to regular talent check-ins
  - Continued to develop leadership capabilities through targeted leadership programmes, and introduced a new Leadership Essentials series
  - Continued towards our 2030 ambitions through our employee resource groups, focusing on gender and ethnic diversity, and on implementing more regional DE&I ambassador networks and mentoring
  - With the Commercial Excellence team, began the Sustainability Academy in our Coatings business, delivering foundation-level and role-specific training to help colleagues engage their stakeholders with greater fluency and confidence on sustainability topics.

2025 plans

- We will continue to deliver on our portfolio strategy and drive our strategic projects.
- As part of our strategy to attract, retain and develop people and talent, we will:
  - Turn insights from our 2024 employee engagement survey into meaningful actions that improve people engagement
  - Launch a new development programme to support future leaders
  - Continue to strengthen talent health, performance management, leadership capabilities and DE&I – all key elements of employee engagement
  - Continue to mature our ESG efforts and, under the umbrella of the Synthomer University, expand the reach of our Sustainability Academy to engage and upskill colleagues across all divisions and functions.

Strategic risks continued

Demand uncertainty and competitive dynamics

Risk owners Divisional presidents

Link to strategy

Movement + Increased, given geopolitical uncertainty

Description

The performance of the markets we operate in is fundamental to our growth. We have seen challenging conditions in recent years, including high inflation, given global geopolitical and macroeconomic events.

This has led to weaker overall demand in our end markets, especially in segments for durable end-use products, and may be exacerbated by increased competition, with capacity expanding in China and Asia.

While our production is largely in-market – to be close to our customers – potential changes in global terms of trade could affect some supply chains or our competitive landscape.

These factors, coupled with our relatively short order books, make demand forecasting very uncertain, leading to downside and upside risk.

2024 response

- Across all divisions, we continued to develop end-market and customer intelligence to identify the ways to add value to our products, including through sustainability benefits, to influence innovation and to grow market share.
- Completed our new China Innovation Centre in Shanghai, enhancing our capacity to serve customers in the region.
- In the AS division, we:
  - Regained market share by delivering our transformation programme initiatives, focusing on cost savings and reliability improvements, such as optimising supplier networks to increase availability of key raw materials
  - Grew speciality revenues through innovation in tapes and labels, sales synergies and new sustainability offerings.
- In the CCS division, we:
  - Delivered our specialisation strategy, focusing on growth through portfolio mix and value selling
  - Invested to improve the manufacturing flexibility of a number of our major facilities in the USA, enabling us to produce additional speciality products in the region
  - Debottlenecked a plant in the Middle East, enhancing our capacity in coatings in the region.
- In the HPPM division, we:
  - Launched a multi-year, zero-capital technology partnership in the USA domestic glove manufacturing market, leveraging Health & Protection's intellectual property, technology and manufacturing expertise
  - Finalised work to mothball the Kluang, Malaysia site and to transfer production elsewhere
  - Developed and introduced innovative new latex grades, which meet glove-manufacturing customers' needs and have a positive sustainability impact, building on our gains in 2023.

2025 plans

- In AS, we will:
  - Continue to focus on further cost savings and reliability improvement
  - Focus on expanding and commercialising our innovation pipeline and our sustainability offerings.
- In CCS, we will:
  - Focus on growing our customer base and new product pipeline in all regions, particularly outside Europe
  - Leverage China growth opportunities and partnerships through our new China Innovation Centre.
- In HPPM, we will:
  - Continue our Health & Protection partnership in the USA, and seek similar opportunities elsewhere
  - Focus on divesting our non-core, base businesses in Europe, so we can focus on more resilient speciality business in higher-growth regions.

Strategic risks continued

Technology and innovation

Risk owner Robin Harrison, Vice President, Innovation

Link to strategy

Movement <> No change

Description

Innovation is a critical enabler for our growth strategy. Alongside differentiated performance from our products, our customers and end users are looking for improvements in sustainability – such as a lower carbon footprint and circularity. These are also critical enablers for our raw material (Scope 3) decarbonisation programme.

If we fail to identify opportunities effectively and implement innovation programmes, or keep abreast of developments in AI/machine learning, we could fail to realise growth opportunities and potentially lose market share.

When we innovate successfully, failure to protect our IP could see us lose competitive advantage and value from our investments.

2024 response

- We selected a well-established, commercially available knowledge management system for data capture and management.
- We started developing new speciality coatings products in our CCS division, after positive feedback from customers that sampled prototypes of new polymers developed through our bio-based polymers platform.
- We made the first sales of FSC-certified resin to a tyre customer based primarily on non-fossil raw materials.
- We carried out extensive technology scouting to develop a database of lower-carbon-footprint and/or non-virgin fossil-based raw materials. We will use this database to help integrate our commercial and innovation planning.
- We updated our product sustainability scorecard as part of our strategic scorecard in 2024 to incorporate criteria for lower-carbon-impact systems and downstream customer benefits. Projects are now evaluated using the updated scorecard.
- We set up a new Innovation Taskforce to make sure we have the right capabilities and processes for our future needs, including using AI and machine learning where appropriate. The taskforce has identified three focus areas for 2025.

2025 plans

- Undertake a phased global roll out of our new knowledge management system for data capture and management.
- Continue to develop our bio-based polymers platform, aiming to trial new prototypes with target customers.
- Run a three-year collaborative programme with the University of York from Q3 2025, aiming to drive decarbonisation and defossilisation of speciality polymers, supported through a UK Government Prosperity Partnership grant.
- Deliver initiatives from the Innovation Taskforce, including:
  - Deploying a new exploratory innovation team to improve the value of our innovation pipeline
  - More effective processes, project management and governance aligned with clear innovation metrics
  - AI/machine learning pilot activities to assess potential improvements in speed to market.

Operational risks

Disruption in supply to our customers

Risk owners Divisional presidents

Link to strategy

Movement <> No change

Description

Security of energy, raw material supplies, logistics, and plant availability and reliability are all critical to maintaining supplies to our customers.

These may be affected by external factors, such as market shortages, climate-related transition risks (including regulation and taxes), short- and/or long-term physical climate-related disruption (including weather events and natural disasters), pandemics, global macroeconomic and geopolitical events, or an internal event that affects plant availability, reliability or safe operations.

All these factors could lead to a disruption in supply to our customers, which may adversely affect our reputation – especially given our strategic commitment to operational and commercial excellence.

2024 response

- We continued to address the risks associated with raw material supply by using contract strategies that covered our strategic raw materials – including long-term supply agreements, where appropriate.
- In our CCS division, we completed a risk-based assessment of the secondary raw materials associated with our top 20 products in each region, and developed action plans to continue to reduce supply risk.
- In our AS division, we continued work to substantially improve reliability around raw-material procurement, production and supply-chain planning and delivery.
- In our HPPM division, we made our styrene butadiene rubber (SBR) manufacturing assets more flexible, so we can produce a broader range of products across our asset base.
- We continue to evaluate appropriate engineering resources to help sites manage their capital expenditure, and their asset integrity and reliability programmes.
- We implemented the water-risk-improvement plans we developed for our three at-risk tier 1 sites. These incorporate a water stewardship approach and context-based water reduction targets.
- We appointed a leading climate analytics firm to conduct climate risk assessments and scenario analysis, which will help us manage climate-related transition and physical risks to our operations and supply chain.

2025 plans

- We have specific initiatives under way to continue to manage risks in our raw material supply chain, which include reviewing tankage provisions for certain raw materials. An example is in Malaysia, where we are spreading raw material storage activities across different ports to reduce exposure.
- In line with our differentiated steering strategy, we will continue to assess how we allocate capital to optimise asset integrity and reliability.
- We will continue work across our divisions to improve our preventive/predictive maintenance programmes, using new digital tools to proactively detect issues.
- We will continue to develop our strategic understanding of, and mitigation actions to manage, climate-related transition and physical risks to our operations and supply chain.

Operational risks continued

Process safety

Risk owner John Hamnett, Group Global SHE & Engineering Lead

Link to strategy

Movement <> No change

Description

The chemical manufacturing industry is inherently dangerous. It involves transporting, storing and processing hazardous chemicals, which leads to wide-ranging exposure to process safety risks.

Our process safety risk profile increased in 2022, when we acquired adhesive resins sites, given the high temperatures and pressures the units operate at, and the core technology that was outside our previous expertise.

A significant process safety incident could affect the safety of our people and/or local communities, and the wider environment. This could result in significant operational disruption, regulatory fines and/or reputational damage.

2024 response

- We improved how we manage safety-critical equipment items and, in conjunction with 'bow-tie' analysis, developed a new KPI to monitor this.
- Our work on loss of containment has seen the number of events stabilise. We are developing plans to reduce these further in 2025.
- We continued to focus on major accident hazards, developing 'bow-tie' diagrams to verify that our layers of protection remain strong. This area significantly improved in 2024.
- We reviewed our procedures and training for safety-critical tasks, with a number of pilots relating to human-factor-analysis techniques completed in 2024.

2025 plans

- We will continue our 2024 activities, which are multi-year programmes, and also:
  – Focus on the functionality of major accident hazard barriers
  – Continue to focus on improving reliability, and hence process safety, in AS.

IT and cyber security

Risk owner Andy Axford, Group Vice President, Information Technology

Link to strategy

Movement + Impact increased because of an increasingly challenging threat landscape

Description

An IT security breach or data-centre outage that has an adverse effect on our systems – including enterprise resource planning, SHE databases, communications and industrial control systems – may affect our ongoing operations. It may see us lose intellectual property or face regulatory fines, which might undermine our competitive position and cause reputational damage.

Additionally, any unforeseen changes or system faults that occur when major change programmes are implemented may disrupt our operations, potentially increase costs, and/or affect our ability to deliver customer requirements.

2024 response

- We continued to enhance our defences through our Group Cyber Security Plan, which included:
  – Holding weekly steering committee meetings to evaluate and address new and emerging threats and risks
  – Holding regular, mandatory, enterprise-wide cyber security awareness training for our employees
  – Conducting cyber incident response simulations at operational and executive levels, with an expert partner
  – Implementing a security incident and event management (SIEM) solution along with a managed detection and response (MDR) solution
  – Conducting penetration testing for our networks with our incident response partner, with no material issues identified
  – Conducting a successful disaster recovery failover test with our major transactional system.
- We continued to successfully implement our Pathway business transformation programme, which included a significant system upgrade in Q3 2024.

2025 plans

- We will continue to deliver planned cyber security improvement activities, including:
  – Reviewing and investigating any new security issues and risks through weekly steering committee meetings
  – Implementing improvements to our security management policies and practices to remain compliant with new network and information systems (NIS2 Directive) legislation in Europe
  – Developing our future wide-area-network strategy and technology for implementation in 2026
  – Reviewing and enhancing business continuity plans in case of system outage
  – Moving our business systems estate to cloud infrastructure, with a geographically dispersed disaster recovery capability
  – Revising/renewing our cyber security improvement plan for the next planning cycle.
- We will continue to deploy our Pathway programme, using an effective governance approach that includes proven system and business readiness tools at key stages of the deployment lifecycle.

Operational risks continued

Energy price risk in Europe

Risk owner Andrew Ward, Vice President, Group Procurement

Link to strategy

Movement <> No change

Description

Significant energy price rises and volatility could reduce the competitiveness of our European businesses, because of increased production costs and our inability to pass on these costs to customers, and increased competition from other, lower-energy-price regions.

The very high prices seen in 2022 after the start of the war in Ukraine have now largely been alleviated by:

- Availability of new liquefied natural gas (LNG) import infrastructure
- Strong LNG supplies, primarily from the USA
- Increased renewables and lower industrial gas demand in Europe and China.

However, general energy price risk resulting from global geopolitical instability needs to be managed appropriately.

2024 response

- We continued to maintain our supply contracts over the long term and use active price risk management strategies aligned to our different businesses.
- We undertook targeted financial hedging to manage our price risk within our third-party heat-supply agreements.
- We continued to reduce our demand through site-focused energy-efficiency and decarbonisation investments.
- We undertook a detailed study for a long-term virtual power purchase agreement (vPPA) in Europe to secure our supply of renewable electricity. However, we concluded this would not be prudent at this time. We continue to monitor the developing area of renewable electricity contracting. We are currently considering an aggregated vPPA, where we contribute a proportion of demand to a development that is more appropriate to our future demand and risk.

2025 plans

- We will continue to:
  - Manage our supply contracts over the long term, and have appropriate price risk management strategies for gas, power and carbon allowances under the EU ETS scheme (physical and financial) aligned to our different businesses
  - Reduce our demand through site-focused energy-efficiency and decarbonisation (fuel-switching) investments
  - Review opportunities for appropriately sized long-term PPAs, either on site, near site or virtual (financial). Our demand for renewable electricity will evolve as we switch away from gas for our process-heating requirements under the energy transition, offset by continued reduction in our overall energy demand.

Compliance risks

Ethics and compliance

Risk owner Anant Prakash, Chief Counsel and Company Secretary

Link to strategy

Movement <> No change

Description

If we fail to comply with relevant legislation and regulatory guidance, we may face significant financial penalties, loss of material assets, unquantifiable reputational damage and increased regulatory scrutiny. These issues may cause delays in business operations and adversely affect the Group's ability to pursue its strategy.

If we fail to proactively address sustainability, ethics and compliance goals, mandates and regulations, we may face future penalties, loss of competitiveness and reduced shareholder value.

2024 response

- We launched a refreshed Code of Conduct across the Group, with roadshows to enhance awareness of expected behaviours and to emphasise compliance risks across our operations.
- We reviewed our existing suite of training modules and started an exercise, with a new training partner, to refresh those modules to capture a wider group of our employees.
- We continued to make sure our new third-party onboarding processes were adopted across the Group, and started our enhanced active monitoring procedures.
- We improved our governance processes covering modern slavery with a working group covering Group functions and all businesses.
- We continued our preparations to comply with the Economic Crime and Corporate Transparency Act 2023.
- We continued monitoring emerging regulatory requirements related to climate change, water, biodiversity, greenwashing and company reporting.
- To prepare for Corporate Sustainability Reporting Directive (CSRD) reporting, we conducted our double materiality assessment, which will be used to define our regulatory reporting requirements.

2025 plans

- We will launch a new Group-wide mandatory training course covering our Code of Conduct.
- We will launch a set of updated training modules in all applicable languages covering:
  - Competition law and anti-trust
  - Anti-bribery and corruption (ABC)
  - Data protection
  - Modern slavery.
- We will launch improved processes (using our HR system) to record and report on gifts and hospitality, and conflicts of interest.
- We will refresh our Group compliance policies to ensure alignment with current legislation.
- We will conduct a fraud risk assessment to understand whether fraud controls are robust and applied consistently across the Group.
- We will finalise our preparations (and evaluate our controls) to comply with the Economic Crime and Corporate Transparency Act 2023, and any subsequent secondary legislation.
- We will continue to monitor, assess and define our EU sustainability-related regulatory reporting requirements following the EU announcement on 26 February 2025.

Financial risks

Financial markets and balance sheet

Risk owner Lily Liu, Chief Financial Officer

Link to strategy

Movement — Reduced, given improved debt maturity profile

Description

The financial markets remain volatile, given macroeconomic and geopolitical uncertainties and inflationary pressures. This has driven significant changes in interest rates in recent years in the Group's major markets.

Given the Group's current financial leverage, financial market volatility could affect the quantum and/or cost of the Group's future refinancing activities.

2024 response

- Strengthening the balance sheet continued to be a priority for the Company, so:
  - For prudence, the Group agreed with its relationship banks and UK Export Finance to extend the period of temporary covenant relaxation on its facilities to make sure appropriate headroom was maintained. We continued to monitor market conditions closely and kept our other financing arrangements under review.
  - We successfully tendered €370m of our bonds due in 2025, reducing gross debt and extending maturities by issuing €350m of bonds due in 2029. Our next significant debt maturity is now in 2027.
  - We continued to explore opportunities to manage our portfolio, including divestments of non-core businesses. We sold our Compounds business, using the proceeds to reduce net debt.
  - We maintained rigorous capital allocation policy and focused on cash generation, guided by our strategy.

2025 plans

- We intend to repay the remaining €150m due on our July 2025 bond from existing liquidity. We will continue to monitor financial market conditions through our key relationship banks and our debt advisers, as we assess medium-term financing needs.
- We will continue to support the return to our target 1–2x leverage in the medium term, including through:
  - Driving our cash management actions, following our rigorous capital allocation policy, focusing on working capital management, cost reductions and improving cash generation.
  - Managing our divestment projects in line with our strategy
  - Keeping under review additional measures to enhance our operating leverage to a recovery in end-market demand.

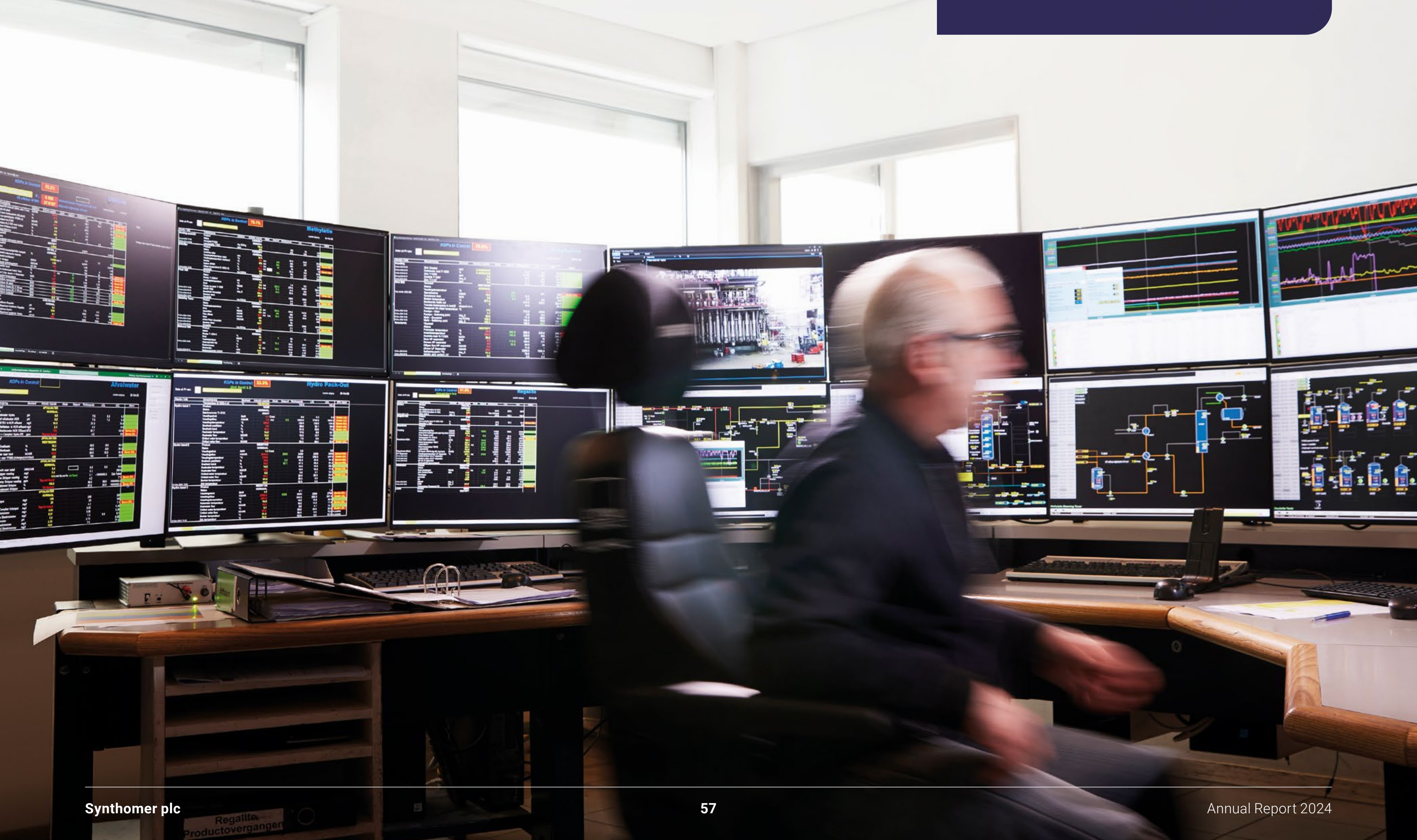
Key to strategy icons (our strategy is described on page 3)

- Organic growth in attractive end markets
- Rigorous and consistent portfolio management to build focused, leading positions
- Operational and commercial excellence in how we run our business
- Differentiated steering in how we allocate capital and talent
- Diversity, equity and inclusion, and holistic people development
- Critical enabler

Improving

Our reliability and performance improvement programmes contributed to £26m in 'self-help' benefits in 2024.

Non-financial and other disclosures



Climate Action report

Climate change with its associated environmental and socioeconomic impacts presents both ongoing and potential risks throughout our supply chains and operations, and for our customers and end markets. But, as a speciality chemicals business, it also brings opportunities for Synthomer.

This section provides information pertaining to climate-related financial disclosure requirements following the framework of recommendations set out by the Task Force on Climate-Related Disclosures.

We have been working on these risks and opportunities for many years. We remain committed to taking action and supporting policies aligned with the goals of the 2015 Paris Climate Agreement to limit the rise in global temperatures to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5°C.

In 2021 and 2022, we conducted our deep-dive scenario analysis work into the potential risks and opportunities presented by three different scenarios – average global temperature rises of 1.5°C (RCP1.9/SSP1), 2°C (RCP2.6/SSP2) and 3°C (RCP8.5/SSP3) above pre-industrial levels.

The three scenarios addressed three time horizons (short term to 2025, medium term to 2030 and long term 2030 to 2050) and covered all three of our key chemistries (acrylic emulsions, synthetic elastomer emulsions and hydrocarbon resins) in our three main regions (Europe, Asia, USA) covering more than 50% of our products by volume.

Through our scenario analysis, we identified five primary responses to reduce the risks and take advantage of the opportunities related to climate change. These responses highlighted the need for us to take tangible action now, whichever climate scenario ultimately plays out.

A summary of the priority responses and our actions to date is contained in the table below, supported by information throughout this Annual Report, and in the 'Climate action' insight paper and ESG Performance Summary published on our **website**.

In 2024, we engaged a climate analytics firm to build on our initial scenario analysis. They are helping us revise and expand our climate risk assessment and scenario analysis to cover all Synthomer operations to support disclosure requirements and further develop our strategic understanding of climate risk and its financial impacts for our business. This work will be completed in 2025.

TCFD recommendation	Our disclosure	Supplementary/complementary information	
Governance			
a Describe the Board's oversight of climate-related risks and opportunities.	• The Board is responsible for the overall oversight of strategic risk management, including climate-related risks and opportunities. • The Board reviews our risk profile twice a year. The material is prepared by the Executive Risk Committee (ERC), which reports to the Audit Committee. • The Audit Committee ensures that the Board's risk management is effective. Climate-related risks are part of the agenda. • Any large capex, M&A and business plan proposals, including sustainability projects, are approved by the Board – climate change (and carbon tax) are considered as factors when assessing these plans. • The Board engages quarterly with the Vice President, ESG to review the risks and opportunities in relation to Synthomer's ability to drive strategic value through ESG (including climate change).	How we manage risk: pages 45 to 48 Our governance framework: page 75 The Board's year: pages 65 to 68 Audit Committee report: pages 87 to 94	F

Consistency with TCFD recommendations

F Fully consistent   P Partially consistent

TCFD recommendation	Our disclosure	Supplementary/complementary information
Governance continued		
b Describe management's role in assessing and managing climate-related risks and opportunities.	• The ERC is chaired by the CFO and includes all members of the Executive Committee and key functional vice presidents (including VP, ESG). It meets twice-yearly to identify, assess and manage the risks and opportunities for Group strategy (including those related to climate change). • The Executive Sustainability Steering Committee is chaired by the CEO and includes all members of the Executive Committee and key functional vice presidents (including VP, ESG). It meets quarterly and its role includes ensuring that our plans for climate change are aligned across Synthomer, are properly resourced and coordinated, and that our climate-related metrics and targets are managed effectively. • An Executive Committee member has been assigned as sponsor for our climate transition action plan including the delivery of our science-based Scope 1 and 2 targets, and Scope 3 targets. Each sponsor is responsible for ensuring we have the right plans in place to deliver within the 2030 timeframe. • The divisional presidents each undertake quarterly innovation portfolio assessments to assess and prioritise product development, including for lower-carbon products.	Sustainability in focus: pages 26 to 31 How we manage risk: pages 45 to 48 Innovation in focus: pages 34 to 35 F
Strategy		
a Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	The following are the risks and opportunities identified by our deep-dive scenario analysis: • Risks **Transition risks** include potential carbon taxes related to our raw materials and own operations, as well as energy price risk (see page 54). In addition, in the medium term, we also expect to see increasing market and environmental policy changes drive the need for a transition in our future product portfolio, requiring greater low-carbon product innovation. Failure to deliver Scope 1 and 2, and Scope 3 GHG emissions reduction by 2030 in line with our science-based target could give rise to reputational risk. **Physical risks** were experienced on two occasions in September 2024. Hurricane Helene affected our Roebuck and Chester sites and communities in South Carolina, USA, while Storm Boris affected the region surrounding our Pischelsdorf site in Austria. All sites successfully implemented their emergency plans and no material impacts resulted. We have identified potential water-related risks at three of our tier 1 manufacturing sites. In the medium term, the pattern of increasing global average temperatures and the frequency of extreme weather events could affect our plants' ability to operate efficiently and could give rise to supplier disruption. • Opportunities **Growth in demand for products and services** that will service a low-carbon or circular economy in various markets and regions. In the short term, we have had increased positive engagement with key customers regarding the potential for low-carbon products. The enabling environment is still maturing, but in the medium term, we expect new business models, regulatory frameworks and end-market requirements to drive increased demand for such products and services. **Cost savings and market growth** through the early adoption of low-carbon technologies, for example using renewable energy or switching to lower-carbon and renewable raw materials, although this depends on the speed at which such technologies or materials become cost effective and widely available. **Competitive advantage from our network of sites across the world.** Since we can service customers from a variety of manufacturing sites, our network makes us a more reliable supplier, meaning we are more resilient to physical operational risks. **Our strategic direction towards a more speciality portfolio** where sustainability benefits including lower carbon are integrated into our innovation pipeline and support the customer proposition.	How we manage risk: pages 45 to 48 Sustainability in focus: pages 26 to 31 Climate action insight paper at **Synthomer.com** F

TCFD recommendation	Our disclosure	Supplementary/complementary information
Strategy continued		
b Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	• In the short term (to 2025), around three quarters of any potential financial impact of the risks from climate change for our business will come from transitioning to a low-carbon, circular economy (mainly higher costs), with around a quarter coming from physical risks (more extreme weather events affecting our or our suppliers' operations) under a 1.5°C temperature rise scenario. • Under this scenario, we also see the greatest potential opportunity for growth in demand from our customers and their consumers, for those products that offer lower-carbon or circularity benefits. • Looking beyond 2025, our scenario analyses indicated that transitioning to a low-carbon economy would remain our most significant potential climate-related financial risk; by 2030 and 2050 the relative weighting of transition risks compared to physical risks will become higher (approximately 90:10 vs approximately 75:25 in 2025). • Indirect emissions from our value chain (Scope 3) make up approximately 85% of our total carbon footprint, of which category 1 (purchased goods and services) accounts for more than 85%. Our transition planning is therefore focused on reducing our value-chain GHG emissions. • A new project started in 2024 to further incorporate climate change risks and opportunities into the business planning processes, with the objective of improving our forecasting of the potential financial impacts related to our net-zero transition plan. • In 2025 we will conduct further scenario analysis and financial analysis to fully address this recommendation.	Sustainability in focus: pages 26 to 31 P
c Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	• The SBTi's Target Validation Team has determined our Scope 1 and 2 target ambition is in line with a 1.5°C trajectory, while our Scope 3 target ambition is in line with a <2°C trajectory. • We perform sensitivity analysis for our Scope 1 and 2, and Scope 3 GHG emissions taking account of each division's strategic business plans to inform and assess the resilience of our business planning. • Our overall climate resilience is intrinsically linked to our ability to commercialise lower-carbon raw materials, manufacturing and products through our corporate strategy. • Through our scenario analysis we identified five primary strategic responses, whichever climate scenario ultimately plays out. The five responses have already been incorporated into Synthomer's strategic planning and our Vision 2030 goals. • Our five responses (in order of priority) and the work conducted in 2024 are: 1. **Work with selected suppliers:** we have begun to engage suppliers of our key raw materials to identify options to source the lowest-carbon monomers from existing feedstocks. This is where we have the potential to make the most immediate impact on our Scope 3 emissions. Our models suggest our planned activity in 2025 will reduce our Scope 3 emissions by 2%. In the medium term, we are also working to identify and introduce alternative feedstocks, including those from bio-based or circular sources where they offer a lower-carbon solution, although we may have to consider trade-offs with other environmental factors, such as land use change. 2. **Reduce our Scope 1 emissions:** we have already taken significant action by ending the use of coal in our manufacturing sites. In the short term, we are continuing to decarbonise our operations through process optimisation as part of our manufacturing excellence programme. In the medium term, our five-year capital plan has active projects focused on electrification, heat pumps and solar power. And for the long term, we are involved in a feasibility project for the use of green hydrogen at one of our key European sites. 3. **Reduce our Scope 2 emissions:** 80% of our purchased electricity already comes from renewable sources and we will continue to reduce and optimise electricity and heat consumption in the short and medium term. We continue to monitor the developing area of renewable energy contracting. 4. **Innovate to decarbonise our products:** we are continuing to create and respond to demand from our customers for more sustainable products. In 2024, we revised our product sustainability scorecard to support the further prioritisation of lower-carbon product development for commercialisation in the medium term. 5. **Enhance our physical resilience:** using the World Resources Institute (WRI) Aqueduct tools, we have assessed the water-related risks at our own operations. We are now implementing improvement plans for the three sites identified as being at high risk to ensure business continuity and regulatory compliance in the medium term.	CEO review: pages 7 to 9 Innovation in focus: pages 34 to 35 Sustainability in focus: pages 26 to 31 P

TCFD recommendation	Our disclosure	Supplementary/complementary information
Risk management		
a Describe the Company's processes for identifying and assessing climate-related risks.	• In 2020 and 2021, we conducted deep-dive scenario analysis to identify our risks and opportunities. This work will be revised and expanded in 2025. • We address climate-related risk identification and assessment continuously as an integrated part of our risk management activities. • Additionally, our sustainability materiality assessment (which includes stakeholder engagement) was revised in 2024. This is key to our business continuity and selection of most material sustainability topics.	Sustainability in focus: pages 26 to 31 How we manage risk: pages 44 to 48 How the Board engages: pages 76 to 81 F
b Describe the Company's processes for managing climate-related risks.	• We address the management of the actions to mitigate climate-related risk as an integrated part of our risk management activities and through the activities of the Executive Sustainability Steering Committee and Sustainability Development team.	Sustainability in focus: pages 26 to 31 How we manage risk: pages 44 to 48 F
c Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management.	• Climate-related risk management forms an integrated part of Synthomer's ongoing risk management work. Significant risks are addressed in alignment with the Enterprise Risk Management structure, where the Board of Directors oversees the effectiveness of risk management in Synthomer.	How we manage risk: pages 44 to 48 F
Metrics and targets		
a Disclose the metrics used by the Company to assess climate-related risks and opportunities in line with its strategy and risk management processes.	• We report on environmental targets and KPIs in our Annual Report, ESG Performance Summary and ESG Datapack. • Relevant climate metrics used include energy consumption (by type), leading (internal use only) and lagging absolute and specific GHG emissions (Scope 1 and 2, and Scope 3), % Scope 1 emissions operating under carbon tax regulations, % capex for climate-related projects, number of sites in areas of high water risk, volume of water use and consumption, % revenue from sites in areas of extremely high water risk, % new products with enhanced sustainability benefits, % procurement spend with a sustainability rating.	Sustainability in focus: pages 26 to 31 Our Vision 2030 progress: pages 41 to 43 Environmental performance summary: pages 191 to 194 **ESG Datapack** F
b Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas (GHG) emissions, and the related risks.	• We report intensity and absolute GHG emissions on Scope 1, 2 and 3 in our Annual Report. • We report on Scope 1, 2 and 3 according to the Greenhouse Gas (GHG) Protocol and our data reporting is subject to a limited assurance statement by an independent auditor independent verification at a limited assurance level to ISAE3000.	Sustainability in focus: pages 26 to 31 Environmental performance summary: pages 191 to 194 F
c Describe the targets used by the Company to manage climate-related risks and opportunities and performance against targets.	• We have set validated science-based targets for Scope 1 and 2, and Scope 3 GHG emissions. • The Remuneration Committee set the Scope 1 and 2 targets for inclusion in the Long-Term Incentive Performance Share Plan (PSP) – see page 112.	Sustainability in focus: pages 26 to 31 Directors' remuneration report: pages 98 to 116 F

Viability statement

In accordance with the requirements of the UK Corporate Governance Code, the Directors have assessed the viability of the Group over a five-year period to December 2029, being the period covered by the Group's approved strategic plan. This plan is updated annually, in a process led by the Executive Committee with input from the respective businesses and functions. It includes analysis of product and profit performance, cash flow, investment programmes and returns to shareholders. The plan is presented to the Board each year as a part of its annual strategic review.

The Directors consider this period to be an appropriate time horizon for the strategic plan, being the period over which the Group actively focuses on its long-term product development and capital expenditure investments. A period beyond December 2029 is considered by the Directors to be too long, given the uncertainties that exist beyond this time frame.

In making their assessment, the Directors have considered the diverse activities and product offering of the Group in terms of geographies, chemistry and end markets. The Directors have also considered the Group's current financial position, including the recently refinanced and future committed financing facilities, which have been assumed to be refinanced at maturity as required.

A sensitivity analysis has been undertaken, focusing on the impact of the principal risks (detailed above on pages 49 to 56) over the five-year period, and the availability and likely effectiveness of mitigating actions. The risks have been assessed for their potential impact on the Group's business model, future trading and funding structure. The sensitivity analysis has considered a number of severe but plausible scenarios, linked to the risks considered to have the most significant financial impact. In all cases, the impact was considered on both liquidity and the borrowing covenant.

The scenarios included:

- Trading downturns as a result of increased competition or lack of demand
- Delayed re-stocking and economic recovery in end markets
- Failure to successfully commercialise new products and benefit from innovation, leading to lower sales volumes
- Price inflation for the Group's key raw materials andenergy
- Failure to deliver on transformation programmes
- Significant foreign exchange rate appreciation against sterling.

Various mitigating actions have been identified so that, should any of these scenarios crystallise, the Group could take action quickly to significantly reduce costs and cash outflows, as demonstrated during the course of the COVID-19 pandemic in 2020. While this sensitivity analysis did not consider all the risks that the Group may face, the Directors consider that it is reasonable in the circumstances of the inherent uncertainty involved.

None of these scenarios individually, or when combined, threaten the Group or its ability to take appropriate mitigations to address them, and the combined impact of these scenarios has been evaluated as the most severe stress scenario.

Directors also considered the possible impact of climate change on future cash flows, in particular carbon pricing. In the event of global coordination of carbon pricing, the Directors consider it likely that the Group would be able to pass such costs on to our customers if material. The sensitivity analysis has therefore not been amended to include reduced profits from carbon pricing.

Based on the analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

Section 172(1) statement and stakeholder engagement

We value our engagement with all our stakeholders, including our key stakeholders: customers, employees, communities, suppliers, investors, and governments and authorities. Our s.172 compliance statement, which is on pages 76 to 81, describes how the Directors have had regard to stakeholders' interests and other matters when discharging Directors' duties set out in Section 172 of the Companies Act 2006. It includes examples of how stakeholders' interests were considered during principal decisions taken as part of the year.

Non-financial and sustainability information statement

The table below summarises where key elements of our governance reporting (including non-financial matters as required by the Non-Financial Reporting Directive) can be found, some of which are integrated into other sections of our Annual Report. This year, we have also expanded our reporting on ESG matters through our Sustainability insights, available at Synthomer.com

Reporting requirement	Relevant policies and standards that govern our approach	Where to read more in this report	Where to read more on our website
Environmental matters	Code of Conduct Environmental Policy Water Management Policy Sustainable Procurement Policy and Strategy Task Force on Climate-related Financial Disclosures (TCFD) Recommendations	Sustainability in focus, pages 26 to 31 People in focus, pages 36 to 40 Our Vision 2030 progress, pages 41 to 43 Climate Action report, pages 58 to 61 How we manage risk: pages 44 to 48 The Board's year, pages 65 to 68	**Environment insight paper** **Governance insight paper** **Group Policies**
Employees	Our values Code of Conduct Health & Safety Policy	People in focus, pages 36 to 40 Our Vision 2030 progress, pages 41 to 43 How the Board engages (s.172 compliance), pages 76 to 81 The Board's year, pages 65 to 68	**Social insight paper** **Governance insight paper** **Group Policies**
Social matters	Responsible Care Guiding Principles Synthomer Cares	Our business model, page 2 People in focus, pages 36 to 40 Our Vision 2030 progress, pages 41 to 43	**Social insight paper** **Group Policies**
Respect for human rights	Code of Conduct Modern Slavery Act Statement Conflict Minerals Policy Statement Sustainable Procurement Policy and Strategy	Sustainability in focus, pages 26 to 31 People in focus, pages 36 to 40 Our Vision 2030 progress, pages 41 to 43	**Social insight paper** **Governance insight paper** **Group Policies**
Anti-corruption and anti-bribery	Code of Conduct Ethics Helpline Our values	Compliance risks, page 55	**Governance insight paper** **Group Policies**
Our business model		Our business model, page 2 Our strategy, page 3	
Principal risks and uncertainties	Risk Management Framework	How we manage risk: pages 44 to 48	
Non-financial KPIs		Our key performance indicators, page 11 Our Vision 2030 progress, pages 41 to 43	**ESG Datapack**

Governance report

Strengthening

Our Board has continued its work to oversee and challenge the delivery of Synthomer's strategy.

The Chair's introduction

“ Robust, transparent governance is critical for any business, and even more so for a company such as Synthomer, which is delivering a transformation programme that will make it stronger and more focused, while navigating challenging market conditions.”

On behalf of the Board, I am pleased to share our Governance report for 2024.

Since joining the Board as an Independent Non-Executive Director and Chair designate with effect from 1 September 2024, and succeeding Caroline Johnstone as Chair on 1 January 2025, I have been impressed by the dedication and commitment shown by everyone at Synthomer to transforming our business and creating a platform for value creation.

Robust, transparent governance is critical for any business, and even more so for a company such as Synthomer, which is delivering a transformation programme that will make it stronger and more focused, while navigating challenging market conditions. Overseeing and scrutinising our strategy are key responsibilities of the Board, and this was reflected in the Board's active programme throughout the year, described in the following pages. At the same time, we know that the Company's success relies on the support of our stakeholders, and examples of the Board's stakeholder engagement can be found here, as well as in the Strategic report. On a personal note, I have already had the pleasure of meeting a number of our stakeholders within and beyond the business – I thank them for their support for Synthomer, and look forward to engaging with them further in the future.

Peter Hill, CBE
Chair

The Board's year

This has been another year of significant progress in our multi-year evolution to become a more focused and truly global speciality chemicals business.

Since 2022 the Board has spent the majority of its time focused on supporting and challenging the Executive Committee in setting our strategy and strengthening the balance sheet. In line with these objectives, this year the Board continued to oversee Synthomer's strategic transformation towards becoming a higher-returning and more resilient company. At the same time, the Board turned more of its attention to the longer-term outlook, reviewing the trends, opportunities and risks for our business.

Taking a longer-term view

The Board participated in two ‘horizon-scanning' sessions facilitated by outside experts to help guide our thinking. The first focused on key global geopolitical challenges, such as the increasing reliance of the world's manufacturing economy on Chinese economic vitality set against the growing regionalisation of value chains. In the second, the Board engaged with a chemicals expert who outlined key megatrends, including the impact of artificial intelligence and the way end customers' growing sustainability agenda is redefining our industry.

Both sessions led to a rich discussion among Board members and confirmation that we have the right overall strategy to take advantage of the opportunities ahead. The Board also agreed that innovation and sustainability remain key to that strategy, and that we must continue to sharpen our focus on both across all our divisions. The Board recognises that there will be challenges along the way, including the need to create real value differentiation to succeed in our chosen end markets.

Reviewing and refining our portfolio

The Board has continued to support the Executive Committee's work to actively manage our portfolio to increase focus and concentrate our resources on the highest-returning opportunities. So, while we completed the divestment of our latex compounding operations to Matco NV in May 2024, the Board also agreed with the Executive Committee's decision to put another divestment on hold until market conditions improve. The Board regularly reviews progress in the non-core programme, including the three divestment processes currently underway, as well as initial plans to manage any stranded costs associated with them. The Board also debated and endorsed the Executive Committee's decision to recategorise the speciality vinyl polymers business as 'core' to our strategy, after its business team presented a new business plan.

Continued focus on our balance sheet and capital allocation

The decisive actions we took to address our balance sheet in 2023, including our rights issue, significantly strengthened Synthomer, reducing net debt by half during that year. Reducing leverage towards our 1 to 2x target range in the medium term remains a key priority for the Board and Executive Committee, although we recognise that the pace of this will be somewhat determined by the timing of demand recovery in our end markets. Ongoing work to rationalise our portfolio will help us do this, but only at an appropriate price and without diluting value. While we envisage reinstating dividends – and/or other types of shareholder return – when appropriate, they will remain suspended at least until the Group's leverage is reduced below 3x net debt to EBITDA.

The Board also spent time this year considering funding options, including approving and overseeing the timing and amount of refinancing Synthomer's bonds. The Board endorsed the decision to tender in April 2024 for €370m of our bonds due in 2025, reducing gross debt and extending maturities by issuing €350m of bonds due in 2029.

Alongside this work, the Board recognises that Synthomer's strategy depends on relentlessly allocating capital and other resources towards optimum value creation. This has been an important focus in 2024.

Ongoing macroeconomic challenges and subdued market activity have continued to affect our business, but they have also encouraged us to think more creatively. This year, for example, the Board approved a multi-year, zero-capital technology partnership that leverages our Health & Protection intellectual property, technology and manufacturing expertise for the onshore US nitrile latex market (see page 25). This is a good example of the way that Synthomer can draw on the deep expertise across our business to develop new relationships without significant capital investment. We expect to see Synthomer develop more of these partnerships in future.

The Board also approved the Group's overall capital expenditure plan, which seeks to balance opportunities for growth within the constraints of the current market environment while, of course, continuing to prioritise the safety of our people. The Board strongly endorses the management team's focus on prioritising capital expenditure on speciality businesses in attractive growth geographies with rapid paybacks, as well as actions – such as the closure of the Fitchburg (USA) site – to optimise our site footprint and capital allocation.

Overseeing performance management in our divisions and functions

Divisional performance has remained another key focus for the Board this year. As well as annual strategic reviews for each division, the Board received detailed updates on our AS division at every meeting throughout 2024. The division's performance and reliability have significantly improved in the past 12 months (see page 23), and we expect the cadence of those updates to become more aligned with our other divisions in the coming year.

The Board also received periodic updates on key projects managed by the functional teams. For example, in 2024 the Board was given a detailed review of the successful throughput enhancement project at our Le Havre site (see page 33), and considered with the management team ways in which the insights and expertise gained from this project could be deployed most effectively to the rest of the organisation.

Driving innovation and sustainability in everything we do

One of the ways that Synthomer can sharpen its focus is through our new Innovation Taskforce. A result of the sustainability working group that the Board set up in 2023, the taskforce is chaired by our Non-Executive Director Roberto Gualdoni, and includes other Non-Executive Directors, members of our Executive Committee, some of our Group and divisional innovation leaders and our VP of ESG. Like the original working group, the taskforce reports directly to the Board and has already taken important steps to ensure we have the right capabilities and processes in place to strengthen the value of our innovation pipeline. That includes a particular focus on ensuring we develop products with the sustainable benefits our customers are looking for.

» See page 35 for more on the work our Innovation Taskforce has done this year.

Given its importance to our strategy, the Board continues to directly oversee Synthomer's overall sustainability work, which includes receiving quarterly updates from our VP, ESG. This year, the Board discussed the draft Climate Action Transition Plan and preparations to implement the requirements of the Corporate Sustainability Reporting Directive (CSRD), and also participated in a detailed session on water use at our sites. The Board is also kept regularly appraised of key investment projects designed to support our customers' sustainability agendas, from certification of key sites to offer products based on more sustainable feedstocks, to our downstream customers using the mass balance approach to track materials through the supply chain.

It is clear to the Board that sustainability remains an important macrotrend for our direct customers and the end users of our products, as well as a significant regulatory trend. Since setting out our strategy in 2022, sustainability considerations have become part of Synthomer's day-to-day business planning – informing every discussion, from capital expenditure to succession planning.

A firm commitment to health and safety

In times of change or when markets are challenging it is particularly important to stay focused on our core values, including our commitment to the health and safety of our people. This remains the first item of business at every Board meeting, and the Board takes its responsibility for overseeing Synthomer's safety culture very seriously.

The Board was pleased to note, that Synthomer achieved another historic low in its recordable injury case rate. This is testament to our people and their care for one another.

Our process safety event rate includes considerable variation between divisions and reflects the mix of chemistries and facilities we now have in our portfolio. There is still work to do at our most recently acquired sites to accelerate their improvement. Our discussions continue to be informed by regular, detailed reports from our SHE team on near misses – a leading indicator of the strength of a company's safety culture. These reports provide invaluable information that help the Board ask more informed questions and understand the root-cause analysis that the SHE team carries out when incidents or near misses occur. This year, the Board participated in a deep-dive session on near misses associated with 'runaway' exo-thermic reactions, and 'loss of containment' in which a fluid leaks or escapes its designated container. Both are areas where root-cause analysis has identified opportunities to strengthen the barriers that we have in place to prevent these incidents.

Diversity and inclusion: a continuing priority

While our success has always relied on our talented people, sharpening our focus on innovation and sustainability will require even greater levels of creativity and also representation of both our direct and end customers. One of the best ways to do that is to support and encourage diversity and inclusion in all its forms. This important topic is one of Synthomer's five strategic pillars, with our gender diversity target an integral part of our Vision 2030 roadmap.

The Board has supported a range of actions in this area, both indirectly through challenging the management team and on a more direct, personal level. For example, a number of Executive and Non-Executive Directors participated in a Group-wide panel on women in leadership in September 2024, and in January 2024 the Company signed up to the UN's Women's Empowerment Principles. We recognise that significant change takes time, particularly in a manufacturing business in an historically male-dominated industry, so we will continue to focus on this area.

Renewing the Board

As outlined on pages 95 to 97, our Nomination Committee has devoted considerable time to Board changes this year, including the appointment of Peter Hill, CBE as an Independent Non-Executive Director and Chair designate with effect from 1 September 2024, succeeding Caroline Johnstone as Chair of the Board on 1 January 2025. We welcomed Uwe Halder as a Non-Independent Non-Executive Director in September 2024, while in July 2024, The Hon. Alexander Catto advised the Board that he intends to step down as a Director by our next AGM in May 2025 and in March 2025 our Senior Independent Director, Ian Tyler advised his intention to stand down from the Board in the second half of 2025, with an actual leaving date to be agreed and announced in due course. During these changes, the Board has continued to receive updates from the Nomination Committee on its work to ensure we have the right mix of skills and experience on our Board.

» We provide more detail on these changes and on Board-level diversity in our Nomination Committee report on page 95.

Hearing from our stakeholders

Understanding what our stakeholders think and expect of Synthomer remains an important consideration in our decision making. We provide more detail on how the Board has engaged with different stakeholder groups in our section 172 statement on pages 76 to 81, but key events include:

- A full Board visit to multiple manufacturing and other key sites in the USA in June 2024. The visits focused on efforts to broaden our product range while enhancing the overall efficiency of our extensive manufacturing footprint in North America
- New quarterly updates on the Group's people priorities
- Reviewing and discussing the results of our 2024 Your Voice employee engagement survey, which highlighted a significant improvement in overall engagement since the last survey in 2021 – despite the significant challenges faced by the Company and the wider sector – and a number of opportunities to strengthen our offering to employees
- Our Board-level Employee Voice engagement initiative gives Board members the opportunity to actively engage with our people. This year, Board members held 11 face-to-face and virtual meetings across Asia, Europe and the USA
- A 'show and tell' presentation from graduates participating in our popular graduate development programme. The event was a chance for the graduates to talk directly to Board members and share their experiences of the programme. In turn, the session helped the Board understand the important role the programme plays in supporting home-grown talent development, skills growth and succession planning
- Engagement with shareholders on our remuneration policy. These were productive, wide-ranging discussions during which shareholders indicated their support for our management team and strategy and their recognition of the difficult market conditions we face. We provide more detail on these conversations on pages 98 to 100.

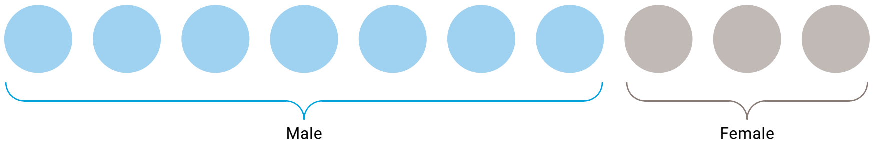
» Read more about how the Board engages with stakeholders on pages 76 to 81.

Delivery in 2024 against key recommendations from 2023 external Board performance review

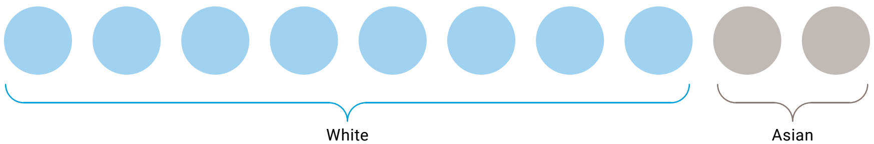
Recommendation	Action
Horizon-scanning workshop should verify opportunities as well as threats.	Two 'horizon-scanning' sessions conducted in 2024 – one focused on geopolitics, and the other on key megatrends. The sessions were facilitated by outside experts and considered both opportunities and threats.
Refine how the Board will assess progress in each pillar of the strategy and around end-market orientation, sustainability, innovation, strong geographic presence, reduced complexity and robust financial performance (KPIs).	Reviewed all Board reporting to ensure alignment with key strategic objectives.
Consider each division's and function's ability to innovate and manage capacity in line with market trends and future strategic needs.	Established the Innovation Taskforce to consider our approach to and governance of innovation and sustainability.
Review recent change management across the business for lessons learnt: timely delivery, cost management, benefits realisation.	Addressed at each regular SynEx Board update through 2024, along with how benefits are tracked, reported and traced to results, including cost savings.
Regularly review the people agenda to assess implementation of the four strategic employee priorities.	Quarterly people update to Board to address progress on four strategic employee priorities and on employee engagement.

The Board at a glance

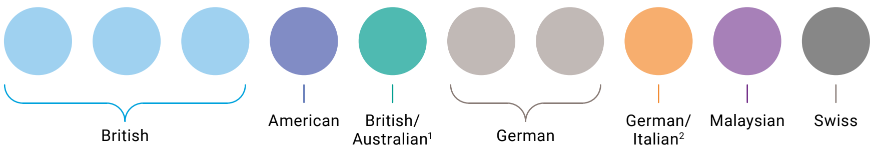
Gender diversity



Ethnic diversity



Nationality

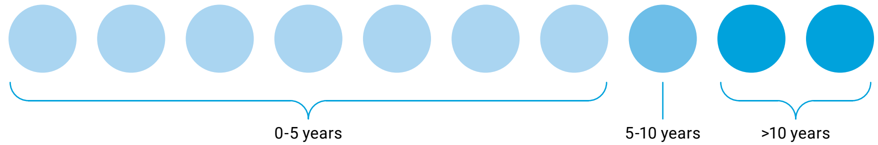


Board and Committee meeting attendance

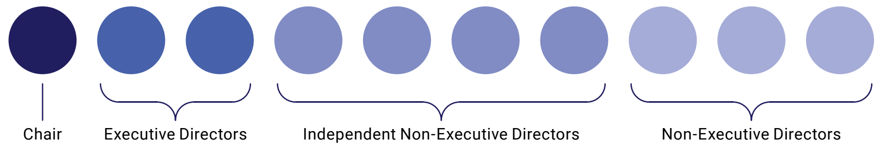
	Board	Audit	Remuneration	Nomination	Disclosure
Peter Hill, CBE[3]	2/2			1/1	
Michael Willome	9/9	4/4	4/4	6/6	8/8
Lily Liu	9/9	4/4	4/4	6/6	8/8
Alexander Catto	8/9			5/6	
Martina Flöel	8/9	3/4	3/4	5/6	
Roberto Gualdoni	8/9	4/4	4/4	5/6	
Uwe Halder[4]	2/2			1/1	
Lee Hau Hian	9/9			6/6	
Ian Tyler	9/9	4/4	4/4	6/6	8/8
Holly Van Deursen	9/9	4/4	4/4	6/6	

1 Lily Liu holds dual British and Australian citizenship.
2 Roberto Gualdoni holds dual German and Italian citizenship.
3 Peter Hill, CBE joined as an Independent Non-Executive Director in September 2024 and became Chair on 1 January 2025.
4 Uwe Halder joined in September 2024.

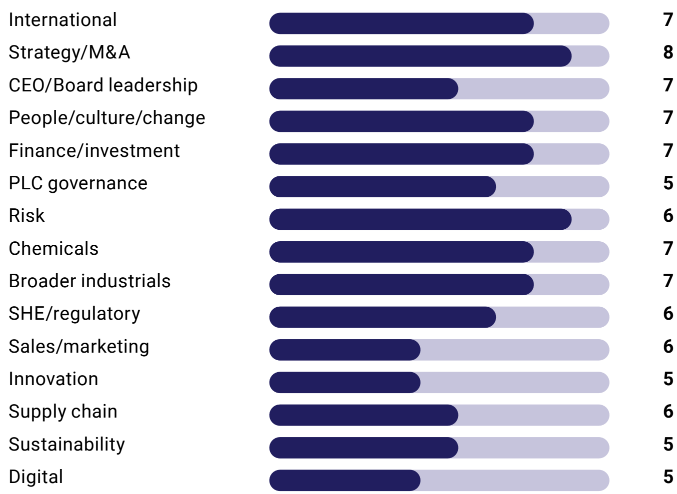
Board tenure



Board composition



Individual Directors' skills



We asked our 10 Directors to rate themselves on each of 28 skills. For simplicity, we grouped those skills into the 15 categories above. For each category, we added up the rating points and divided the result by the total possible points available for that category to represent an approximate number of Directors with skills in that category.

Our Board of Directors

Peter Hill, CBE
Chair

Nationality British
Appointed to the Board September 2024; appointed Chair from 1 January 2025
Key expertise International, strategy/M&A, people/culture/change, PLC governance, risk, chemicals, broader industrials

Background
Peter has strong public company governance and international manufacturing experience in a range of industries. He was previously chair of Keller Group plc, Petra Diamonds Limited, Volution Group plc, Imagination Technologies plc and the speciality chemicals company Alent plc. Peter was chief executive officer of Laird plc from 2002 to late 2011, and previously held senior roles at BTR plc, Invensys plc and Costain Group plc.

External appointments
Non-executive chair of The Nuclear Decommissioning Authority, a UK Government arm's-length body sponsored by the Department for Energy Security and Net Zero

N D

Michael Willome
Chief Executive Officer

Nationality Swiss
Appointed to the Board November 2021
Key expertise International, strategy/M&A, people/culture/change, PLC governance, chemicals, sales/marketing

Background
Michael has a track record of driving performance through strong operational management and strategic actions, including M&A. He was previously CEO of Conzzeta AG (now Bystronic AG) in Zurich, and spent 18 years with Clariant AG, leading its global industrial and consumer specialities division. Before that, he held leadership roles in Asia-Pacific, based in Hong Kong, and in Canada and Türkiye.

External appointments
Non-executive director of Glaston Oyj (Nasdaq Helsinki), sits on subsidiary boards of the Indutrade Group

D

Lily Liu
Chief Financial Officer

Nationality British, Australian
Appointed to the Board July 2022
Key expertise International, strategy/M&A, finance/investment, PLC governance, risk, broader industrials

Background
Lily is a highly experienced CFO. She has worked in the manufacturing and engineering sectors for more than 20 years, and joined Synthomer from Essentra plc, a FTSE 250 components and solutions business, where she was CFO. Lily was previously CFO at Xaar plc, a UK-listed inkjet technology developer, and Smiths Detection business, a division of Smiths Group plc.

External appointments
Non-executive director and member of the audit committee of DCC plc

D

The Hon. Alexander G Catto
Non-Executive Director

Nationality British
Appointed to the Board 1981
Key expertise Strategy/M&A, people/culture/change, PLC governance, broader industrials

Background
Alexander was a director of investment banks Morgan Grenfell & Co and then Lazard Brothers & Co. He now manages a private investment company and his family's grant-giving charity and other interests. Alexander is Synthomer's designated Non-Executive Director to lead workforce engagement.

Alexander will step down from the Board at the AGM in May 2025.

External appointments
Managing director of CairnSea Investments Limited, a private investment company

N

Martina Flöel
Independent Non-Executive Director

Nationality German
Appointed to the Board September 2023
Key expertise Strategy/M&A, people/culture/change, risk, chemicals, SHE/regulatory, innovation

Background
Martina has considerable executive experience in the chemicals industry, leading what became OXEA GmbH between 2003 and 2016. Before this, she held a number of senior roles at Celanese AG and its predecessor Hoechst AG, focusing on strategy, operations and capital investment, human resources, and innovation and technology. Martina began her career as a research chemist and holds a PhD in chemistry.

External appointments
Non-executive director of Sasol Limited since 2018, and of Neste Oyj from 2017 to 2023

A R N

Roberto Gualdoni
Independent Non-Executive Director

Nationality German, Italian
Appointed to the Board July 2021
Key expertise CEO/Board leadership, finance/investment, risk, chemicals, sales/marketing, supply chain

Background
Roberto has more than 35 years' chemicals sector experience in both commodity and speciality segments, mostly at BASF SE. There he held senior operational roles covering international sales, marketing and procurement and served on a number of joint-venture boards. He was chief executive of Styrolution for three years until 2014, before its joint venture with BASF.

External appointments
Chair of CABB Group GmbH, member of the boards of AeroSafe Global and Clariant AG

A R N

Uwe Halder
Non-Executive Director

Nationality German
Appointed to the Board September 2024
Key expertise International, people/culture/change, risk, chemicals, SHE/regulatory, innovation

Background
Uwe's entire career has been in the global chemicals industry. He worked in the USA at BASF and as president of DyStar USA, and in Europe at CHT/BEZEMA and Archroma before joining a business acquired by KLK OLEO, part of the global oleochemical and manufacturing division of Kuala Lumpur Kepong Bhd (KLK).

External appointments
Chief executive officer of KLK OLEO Europe, a subsidiary of Synthomer's largest shareholder KLK

Dato' Lee Hau Hian
Non-Executive Director

Nationality Malaysian
Appointed to the Board 2002 as a Non-Executive Director; first joined the Board in 1993 and stood down in 2000 to become an Alternate Director
Key expertise Strategy/M&A, CEO/Board leadership, broader industrials, SHE/regulatory

Background
Hau Hian has experience in organisational transformations, acquisitions, chemicals and manufacturing operations and sustainability matters.

External appointments
Non-executive director of Kuala Lumpur Kepong Bhd (KLK), which is Synthomer's largest shareholder; managing director of Batu Kawan Bhd, a listed Malaysian investment holding company, which is a 47% shareholder of KLK

N

Ian Tyler
Senior Independent Director

Nationality British
Appointed to the Board June 2022
Key expertise CEO/Board leadership, finance/investment, PLC governance, risk, SHE/regulatory

Background
Ian has extensive board experience as a former chief executive and as a non-executive for several international industrial organisations. His senior executive career was at Balfour Beatty plc, a global infrastructure business, which he joined as finance director in 1996 and where he served as chief executive from 2005 to 2013.

External appointments
Non-executive director and chair of Grafton Group plc, Non-executive director and chair of the remuneration committee of Anglo American plc, non-executive director and chair of private companies BMT Group Ltd and Affinity Water Limited

A R N D

Holly A Van Deursen

Independent Non-Executive Director

Nationality American
Appointed to the Board September 2018
Key expertise International, people/culture/change, risk, chemicals, SHE/regulatory, innovation

Background

Until 2005, Holly was group vice president, petrochemicals at BP plc. She has worked in the global chemicals industry for more than 25 years and held senior positions across North America, Europe and Asia. Since 2016, Holly has held non-executive director roles for global companies headquartered in the USA and spent 12 years on the board of a Norwegian-listed company.

External appointments

Non-executive director and chair of the talent, culture and compensation committee of Kimball Electronics Inc, non-executive director of Albermarle Corporation

A R N

Anant Prakash

General Counsel and Company Secretary

Nationality British
Appointed December 2022

Background

Anant joined Synthomer having spent five years at defence and security company Ultra Electronics Group plc, latterly as general counsel, Europe and Asia Pacific. Before moving into industry, he worked at international law firm Slaughter and May, where he developed a broad corporate, commercial and M&A practice, including experience working in Hong Kong and Spain.

External appointments

Non-executive council member at City, University of London

Our non-independent Board members
The Board recognises the unusual nature of having non-independent members. This is a voluntary arrangement that has been in place for 40 years and reflects the major shareholdings in the Company that they represent.

Dato' Lee Hau Hian and Uwe Halder are the Board's representatives for our largest shareholder, KLK (27%).

Hau Hian's extensive leadership experience in chemical manufacturing and experience of organisational transformations and acquisitions means he offers the Board and Executive Committee invaluable insights when making business decisions. He also offers an important perspective on the Malaysian and Southeast Asian business landscape.

Uwe Halder joined the Board with effect from 1 September 2024. Uwe's extensive experience in global chemicals is a significant benefit to the Company, as is his significant expertise in R&D and innovation, and on strategy and SHE management.

Other Board members in 2024
Caroline Johnson retired from the Board and as Chair in January 2025.

Board Committee key

- A Audit Committee
- R Remuneration Committee
- N Nomination Committee
- D Disclosure Committee
- Committee Chair

Our Executive Committee

Ana Perroni Laloe
President, Coatings & Construction Solutions, and EMEA

Nationality Brazilian
Appointed to the Executive Committee February 2022

Background
Ana has more than 20 years' global sales and marketing experience, with a strong track record of successfully commercialising solutions for end markets. She started her career at Ciba Specialty Chemicals in Brazil. Elected president of RadTech South America for two consecutive terms, Ana is one of the pioneers of introducing UV curing technology in the region.

Stephan Lynen
President, Adhesive Solutions, and Americas

Nationality German
Appointed to the Executive Committee May 2023

Background
Stephan has more than 25 years' leadership experience in the chemicals industry, principally at Clariant AG, the global speciality chemicals company he worked for in several countries, especially in Asia. He led different Clariant businesses, including its additives unit, before becoming CFO. Stephan brings experience in commercial and operational activities, strategy, finance, M&A, post-merger integration and transformation.

Rob Tupker
President, Health & Protection and Performance Materials, and Asia

Nationality Dutch
Appointed to the Executive Committee September 2018

Background
Rob was previously with Honeywell International Inc, where he held a variety of senior business leadership positions in its performance materials and home and building technologies divisions. Before that, he worked with Süd-Chemie (now Clariant AG) and Unilever/ICI's (now Givaudan SA's) flavour and fragrance division. Rob worked for seven years in Asia-Pacific, five years in the USA and 20 years across Europe, with a consistent focus on growing and transforming global businesses in the chemical and process industry.

Jan Chalmovsky
President, Strategy and M&A

Nationality German
Appointed to the Executive Committee September 2022

Background
Jan has more than 15 years' experience in strategy and mergers and acquisitions, most recently as head of strategy and M&A at global industrial company Conzzeta AG (now Bystronic AG). Before that, he spent nine years at McKinsey & Company, including as an associate partner, focusing on strategy, corporate transformations and corporate finance.

Other Executive Committee members in 2024

Alice Heezen left as Chief Human Resources Officer in October 2024. The Company is actively seeking a suitable replacement. In the interim, the Human Resources team is being led by Anant Prakash, General Counsel and Company Secretary.

Biographies for **Michael Willome, Lily Liu** and **Anant Prakash** can be found on pages 70 and 73.

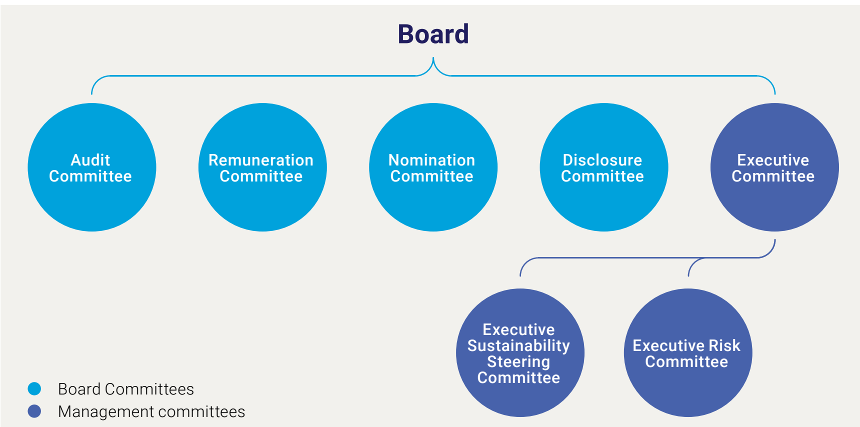
Our governance framework

Our governance framework is designed to focus the Board on setting the Group's purpose, values and strategy, on monitoring performance and on ensuring sound governance, including appropriate controls and balanced risk assessment.

We delegate certain oversight and management responsibilities to various Committees. Executive management is responsible for implementing strategy and leading our colleagues across the Group to deliver that strategy.

As a UK-listed company, we follow the UK Corporate Governance Code and so have an established governance structure. For more detail about how we apply its principles and comply with its provisions, see pages 82 to 86.

Our Board Committees and management committees



Our Disclosure Committee supports the Board and monitors compliance with disclosure controls and procedures for material information, and is responsible for identifying inside information. It comprises the Chair, Senior Independent Director, CEO and CFO, who meet after each scheduled Board meeting, and is advised by the General Counsel and Company Secretary and the Vice President, Investor Relations. The Committee's terms of reference are available on our **website**.

The Company's progress against our sustainability strategy, Vision 2030 targets and 2050 net zero pledge is under the Board's direct supervision. Given that these environmental, social and governance (ESG) matters are a key part of our strategy, we want to clearly show that the Board retains ultimate oversight of, and responsibility for, delivering against our stated ESG goals.

At the Executive Committee level, in 2022 Synthomer formed the Executive Sustainability Steering Committee. It is chaired by the CEO, meets quarterly and is attended by the full Executive Committee. It oversees our overall sustainability agenda and progress on each of our Vision 2030 sustainability goals. These goals are owned and sponsored by an Executive Committee member, who is responsible for making sure we have the right plans in place to deliver within the timeframe.

The Company also has an Executive Risk Committee, which has been in place since 2022. This Committee is chaired by the CFO and ensures a robust process for identifying, prioritising, managing and controlling significant risks affecting the Group. It is attended by the full Executive Committee and the Group Internal Audit and Risk Director. It makes sure the Group has risk management policies and procedures in place – including those covering project governance, sanctions, crisis management, human rights, business continuity and business management. See How we manage risk on pages 45 to 48.

All Executive Committee members also attend a substantial number of our Board meetings, except when certain sensitive matters are discussed. As a Board, we have debated this approach and continue to believe that this provides us with great insight into the business. It allows deeper discussion and direct challenge to our different businesses and promotes a unified approach to implementing governance and strategy. We continue to have strong positive feedback from Board members – new and continuing – and Executive Committee members on this approach. For more details, see The Board's year on pages 65 to 68.

» **For more information on our Board Committees and their work this year, see the Committee reports from pages 87 to 116 and on our website. A table of Directors' attendance at Committee meetings can be found on page 69.**

How the Board engages (s.172 compliance)

Understanding the issues that are important to our stakeholders is essential to how we develop and implement our business strategy. It is also critical to our long-term success.

Our approach to Section 172

Our Section 172 statement describes how the Board has carried out its responsibility to promote the success of the Company, recognising that the key decisions it makes today will affect long-term performance. The statement considers paragraphs (a) to (f) of Section 172(1) of the Companies Act 2006 and includes details about how the Board has considered and engaged with stakeholders.

When making decisions, the Board considers the needs of our different stakeholder groups as well as the likely consequences that any action taken might have for Synthomer's reputation. The Board receives papers that include Section 172 information, which it uses to inform strategic discussions, including any implications for the resilience of our business and the potential impact on our community and environment. It is the Chair's responsibility to ensure that the Board considers Section 172 when making its decisions.

We recognise that it is not always possible to provide a positive outcome for all stakeholders and that, sometimes, the Board has to make decisions based on competing priorities. The Board regularly assesses the outcomes of its decisions and is available to talk to stakeholders. This engagement helps the Board to better understand what matters most to our stakeholders and supports discussion of relevant issues. It also helps the Board choose the course of action that best leads to high standards of business conduct and success for Synthomer in the long term.

Stakeholder engagement in 2024

We made no changes to our list of key stakeholders this year, which we set out on pages 78 to 81, alongside a discussion of how we engaged with and responded to them in the year.

The Board has continued to ensure it understands, and considers, the issues that matter most to all our stakeholder groups, particularly when making key decisions.

We consider our understanding of the sustainability issues that matter most to our stakeholders through periodic materiality assessments. This year we updated our 2021 materiality assessment with our first 'double' materiality assessment (DMA). This requires us to assess the actual or potential effects of our operations on people and the planet, as well as how sustainability issues might affect our financial performance and position.

» We explain more about the assessment and its findings on page 30.

Principal decisions in 2024

As a Board, we made a number of significant decisions this year. Here we set out how we considered our stakeholders and Section 172 obligations when making three of those decisions.

Approving the divestment of the Compounds business

E In

In April 2024, the Board agreed to divest the Group's Compounds business to Matco Latex Services BV, resulting in a net cash inflow of £19.6m.

How the Board made its decision
As part of a strategic review of the Group in 2022, management extensively analysed our portfolio of businesses. This involved detailed market analyses – with support and challenge from an external strategic adviser – and an assessment of the Group's market positions plus current and future potential, as well as likely capital requirements.

The Compounds business, which was part of the Group's Health & Protection and Performance Materials division and comprised two manufacturing sites in the Netherlands and one in Egypt, was designated as non-core to the Group as part of that review.

The Board considered the forecasts for the Compounds business, and challenged management to see if there was any scope to re-categorise the business as 'core' to our strategy. Following discussion, we concluded that the decision to divest the Compounds business fitted the Group's strategy to increase its speciality weighting, reduce the complexity of our site portfolio, and enhance the Group's focus on higher-value, higher-growth markets where we have strong and sustainable leadership positions.

With this in mind, we considered it in the best overall interests of stakeholders to divest the Compounds business.

Approving a new technology partnership

Cu E Su In

In 2024, the Board approved a multi-year, zero-capital technology partnership in the US domestic glove manufacturing market to capitalise on Health & Protection's intellectual property, technology and manufacturing expertise.

How the Board made its decision

Management discussed with the Board a potential opportunity to develop a significant, zero-capital technology partnership for the US domestic medical gloves market. This market has evolved rapidly, partly because of the procurement policies under both the current and previous US federal administration which are designed to support growth of onshore manufacturing of personal protective equipment.

The Board engaged deeply with management to understand the potential opportunity, including considering the US glove market, the structure of any partnership, and the potential risks and opportunities of entering one. The Board also considered alternatives, such as investing directly into the North American market, continuing to supply the North American market through our other nitrile latex manufacturing sites in Filago, Italy, and Pasir Gudang, Malaysia, or creating a formal joint venture with a US counterparty.

After discussing and reviewing the proposed final commercial and legal terms, the Board approved Synthomer's entry into the technology partnership, considering it a good way for the Group to draw on its deep expertise, and develop new relationships without significant capital investment.

Refinancing the corporate bond

In

In April 2024, the Board approved the issuance of a €350m bond, due in 2029, and a tender for €370m of the bond due 2025, reducing gross debt and extending Synthomer's maturity profile.

How the Board made its decision

In 2023, the Board was aware of the maturity of the Group's €520m bond, due in mid-2025, which it had anticipated would be refinanced during the course of 2024.

The Board challenged whether the size, structure and timing of the bond refinancing was appropriate in Q1 2024. It also discussed the key risks of refinancing the bond with management, and set bond pricing parameters to keep a close watch on the coupon achieved for the new bond.

We also reflected on the potential disruption to the business caused by refinancing the bond. Given that the responsibility would largely fall to senior management and head-office staff, and that it was a necessary step in the short-to-medium term, we concluded that launching the bond refinancing in April 2024 was in the best overall interests of investors, employees and other stakeholders.

» Find out more about these decisions on pages 13 to 14.

Our key stakeholder groups

Cu Customers

We work with more than 6,000 customers worldwide, providing the products and solutions they need to serve their own customers in a range of end markets.

How the Board engaged

- The Executive Committee attended part of all scheduled Board meetings, and divisional presidents provided customer-related information to the Board.
- We received deep-dive AS business updates at each scheduled Board meeting, and held deep-dive HPPM and CCS working sessions during the year, as part of which the divisional presidents provided in-depth market intelligence and customer feedback.
- We received reports from management about their engagement with customers across the business. These reports were especially important given the ongoing volatility and lack of visibility across the chemicals industry and our end markets.
- We also received regular reports about ongoing SynEx projects, which focused on commercial and operational excellence.

How the Board responded

- Given that a number of areas of our business continue to see soft demand, we supported management's focus on improved reporting, forecasting and innovation to strengthen customer relationships.
- We also reviewed and discussed ongoing operational changes needed to optimise production and costs – including plant capacity, shift planning and headcount reduction.
- Having held our annual deep-dive strategy review, we reaffirmed our commitment to the strategy announced in 2022, which focuses on getting closer to our customers and growing, principally organically, in attractive end markets.
- Members of the Board are part of Synthomer's new Innovation Taskforce, chaired by our non-executive director Roberto Gualdoni.

E Employees

Our success relies on the talent of our more than 4,000 entrepreneurial and highly skilled employees. We want to foster a culture that values diversity and inclusion, fairness and transparency.

How the Board engaged

- In 2024, the full Board visited our Chester, Roebuck, Jefferson Hills, and Mogadore sites, the Akron Technical Centre, and the Beachwood office in the USA.
- Employees across the sites appreciated the opportunity to engage directly with Board members – especially at sites that recently joined the Group through acquisition.
- The Board received regular reports about our Employee Voice programme and quarterly updates on our people priorities and support. We also received summaries of management townhalls held across the business, and of the annual GLT meeting.
- The Board received a new report summarising the status of our graduate programmme. This was combined with a 'show and tell' session at our headquarters in London, giving six graduates the opportunity to meet Board members and share their experiences.

Employee Voice programme

- Every year, our designated Non-Executive Director for workforce engagement, Alexander Catto, supported by Holly Van Deursen, carries out a comprehensive programme of Employee Voice engagement sessions on behalf of the Board (see page 36 for more detail).
- Alexander and Holly hear from groups across different businesses and geographies, in person and by video. In 2024, they held sessions with 11 employee groups, the majority in person, with 132 employees in China, the Czech Republic and North America attending. They talked to cross-functional groups with varied experience levels and tenure, in groups of eight to 15 employees so they could exchange ideas with every employee in the room. The purpose of these sessions was to get a clear understanding of what was on employees' minds and to have an open discussion about what it is like to work at Synthomer.
- Alexander and Holly report back to the Board about the themes of their discussions, and we receive a summary of actions taken by site leaders in response to the feedback.

E Employees continued

How the Board responded

- On our visits to the various USA sites, we heard from a wide range of employees, who showed their innovative thinking to develop stronger customer relationships and an entrepreneurial mindset. We were impressed by the teams' positivity and tenacity in responding to the challenges of recent years.
- These broader Board interactions with employees supported our Board decisions on talent management through 2024.

Employee Voice programme

What our colleagues value most

- We continue to hear from employees that Synthomer's focus on safety, health and the environment is motivating and differentiating compared to many of our peers.
- We also heard that the opportunity to work across a global organisation, with exposure to new technical, customer, market and team challenges, creates an enriching professional experience and opportunity to develop new skills.
- A regular theme is that supportive team members create a sense of belonging where employees feel their views are heard.

Employees' ideas for change

- Employees shared their ideas for improvements in maintenance and succession planning (including plant operators), for better networking and knowledge sharing, for new approaches to hiring talent in a market downturn, for simplifying our business processes and technology systems, and for how we continue to improve communication with employees.

Employee Voice discussions in action

- In 2024, our HR team and divisional and site leadership teams followed up on employees' feedback in 2023, including developing a new Group-wide reward and recognition programme. This year, employee feedback also contributed to ongoing work to develop the internal communications strategy – with more enhancements planned for 2025 – and strengthening Synthomer's DE&I agenda.

Co Communities

We want the communities who live near our sites to see us as a good neighbour.

How the Board engaged

- The health and safety of our people and local communities is critically important, and updates on this area of activity are always the first item of business at every Board meeting.
- The Board receives updates from divisional leaders about developments that affect communities around our sites.

How the Board responded

- We continued to monitor and challenge how management implements the SHE management system at all our sites.
- The Board continues to support the work of the Synthomer Foundation and a range of community projects local to our sites.

Su Suppliers	**Our suppliers deliver the raw materials and services we need to make our products. We look for ways to work in partnership with suppliers to create a more sustainable supply chain.**
How the Board engaged	• Management kept us informed about how it was engaging with utility suppliers and site hosts as it worked to reduce operational risks. • The Board received updates on the Group's engagement with suppliers and customers on whole-value-chain approaches to decarbonisation, including Synthomer's new partnership aimed at manufacturing bio-based nitrile latexes for the glove industry using responsibly sourced bio-based feedstock. • The Board was updated about the action plan following the cross-business study of our carbon footprint and our other engagement with our supply chain, including our ongoing participation in the cross-industry Together for Sustainability (TfS) procurement initiative.
How the Board responded	• Through feedback from the Group's direct and indirect engagement with suppliers this year, we continued to broaden our understanding of what is important to them and to deepen our relationships, particularly around sustainability.
In Investors	**As a public company listed on the London Stock Exchange, we aim to deliver sustainable financial performance and long-term value creation for our investors.**
How the Board engaged	• Following the voting outcome at our AGM in May 2024, Board members including the Chair of the Remuneration Committee Holly Van Deursen engaged with a number of our key shareholders in relation to the remuneration decisions made in respect of the 2023 financial year, as described in more detail on page 98. • The CEO and CFO updated us about their meetings with investors, and our Vice President, Investor Relations shared IR developments at every Board meeting. • Before each meeting, the Board received analysts' forecasts and consensus for financial performance, plus a summary of the externally prepared shareholder analysis report, showing our top 20 shareholders and their movements, alongside top buyers and sellers. • Analysts' reports and notes are shared with the Board as they are issued. • We held an in-person Annual General Meeting in May 2024. We kept in place the option for shareholders to submit questions in advance of the meeting, which we introduced during the pandemic. • We also have regular correspondence with investors, responding to suggestions and queries, and Board members make themselves available to shareholders. **Proxy advisers** • In addition to major shareholders, we also sought to engage with proxy advisers when consulting with shareholders on the Remuneration report.
How the Board responded	• The Board and Remuneration Committee reflected on feedback received through shareholder engagement, and carefully considered it when determining both the 2024 remuneration outcomes and the 2025 performance metrics – aiming to balance challenge and motivation for our executives while delivering outcomes that align with the interests of our stakeholders. • Board engagement with investors encompassed how management is addressing the very challenging economic environment and how it is progressing operational issues in AS.

In **Investors** continued

How the Board responded

Proxy advisers

- The Board and Remuneration Committee reflected on proxy advisers' comments, and reviewed our disclosures for 2024 and for future years.
- Most proxy advisers recognise that governance over environmental and social matters continues to evolve. One proxy adviser requires a separate board committee for ESG but, in 2023, we formally reserved ESG matters for the whole Board, as described on page 67 – although we will keep this under review in 2025. One proxy adviser also noted that, in the 2023 Annual Report, the Company did not disclose use of electric-only UK private jet flights from 2025 – we do not expect to use any UK private jet flights.

G **Governments and authorities**

As a member of the chemicals industry and scientific community, it is important we engage on issues such as policy, education and skills, compliance and collaboration.

How the Board engaged

- We engaged with legislative and regulatory processes through our membership of industry groups in the UK, Europe and the USA.
- We received reports on the changing regulatory landscape, including in respect of proxy adviser guidance, various consultations, sustainability reporting, and broader corporate governance themes.
- We also received two reports during the year about legal compliance with operational laws and regulations at our sites.

How the Board responded

- The Board continued to oversee the Company's processes and procedures to comply with all relevant laws and regulations.

Compliance with the Code

Here we set out how we applied the principles of the UK Corporate Governance Code (Code) in 2024.

We complied with all the Code's provisions from the start of 2024 until the date of this report except two:

Provision 11 states that at least half the Board, excluding the Chair, should be Independent Non-Executive Directors. We complied with this provision throughout 2024 – from January 2024 until September 2024 the Board was comprised of two Executive Directors, two non-independent Non-Executive Directors, and four Independent Non-Executive Directors, alongside the Chair.

From September 2024 – when we completed Peter Hill, CBE's recruitment as an Independent Non-Executive Director and Uwe Halder was appointed as a non-independent Non-Executive Director – until 31 December 2024 we had two Executive Directors, three non-independent Non-Executive Directors and five Independent Non-Executive Directors, alongside the Chair. On 1 January 2025 Caroline Johnson resigned as Chair and from the Board and Peter Hill, CBE was appointed as Chair.

As at the date of this report, the Board therefore comprises two Executive Directors, three non-independent Non-Executive Directors, and four Independent Non-Executive Directors, alongside the Chair. The Board and Nomination Committee reflected on this situation and considered conflicts and whether any one group could dominate decisions. We were satisfied that this was not the case. Alexander Catto will step down at the next AGM in May 2025, at which point the Board will again comply with Provision 11 pending Ian Tyler's departure by the end of 2025. The Board and Nomination Committee are making arrangements to recruit new members to the Board to address this.

Provision 19 states that the Chair should not remain in post beyond nine years from first being appointed to the Board. Caroline Johnstone reached her nine-year tenure in March 2024. The Board extended her tenure for a short time while recruiting her successor, Peter Hill, CBE. Caroline resigned as Chair and from the Board in January 2025.

The Code is available in full on the FRC's website at **frc.org.uk** and should be read alongside our Strategic and Governance reports.

1	**Board leadership and Company purpose**	
A	**The role of the Board**	The Board continues to lead the Group's strategic direction and long-term objectives. The Board's year on pages 65 to 68 sets out the Board's main activities and outcomes for 2024 and shows how it provided strong governance, challenge and support to the business. The Board met nine times during 2024, and all Directors continue to act in what they consider to be the best interests of the Company, consistent with their statutory duties.
B	**The Company's purpose, values and strategy**	Our purpose is to create innovative and sustainable solutions for the benefit of customers and society. Our culture – including an overview of our values and how the Board ensures alignment with our purpose, values and strategy – is described on pages 65 to 68.
C	**Resources**	The Board delegates allocation of day-to-day resources to management through the CEO and the Executive Committee. We regularly discuss resourcing with the Executive Committee and the CEO, challenging, for example, resource allocation across our divisions and functions in line with the differentiated steering pillar of our strategy.

1	**Board leadership and Company purpose continued**	
D	**Shareholders and stakeholders**	The Board engaged actively throughout 2024 with shareholders and other stakeholders (as described on pages 76 to 81). The Chair held a number of meetings with our largest corporate shareholder and with some of our major institutional shareholders to discuss the role of the Board and other general governance issues, and reported back to the Board. The CEO and CFO met extensively with new and existing shareholders through regular trading updates and as part of the rights issue process. The Board continues to review its mechanism for workforce engagement, as required by Provision 5 of the Code. Alexander Catto was appointed as designated Non-Executive Director for employee engagement, given his interest in all people matters at Synthomer over many years. Holly Van Deursen, our Remuneration Committee Chair, supports Alexander in this role and, being based in the USA, has proved very effective in reaching more parts of our business. Holly also has extensive people leadership roles in the chemicals industry. The Board concluded that the employee engagement programme adds value and insight both to the Board and to executive management, and we regularly reflect on employee views during Board deliberations. We have also had feedback that colleagues feel the direct engagement with a Board member promotes open and inclusive discussions and valuable feedback. More details of our Board employee engagement are set out on pages 78 to 79.
E	**Workforce policies and practices**	The Board oversees the Group's workforce policies and practices and delegates day-to-day responsibility to the CEO and Chief Human Resources Officer to make sure they are consistent with the Company's values and support its long-term success. Employees are able to report matters of concern confidentially through our dedicated and independent whistleblowing hotline. The Board and/or Audit Committee routinely reviews reports from the hotline, which summarise calls and ensure cases can be investigated and followed up as appropriate.
2	**Division of responsibilities**	
F	**The Chair**	Caroline Johnstone led the operation and governance of the Board and its Committees in 2024. The Chair was in post from December 2020, having joined the Board as an Independent Non-Executive Director in March 2015. Peter Hill, CBE took over from Caroline as Chair in January 2025. Chair tenure and succession is discussed in the Nomination Committee report on pages 95 to 97. The Senior Independent Director completed an annual review of the Chair's performance, which is also discussed in the Nomination Committee report.

2 **Division of responsibilities** continued

G Board composition

The Nomination Committee regularly reviews the size and composition of the Board and its Committees to ensure the appropriate combination of Executive and Non-Executive Directors.

Provision 10 of the Code considers the independence of Non-Executive Directors and circumstances that might impair their independence, including holding office for more than nine years. Provision 11 states that at least half the Board, excluding the Chair, should be Independent Non-Executive Directors. We complied with this provision throughout 2024 – from January 2024 until September 2024 the Board was comprised of two Executive Directors, two non-independent Non-Executive Directors, and four Independent Non-Executive Directors, alongside the Chair.

From September 2024 – when we completed Peter Hill, CBE's recruitment as an Independent Non-Executive Director and Uwe Halder was appointed as a non-independent Non-Executive Director – until 31 December 2024, we had two Executive Directors, three non-independent Non-Executive Directors and five Independent Non-Executive Directors, alongside the Chair. On 1 January 2025 Caroline Johnson resigned as Chair and from the Board and Peter Hill, CBE was appointed as Chair.

As at the date of this report the Board therefore comprises two Executive Directors, three non-independent Non-Executive Directors, and four Independent Non-Executive Directors, alongside the Chair. The Board and Nomination Committee reflected on this situation and considered conflicts and whether any one group could dominate decisions. We were satisfied that this was not the case. Alexander Catto will step down at the next AGM in May 2025, at which point the Board will again comply with Provision 11 pending Ian Tyler's departure by the end of 2025. The Board and Nomination Committee are making arrangements to recruit new members to the Board to address this.

H Non-Executive Directors

Directors' existing commitments are carefully reviewed before they are appointed, and regularly after that to make sure they have sufficient time for the Group. If a Board member wishes to accept an additional substantive role, the Board must review and approve this.

The Board believes that Directors should be able to accept other appointments where there are no conflicts of interest and provided that the Director is able to carry out their duties effectively. Other appointments allow Directors to develop greater skills and experience, which the Company benefits from.

The terms of appointment for Non-Executive Directors outline the time they will be expected to commit to fulfil their role. Each year, the Chair reviews the time each Non-Executive Director dedicates to the Company as part of the internal performance review of Directors – see pages 95 to 97 for more details. We are satisfied that their other duties and time commitments do not conflict with those as Directors. For more details about meeting attendance, see page 69.

The role of Senior Independent Director, fulfilled by Ian Tyler, provides a sounding board for the Chair and serves as an intermediary for the other Directors and shareholders. Ian also led the annual performance review of the Chair – see page 97.

Either after or before each Board meeting, Non-Executive Directors and the Chair meet without Executive Directors being present.

I Policies, processes, information and resources

The Chair and Company Secretary ensure that the Board and its Committees have the necessary policies and processes in place and that they receive timely, accurate and clear information. The Board and its Committees also have access to the Company Secretary, independent advice and other necessary resources at the Company's expense.

3	**Composition, succession and evaluation**	
J	**Appointments**	The Nomination Committee considers succession plans in line with evolving strategy, business requirements, tenure and diversity. The overall process of appointing and removing Directors is overseen by the Board as a whole, through the Nomination Committee. All our Directors retire and seek election or re-election at each Annual General Meeting. The Nomination Committee also supports the Board in succession planning for senior management.
K	**Skills**	A key part of Board succession planning is a regular review of Board skills, which the Nomination Committee does each year – see pages 95 to 97. The Chair and Company Secretary ensure that new Directors receive a full induction (see page 96), and that all Directors continually update their skills and have the requisite knowledge and familiarity with the Group to fulfil their role. The Executive and Non-Executive Directors have significant commercial, financial and operational experience of the markets and sectors within which the Group operates, as well as wider industry. Their diverse range of skills and leadership experience enables them to monitor the performance of the management team and provide constructive challenge and support to them.
L	**Annual performance review**	The Board undertakes either an internal or external annual Board effectiveness review. Provision 21 of the Code states that an externally facilitated Board performance review should take place at least every three years. Our last external Board performance review was carried out in 2023. An internal performance review, including a review of all Directors, took place in December 2024 (see pages 95 to 97).
4	**Audit, risk and internal control**	
M	**Audit functions**	All members of the Audit Committee are Independent Non-Executive Directors. Ian Tyler, the Chair of the Committee, has recent and relevant financial experience, and the Committee as a whole has competence relevant to the sector in which we operate. The Audit Committee reviewed the effectiveness of the Group's Internal Audit function and also assessed external auditor PwC LLP's performance during 2024, including its independence, effectiveness and objectivity. For details of these reviews, see the Audit Committee report on pages 87 to 94.
N	**Assessment of the Company's position and prospects**	The Board considers the Annual Report, taken as a whole, to be fair, balanced and understandable and to provide the information necessary for shareholders to assess the Group's position, performance, business model and strategy. Its Statement of Directors' responsibilities is set out on page 119. The Directors have also concluded it is appropriate to prepare accounts treating the Group as a going concern and this is set out on pages 117 to 118. An explanation of the Group's performance, business model, strategy and the risks and uncertainties relating to the Group's prospects, including the viability of the Group, is set out in the Strategic report.

4	**Audit, risk and internal control** continued	
O	**Risk management**	The Board determines the nature and extent of the principal risks the organisation is willing to take to achieve its strategic objectives – it sets the risk appetite. We carried out an assessment of the principal and emerging risks facing the Group during the year, including those risks that would threaten the Group's business model, future performance, solvency or liquidity and reputation. The Board and Audit Committee monitor the Group's risk management and internal controls systems and review their effectiveness each year. Throughout the year, the Board has directly – and through delegated authority to the Executive Committee, the Executive Risk Committee and the Audit Committee – overseen and reviewed all material controls, including financial, operational and compliance controls. For more detail, see pages 45 to 48.
5	**Remuneration**	
P	**Remuneration policies and practices**	Holly Van Deursen chairs the Remuneration Committee. Holly is a hugely experienced Non-Executive Director and has been chair and member of several international remuneration committees. The Remuneration Committee is responsible for developing executive remuneration policy and determining the remuneration packages of Directors and senior management.
Q	**Procedure for developing policy on executive remuneration**	Details of how the Directors' remuneration policy was implemented in 2024 are set out on pages 98 to 100. Provision 41 of the Code requires engagement with the workforce on how executive remuneration aligns with wider Company pay policy. The Board's engagement activity is diverse and includes face-to-face meetings, site visits, attendance at employee events and virtual meetings. During the year, feedback was gathered on a wide range of topics, including pay. No individual Director is involved in deciding their own remuneration outcome.
R	**Independent judgement and discretion**	The Remuneration Committee has formal discretions in place in relation to outcomes under the annual bonus and Performance Share Plan, and these are disclosed as part of the remuneration policy. The Committee may, at its discretion, adjust the level of vesting of an award, if it considers that the outcome is not appropriate or does not reflect the underlying financial or non-financial performance of the participant or the Group over the relevant period or, that such a payout level is not appropriate in the context of circumstances that were unexpected or unforeseen when the targets were set. When deciding this, the Committee may consider other factors it feels are relevant. Information about how the Remuneration Committee considered discretion in 2024 is set out on pages 98 to 100.

Audit Committee report: introduction from the Chair

"The Committee has been busy this year ensuring that our systems and processes remain strong and fit for purpose to help Synthomer prosper as it delivers its strategy."

Ian Tyler
Audit Committee Chair

The Audit Committee has continued to focus on the fundamentals, making sure our processes and controls are robust and fit for future success.

In a year in which Synthomer has been focused on the detailed delivery of its strategy and operational excellence, the Audit Committee has maintained its commitment to challenging and supporting our executives and ensuring that our systems of control and governance frameworks provide value and stability, ensuring that Synthomer delivers now, and is in the best possible position for when markets improve.

In the short term, that includes ensuring the executive team have the processes they need to continue delivering the strategy. It also included work to refresh Synthomer's assessment of principal risks, giving consideration to the evolving risk landscape and changes in the priorities and challenges faced by the business.

A robust external audit tender process

This year the Committee carried out a competitive tender process for our external audit, inviting the 'Big 4' and several challenger firms to take part. I met a shortlist of three candidate firms to learn more about their approach. As part of that, we challenged them to demonstrate how they are using technology to improve the quality and efficiency of their audits and to help their clients gather greater insights.

After careful consideration, the Committee agreed to retain PwC. We were impressed by PwC's depth of knowledge of the business and our industry, and their commitment to quality. We were also pleased to hear their insights on the use of technology to achieve efficiencies and improve audit quality. Given that PwC has been our Group auditor since 2012, we know we will need to hire a new firm in 2032.

We provide more detail on the tender process on page 94 of the Audit Committee report.

Another of the Committee's important roles is leading the oversight of Synthomer's internal audit processes. This year saw the updating and approval of Synthomer's internal audit charter, and the expansion of Internal Audit team. This included the creation and recruitment of a new role, Digital Data Manager, with a view to further leveraging data insights. As with external audit, the increasing use of technology presents a clear opportunity to enhance the Internal Audit function.

Reviewing our material controls

The Committee appointed a third-party expert in November 2024 to help us identify, review and test Synthomer's material controls, in line with Provision 29 of the updated UK Corporate Governance Code. Once the review is complete, we will also work with our partner to strengthen our controls as necessary and ensure we are ready to make the necessary declaration in our next Annual Report.

Preparing for the changing sustainability landscape

Synthomer's sustainability reporting remains an important area of review for the Committee, not least as we prepare for the EU's Corporate Sustainability Reporting Directive (CSRD). The Committee has spent a significant amount of time this year overseeing work to develop our disclosures, metrics and assurance processes. That included appointing an external consultant to help us carry out our first 'double' materiality assessment. For more information on that assessment, please see the sustainability review on pages 26 to 31.

Our aim throughout has been to ensure we take a transparent, accurate, yet pragmatic, approach, which is why the Committee also asked our internal audit team to conduct an in-depth review of our data-related processes and controls.

Positive feedback on the Committee's effectiveness

I am always impressed with the breadth and depth of expertise among my fellow Committee members, but periodically it is good to review how effectively we work together. So this year we held an internal review of our effectiveness, I am pleased to note that feedback from the review was positive. The Committee was found to provide effective oversight of external financial reporting and maintain reasonable oversight of the effectiveness of internal controls. We were encouraged to enhance our focus on the disclosure of non-financial items.

Looking ahead

Everyone at Synthomer – from my fellow Committee members to our colleagues working in our manufacturing facilities – has done a great job of staying focused on the fundamentals this year. We will need to maintain that focus over the next 12 months, and ensure that Synthomer is well placed to capitalise on the broader market recovery when it does materialise.

Ian Tyler
Chair

11 March 2025

Audit Committees and the External Audit: Minimum Standard

As part of its activities in the year, the Committee reviewed and considered the requirements of the FRC's Audit Committees and the External Audit: Minimum Standard. This became effective from 1 January 2025 as part of the UK Corporate Governance Code 2024 (Code), which was published in January 2024. We reviewed the standard in conjunction with the Code and the FRC's Guidance on Audit Committees.

We believe we are compliant with the standard, which focuses on overseeing the external audit process, external audit tendering processes and reporting of work performed by the Committee. Significant issues we considered as part of our activities in the year are detailed on pages 87 to 93, with our oversight of the external audit and the external audit tender process undertaken in the year detailed on pages 89 to 94.

Audit Committee's role

On the Board's behalf, we monitor the integrity of financial statements, oversee the adequacy and effectiveness of the internal controls and risk management processes, and lead the oversight of the external and internal audit. Our full terms of reference are available on our **website**.

Committee members

Our Committee comprises four Independent Non-Executive Directors and is chaired by Ian Tyler, who was appointed in 2022. Our composition complies with the Code.

The Board considers Ian to have recent and relevant financial experience in line with Provision 24 of the Code, given his extensive board experience, including as CEO and chair of FTSE 250 companies. Ian has also been a non-executive director for several international industrial organisations, and a FTSE 100 audit committee chair.

Together, our Committee members have a wide range of financial, operational and commercial experience across the chemicals and engineering sectors, which is set out on pages 69 to 73.

Committee meetings and operation

The Committee met four times during 2024 and has met once since the end of the financial year.

Other Board members have a standing invitation to attend our meetings, unless notified otherwise. We are very pleased that the Chair of the Board, CEO and CFO routinely attend our Committee meetings, often with the rest of the Board. Our programme of risk reviews and updates has also allowed us to invite high-potential members of the management team to attend. These include senior Group Finance and Group Compliance team members and the Group Internal Audit and Risk Director.

Our external auditors, from PwC, have attended all meetings of the Audit Committee.

As well as at our scheduled meetings, the Committee regularly meets with PwC and the Group Internal Audit and Risk Director without management present. This provides more opportunity for open dialogue and feedback.

Ian Tyler, as Committee Chair, also liaises with the Remuneration Committee Chair to discuss matters such as setting Executive Director compensation targets.

Beyond formal meetings, our Chair regularly meets one-to-one with the CEO, CFO, Group Finance team members, the Group Internal Audit and Risk Director and PwC to develop the Committee's programme of work and to review progress on agreed actions. This allows us to explore and understand key issues as they arise – and to make sure we have appropriate information prepared on, and time to address, those issues in our meetings.

Significant areas of activity

To enable the Committee and the Board to assess going concern and viability, management set out its assumptions and the potential risks to the business, together with economic and business scenarios and possible mitigations, at the March 2025 Committee meeting.

There was a particular focus on the impact of prolonged demand uncertainty in the chemicals industry, with limited visibility and potential for subdued volumes, and the impact of the Group's cost control programmes and projected cash conversion.

The process – which management conducted and the Committee reviewed to support the Board's statement – included:

- Reviewing the Group's sources of funding and, in particular, testing the leverage covenant in our financing arrangements and assessing available headroom
- Reviewing the short-, medium- and long-term cash flow forecasts in various severe but plausible downside scenarios, as well as reverse stress-testing forecasts
- Assessing the Group's current and forecast activities and factors likely to affect its future performance and financial position
- The Committee discussed the going concern and viability statements at the March 2025 Committee meeting, recommending that the Board provide the statements on 117 to 118, and 62, respectively.

Significant financial judgements and estimates

In applying the Group's accounting policies, management must make judgements and estimates that have a significant effect on the amounts recognised in the Annual Report and Accounts. Management presented its view on key accounting issues and resulting considerations to the Committee throughout the year.

The Committee reviewed the most significant financial judgement areas and estimations, details of which are explained in the table below. In each case, the Committee considered and challenged the key facts and judgements that management presented and consulted with PwC as external auditor to establish its professional view on the judgements. This included a review of the disclosures included within the Annual Report and Accounts.

Issue/area of judgement	Committee action and conclusion
Impairment of goodwill and intangible assets Potential indicators of a higher risk of impairment are that the Group's market capitalisation is below the net asset value of the Group.	Management presented a summary of the impairment of goodwill and intangible assets for the cash generating units of the Group to the Committee for review. This included key assumptions, including discount and growth rates, and potential sensitivities. The Committee also received a paper from management that considered the enterprise value of the Group and current market capitalisation in respect of potential indicators of impairment. The Committee also challenged the key assumptions made by management and concluded that there was no impairment to any of the segments.
Special Items The Group discloses Special Items – which are either irregular or technical adjustments to ensure compliance with IFRS requirements – separately to provide a clearer indication of underlying performance. For more detail, see note 4 to the Consolidated financial statements on pages 142 to 143.	The Committee regularly challenges management on what are considered Special Items. It reviews in detail the spend that is excluded or separated from reported Underlying profit and considers guidance from the FRC and the external auditors. The Committee is satisfied that it is helpful to a reader of the financial statements to report Underlying profit, together with IFRS profit, without Special Items – and that all Special Items reported met with the Group's definition of such items.

Appointing a new external auditor

PwC has been the Group auditor since 2012 and successfully re-tendered for the audit in 2016. Given the mandatory partner rotation requirements, a new audit partner, Craig Skelton, became responsible for signing the audit from June 2024.

Our Committee ran a competitive audit tender process in the year, to meet regulations ahead of 2026. We set out more details and the results of the process on page 94.

Correspondence with the FRC

In July 2024, the Financial Reporting Council (FRC) wrote to tell us it had reviewed our Annual Report and Accounts for the year ended 31 December 2023, in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. The FRC confirmed that it had not identified any issues that required a response. It did detail a small number of suggested clarifications for future reporting, which the Committee considered and made sure were addressed as necessary in the 2024 financial statements.

The Chair also received a letter in November 2024 from the FRC noting that it had carried out a routine Audit Quality Review of PwC's audit of the Group and Company's financial statements for the year ended 31 December 2023. The review found no key findings, indicating compliance with auditing standards. One point was noted within the "Other Findings" area of their report in relation to work performed on the testing of short-term forecasts for the AS goodwill, which was addressed by PwC in the audit for the year ended 31 December 2024.

Integrity of reporting and governance

We reviewed whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable, and provide the necessary information for shareholders to assess the Group's financial position and performance, business model and strategy. We detail the work done to make this statement in the table below.

Our Committee also reviews the interim financial reporting as part of the reporting cycle. This includes challenge to estimates, judgements and going concern assumptions.

We also received and reviewed a number of FRC thematic reviews, and other reporting and governance updates, during the past 18 months. These included the:

- FCA's new UK Listing Rules, effective July 2024
- FRC's November 2023 review of Corporate Governance Reporting
- FRC's UK Corporate Governance Code update, effective from 1 January 2025
- FRC's Annual Review of Corporate Reporting 2023/24
- FRC's Audit Tenders: Notes on best practice.

To ensure our effectiveness, we continue to review the division of responsibilities between our Committee and the Executive Risk Committee.

Climate-related reporting and governance

The Committee plays a key role in the governance of climate-related risks and opportunities. We will continue to oversee ESG initiatives and related reporting requirements to make sure the Group continues to take a thoughtful and pragmatic approach to reporting, compliance and assurance.

CSRD reporting requirements continue to be a key focus area for our Committee. In 2024, an external consultant was appointed to support the Group to determine double materiality levels, as prescribed by the directive, while our Internal Audit team was asked to review in-depth the robustness of processes and controls around the data expected to feed into future disclosures.

As a Committee, we continue to monitor developments and the progress of remediation plans relating to any issues identified, ahead of the reporting required for the year ending December 2025.

Fair, balanced and understandable

In supporting this statement, the Committee oversaw work that included:

- Establishing a working group of appropriately qualified people at Group level to oversee the drafting of the Annual Report and Accounts. This group met regularly to ensure that disclosures were appropriate for all stakeholders and that drafting was progressing well
- Engaging a corporate communications and reporting adviser to assist in drafting, editing and proofreading the Annual Report
- Discussing the equal prominence of GAAP and non-GAAP financial measures
- Ensuring that the FRC's latest guidance, along with other relevant guidance, was considered
- The CEO and CFO confirming that, in their opinion, the Annual Report was fair, balanced and understandable and that they were not aware of any material misstatements
- Requesting that certain key contributors, for example presidents and finance directors of our global divisions, sign a declaration confirming the accuracy of their information
- Arranging for our remuneration consultants to review the Directors' remuneration report
- The Vice President, Group Finance completing an audit trail for material data underpinning non-financial information in the Annual Report
- Circulating drafts of the Annual Report to PwC, the Audit Committee and the Board for review.

The Committee discussed the fair, balanced and understandable statement at our March 2025 Committee meeting and, in light of the above, recommended that the Board provided the statement on page 119.

Risk management and internal control environment

Each year, the Board is required to conduct a review of the effectiveness of the Group's systems of risk management and internal control. At our March 2025 meeting, our Committee reviewed management's assessment of the key elements of these systems and confirmed their overall effectiveness.

Our conclusion drew on:

- The internal audit programme completed during 2024 and progress in implementing the actions from it
- Our programme of risk reviews and discussions with senior managers and other staff across the Group throughout the year
- Progress on identifying material controls and assessing control effectiveness for future compliance with Provision 29 of the updated Code, which was issued in January 2024
- Ongoing management assurance – through Committee papers, and Board and Committee presentations and discussions – to review the Group's key financial controls to ensure they support our continued growth

- The key financial controls questionnaire, which is completed and signed by each Group operating unit each quarter
- Representations to the CFO from the divisions' financial and commercial management that the financial information reported to the Group has been prepared according to our accounting policies and that all relevant information has been provided to prepare the Group's Annual Report and Accounts. These representations are made twice a year in line with our external reporting timetable.

Internal audit and risk management function

With a direct reporting line to our Committee Chair, the Group Internal Audit and Risk Director independently assesses the effectiveness of our internal control and risk management processes, highlights key issues, makes recommendations, and monitors how mitigations and recommendations are being implemented. Synthomer's dedicated in-house Internal Audit function draws on specialist resources as required.

At each of our Committee meetings in 2024, we reviewed progress against the Internal Audit annual plan and explored areas needing action. We also reviewed completed audit reports, looking at recurring themes that might need Group action and at areas where the report findings were different from self-assessments.

The risk management process continues to work well. Last year, our Group Internal Audit and Risk Director and her team helped the Board to review and update our risk appetite statements for our refreshed principal risks, making sure they reflected Synthomer's continued strategic focus, and this will be revisited in 2025.

2024 external audit

The Committee reviewed and recommended to the Board the continued appointment of PwC as the Group's external auditor, approving its remuneration and terms of engagement for 2024.

Given his length of service, our former lead audit partner since 2019, David Beer, stepped down ahead of the mandatory partner rotation date in 2025. David handed over to Craig Skelton, our new lead audit partner from PwC.

PwC presented the strategy and scope of the audit for the year ended 31 December 2024 at our Committee meeting in December 2024. These key topics were discussed:

December 2024	Committee action or outcome
PwC's audit risk assessment (pages 121 to 127)	PwC undertook a detailed risk assessment, setting out its view of the significance of key risks and the potential risk of material misstatement.
Materiality level for the audit (page 124)	PwC proposed an audit materiality level of £10.4m, based on 0.5% of revenue. This is a change in the approach adopted in previous years, given the recent volatility of profit levels. After discussing this with PwC and management, the Committee agreed it was an appropriate methodology for 2024.
PwC's audit plan	We reviewed the audit coverage and agreed scope (pages 121 to 127) in detail, agreeing they were appropriate. The Committee noted and approved the continued high level of coverage and the timetable for the audit to be completed.
PwC's resources	With PwC, we reviewed and discussed its resources – particularly the experience of the teams covering key overseas territories, given changes to scoping. We held a number of meetings with the new audit lead partner during the year and discussed his experience with clients operating in similar industries.
Audit fee and terms of engagement	The Committee reviewed PwC's fee proposal in light of the risks identified and proposed scope. We approved the proposed fee of £2.47m – this includes an inflationary increase on 2023's £2.45m fee, and is partially offset by scope and identified efficiencies.

At our March 2025 Committee meeting, we discussed these key topics with PwC in relation to the 2024 audit:

March 2025	Committee action or outcome
Confirmation of PwC's audit plan	PwC confirmed that the audit materiality had been revised to £9.9m to reflect the actual results of 2024.
Audit findings, significant issues and other accounting judgements (pages 121 to 123)	These were discussed with PwC and management – the work of the Committee is described earlier in this report.
Management representation letter	The Committee reviewed and approved this.
PwC's independence and objectivity, and quality-control procedures	The Committee evaluated and confirmed PwC's independence and objectivity, and quality-control procedures.

During the year, the Committee Chair was in regular discussion with PwC's lead audit partner to discuss the progress of the audit. The Committee met PwC without management present after the March 2025 Committee meeting. No significant issues were raised.

The Committee evaluated the performance and effectiveness of the external auditor in the following ways:

Audit quality – how we reviewed PwC's performance

External evidence	The Committee reviewed the FRC's 2023/24 Audit Quality Inspection Report, summarising its findings from an assessment of a selection of PwC audits. The report noted PwC's ongoing commitment to high audit quality and well-developed audit culture, with inspection results similar to prior years. Areas for improvement were also outlined, with actions taken by PwC in response.
Management evidence	At our request, management sought feedback from people across the business who were involved in working on the year-end financial statements with PwC teams. The feedback was broadly positive indicating that PwC had performed its audit well, particularly given lower levels of materiality. It was noted that the timeliness and communication of the audit plan and information requests had affected the efficiency of the audit.
Audit Committee evidence	The lead audit partner attended all Committee meetings during the year. In assessing the quality of the audit, the Committee noted the professionalism, pragmatism and robustness of challenge to management, particularly with regard to judgemental items and key business risks.

Auditor independence, objectivity and length of service

In addition to our Committee's annual review of PwC's effectiveness, we considered its independence and objectivity. We concluded that PwC continues to demonstrate appropriate independence and objectivity.

As part of this review, PwC provided assurances to the Committee in relation to its independence, including safeguards implemented, confirmation of compliance with ethics and independence policies and procedures by audit-related staff, and confirmation of independence in respect of non-audit services provided. This included one-off work done in relation to the bond issuance in the year.

Given David Beer's tenure as the Group's lead audit partner, he was subject to mandatory partner rotation in 2025. In anticipation of this, PwC rotated the partner during 2024, appointing Craig Skelton as PwC's lead audit partner for Synthomer for the 2024 financial year onwards.

The Committee has a clear policy on the provision of non-audit services by the external auditor and has defined the very limited non-audit services it can provide, in line with the FRC Ethical Standard. The Committee also periodically reviews a log of all services provided by major external audit firms, to ensure the Company has sufficient options in the case of any future audit tender.

Details of audit and non-audit fees paid to the auditor in 2024 are set out in note 7 on page 147.

The Committee also maintained oversight of compliance with the policy on employing former auditors.

External audit tender for 1 January 2026 onwards

The Committee undertook a competitive audit tender process in the year, as legally required before 31 December 2026. 'Big 4' and a number of challenger firms were invited to take part in the tender process.

A number of firms were excluded or declined to participate because of independence considerations or concerns over their ability to deliver a high-quality audit of a company of our size, complexity and global footprint.

As part of the tendering process, the Committee chair met with representatives of the firms, including their proposed lead audit partners, to understand their approach to audit quality and their ability to deliver a high-quality audit. The Committee reviewed the most recent audit-quality review findings of each firm and challenged each firm on any shortcomings identified in those reviews.

The Committee reviewed the FRC's guidance on best practice for audit tenders, which informed our approach.

Each firm was given detailed information about the business and the opportunity to meet key members of management. Firms were also given access to previous audit plans and audit reports from our existing auditor, to make sure their proposals were fully informed.

Given the continually evolving IT landscape of both our business and industry as a whole, the use of technology to provide effective insights, improve audit quality and provide efficiency savings was one of our key considerations in selecting a firm with an audit plan fit for the future. As part of this, we challenged firms to present how they intended to use technology solutions to add value to the audit process.

Participating firms were assessed on a number of key criteria, including:

- Innovation and ability to add value, including the use of technology and IT solutions to perform an audit fit for the future
- Ability to provide a seamless global audit of a group with our complexity and global nature
- Findings of their audit-quality review, as published by the FRC
- Quality control and commitment to continuous improvement
- Independence considerations, including non-audit services currently provided
- Skills and experience of core team members.

After carefully considering the proposals, we selected PwC as the successful firm. PwC has been the Group auditor since 2012 and successfully re-tendered for the audit in 2016. Given its tenure as external auditor since 2012, a new firm will need to be appointed for the financial years ending 31 December 2032 onwards.

Nomination Committee report

“ We will continue to ensure that the Board’s breadth and depth of experience keeps evolving to provide the support and challenge our Executive Committee needs to successfully deliver Synthomer’s strategy.”

Peter Hill, CBE
Nomination Committee Chair

My tenure as Nomination Committee Chair has begun during a transitional period for Synthomer, and for the Board. The Board’s continued evolution is deepening our sector expertise and broadening our range of experiences, bringing fresh perspectives to support Synthomer’s transformation.

While my own appointment as Synthomer Chair was an important focus for the Committee – as Ian explains on page 97 – there have also been a number of other changes in the composition of the Board announced since the last Annual Report.

In September 2024, Uwe Halder joined the Board as a Non-Independent, Non-Executive Director. Uwe has spent his entire career working in the global chemicals industry, including his current position as chief executive officer of KLK OLEO Europe, part of the global oleochemical and manufacturing division of Kuala Lumpur Kepong Berhad (KLK), which is Synthomer’s largest shareholder.

The Hon. Alexander Catto advised the Board that he intends to step down as a Non-Independent, Non-Executive Director by our next AGM in May 2025. Alexander has been on the Board, representing Synthomer’s founding family and major shareholders, since 1981, and more recently served as our designated Non-Executive Director leading workforce engagement. While our paths at Synthomer have only crossed briefly, I would like to thank Alexander for his commitment to the Company over the past four decades.

And of course, as noted elsewhere, my predecessor as Synthomer Chair, Caroline Johnstone, also stood down from the Board on 1 January 2025. I know the Board and the business hugely appreciate Caroline’s significant contributions to Synthomer’s strategy, culture and achievements as well as her dedication throughout her tenure on the Board.

More recently on 6 March 2025, Ian Tyler, Senior Independent Director and Non-Executive Director, was appointed to the board of BP p.l.c. as an independent non-executive director and as Chair elect of the Remuneration Committee with effect from 1 April 2025. Having reviewed the time requirements of his board roles, Ian has advised the Company that he intends to stand down from the Synthomer Board in the second half of 2025, with an actual leaving date to be agreed and announced in due course. A search for a new independent non-executive director will commence shortly in order to ensure sufficient overlap with Ian in respect of his role as Chair of the Synthomer Audit Committee.

Bringing fresh perspectives to the Board

The ongoing changes in Board composition reflect the wider evolution that has been taking place across Synthomer in recent years. In just a few years, the Board has gone through a considerable transformation in terms of the range of deep experience and diversity of background in key areas such as chemicals, finance and governance. For example, Uwe Halder and Martina Flöel, who joined in September 2023, both bring profound expertise and understanding of the chemicals sector.

We intend to continue to renew and refresh the Board, taking into account our existing Board members' skills and expertise, and are currently conducting a rigorous, Code-compliant search for an additional Independent Non-Executive Director in light of Ian's plans to stand down towards the end of the year.

Renewal on this scale provides fresh perspectives, and I have no doubt that the ongoing evolution of the Board will bring new strengths and expertise. As a Nomination Committee, we will continue to ensure that the Board's breadth and depth of experience keeps evolving to provide the support and challenge our Executive Committee needs to successfully deliver Synthomer's strategy in a rapidly changing world.

Culture and diversity

Alongside subject expertise and appropriate skills, supporting diversity in all its forms – underpinned by an inclusive culture – is one of the best ways to encourage innovation and excellence in any business. So, I am pleased to see that diversity and inclusion is one of Synthomer's five strategic pillars.

At a Board level, it means we fully endorse the Financial Conduct Authority's updated Listing Rule requirements and the recommendations of the FTSE Women Leaders Review to maintain at least 40% female representation on the Board and for at least one of four key roles – Chair, CEO, Senior Independent Director or CFO – to be held by a woman. Following Caroline's departure at the end of 2024, we do not currently meet the Listing Rule's 40% target. While our top priority in any Board-level appointment is finding the best overall candidate for the role with regard to a broad range of factors, enhancing the diversity of viewpoints at Board level remains a significant consideration for the Committee.

At management level, at the end of 2024, women represented 28% of our Executive Committee and 29% of our senior management, up from 15% in 2020. We will continue to monitor progress against our Vision 2030 senior management gender diversity target.

Gender diversity aside, we continue to comply with the guidance that at least one Board member be from an ethnically diverse background. I consider the Board's rich international perspective – with seven nationalities from three continents – to be one of its greatest strengths.

In 2024, to demonstrate the Board's ongoing commitment to diversity, we adopted a Diversity, Equity and Inclusion Policy, applicable to the Board and its Committees. This policy aligns fully with our Board practice and approach. It acknowledges the importance of diversity in the boardroom as a key driver of board effectiveness – and that diversity in all its forms produces better decision making and outcomes.

Continuing to review the Board's skills

Every year we conduct a self-assessment skills review against industry benchmarks. This review informs discussions at both Committee and Board level on succession planning and Board skills.

Having discussed the findings of the Board skills review completed in December 2024, the Committee concluded that the Board has a good breadth of skills and experiences, and in particular a high degree of chemical industry expertise, which was bolstered by Uwe's appointment to the Board in September 2024. The Committee will consider the need for specific skills in the future, such as in digitalisation and AI, but also recognises that Board members continue to develop these skills through other board appointments and training.

Reviewing the Board's performance

We also carried out an internal Board effectiveness review this year, with the use of a questionnaire covering the Board, its Committees, the Chair and individual director contributions.

Overall, the results of the review were very positive, suggesting that the Board is operating well. There is a high level of trust between Board members, with dissenting views expressed and open discussions facilitated by the Chair. The relationship between the Board and the Executive Committee remains very open and strong.

Looking ahead

I believe that in a fast-changing world the right balance of skills, expertise and viewpoints on any Board needs to continually evolve to stay relevant, especially as companies' agendas in areas such as sustainability, the application of artificial intelligence and the ramifications of geopolitics continue to develop. The Nomination Committee's ambition is to ensure that our Board remains well placed to support the Executive Committee in delivering Synthomer's strategy in the years ahead.

Peter Hill, CBE
Nomination Committee Chair

11 March 2025

Appointing a new Chair

Caroline Johnstone formally stepped down as a Non-Executive Director and Chair of Synthomer's Board, with Peter Hill, CBE succeeding her, on 1 January 2025.

As outlined in our 2023 Annual Report (page 97), a sub-committee of the Nomination Committee, made up of Independent Non-Executive Directors and chaired by me, carried out a rigorous, Code-compliant and independent search for Caroline's successor. This work was supported by external advisers Egon Zehnder – which has no connection with the Company or any individual Director – which provided a longlist of candidates and helped us narrow that down to a shortlist of potential candidates with particularly strong industrial experience of relevance to Synthomer.

I met all shortlisted candidates and recommended a subset to meet Holly Van Deursen and Michael Willome. They recommended a final set of appointable candidates who then met every other member of the Board as well as our General Counsel and Company Secretary. Following those meetings, the Board agreed unanimously to appoint Peter.

Peter brings strong public company governance and international manufacturing experience in a range of industries, in both executive and non-executive capacities. And, as chief executive officer of Laird plc between 2002 and 2011 and non-executive chair of Keller Group since 2016, he is also no stranger to corporate transformation. He is currently non-executive chair of The Nuclear Decommissioning Authority, a UK Government arm's-length body sponsored by the Department for Energy Security and Net Zero, so also has a unique perspective on the energy transition.

Ian Tyler
Senior Independent Director

Board and Executive Committee diversity

The following tables provide data on gender identity and ethnic background across our Board and Executive Committee as at the date of this report. The information was collected on a self-reporting basis.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (Chair, CEO, SID, CFO)	Number in Executive Committee	Percentage of Executive Committee
Men	7	70%	3	5	71%
Women	3	30%	1	2	29%
Not specified/prefer not to say	–	–	–	–	–

White British or other White (including minority-white groups)	8	80%	3	5	71%
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	2	20%	1	2	29%
Black/African/Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

Board nationality and tenure

Nationality	
British	3
Swiss	1
Malaysian	1
American	1
German	2
German/Italian*	1
British/Australian**	1

Tenure	
0-5 years	7
5-10 years	1
>10 years	2

* Roberto Gualdoni holds dual German and Italian citizenship.
** Lily Liu holds dual British and Australian citizenship.

Directors’ remuneration report: introduction from the Chair

“ Taking a balanced approach to the way we reward our executives is paramount and maintaining an appropriate balance between motivating executives and aligning with stakeholder outcomes will continue to be an important area of focus for the Committee during 2025.”

Holly Van Deursen
Remuneration Committee Chair

The Committee has been particularly mindful of striking a fair balance between different stakeholder groups, following the disappointing level of support received for the 2023 Annual report on remuneration.

We have focused on ensuring our Executive Directors are incentivised to deliver the key drivers of our business strategy, while creating alignment with stakeholders. This is a fine balance, as we seek to motivate and reward our executives appropriately and meet the expectations of our stakeholders, amid ongoing weak demand across a number of our markets.

Responding to feedback from our stakeholders

The Committee is very aware that taking a fair approach to executive remuneration is paramount.

While we were disappointed by the level of support for the Directors’ remuneration report at our AGM in May 2024, it prompted a series of important and productive discussions with a number of our key shareholders. I personally met with representatives of several major shareholders, and I understand the sense of frustration felt at the shareholder experience in 2023. I was, however, also reassured to hear robust shareholder support for both our executive team and our overall strategy, including its implementation.

The Committee has reflected on feedback received through shareholder engagement. We carefully considered this valuable shareholder feedback, along with other important factors, when determining both the 2024 remuneration outcomes and the 2025 performance metrics. Our aim is to ensure these metrics provide a balance of challenge and motivation for our executives while delivering outcomes that align with the interests of our stakeholders. Maintaining this balance will continue to be an important area of focus for the Committee.

2024 performance

This has been a productive year for Synthomer, with good progress in underlying earnings and strategic advances to ensure we are focusing on our most differentiated, speciality products for attractive end markets.

Our 2024 revenue and EBITDA were in line with expectations. They reflect volume growth and a strong gross margin performance underpinned by important progress on our multi-year cost-saving and reliability improvement programmes – and by ongoing strategic reallocation of our capital and other resources towards the higher-margin, more resilient speciality solutions within our portfolio. Overall performance was, however, affected by weak cyclicial demand across end markets served by the chemicals sector.

2024 incentive outcomes

That Synthomer made significant progress in 2024 – and delivered in line with expectations without any meaningful recovery in our end markets – is testament to the continued focus of our executives on driving and delivering Synthomer’s strategy. In particular, while end-market demand remains soft, the management team still delivered revenue and EBITDA in line with expectations and continued to develop higher-margin speciality solutions. Good progress was also made on improving reliability and delivering additional cost savings, all of which serve to position Synthomer well for the future.

As such, alongside considering shareholder views and feedback, the Committee reflected on the difficulty of the challenge that management faced in 2024 when determining the appropriate level of reward for our Executive Directors for the year.

Annual bonus

As indicated in the 2023 Annual Report, a key objective for 2024 was to operate a simplified annual bonus, focusing on key priorities to ensure the scheme struck a balance, motivating management to deliver strong performance and enabling the delivery of an affordable payout – taking into account all stakeholder interests. EBITDA was chosen as the single financial metric for 2024, measuring our performance through core operations, which is a key indicator of our business recovery, and with an 80% weighting in the bonus plan. The remainder of the bonus was based on personal objectives linked to ongoing business transformation and on SHE measures aligned to our ongoing commitment to safety.

The EBITDA out-turn of £149.2m represents strong year-on-year growth in a difficult market. The Committee recognised that the management team has maintained focus on the key aspects of delivering the business strategy – in particular, the focus on higher-margin speciality products – improving reliability and delivering cost savings. This was reflected in the 10% awarded to both Executive Directors for their personal performance.

The continued focus on health and safety also delivered an out-turn of 10% of the overall bonus – the maximum for this element.

The Committee and management team held detailed discussions on the appropriate level of bonus award for the Executive Directors, taking into account the achievements of the management team in the context of a challenging environment, the affordability considerations noted above, stakeholder views and feedback, and the broader shareholder experience.

As a result, and taken in the round, discretion was applied to reduce the formulaic out-turn of 100% of maximum to 52%. The management team and the Committee both considered this to be a fair result for the year, which effectively balances all stakeholder interests.

Performance Share Plan (PSP)

The earnings per share (EPS) and total shareholder return (TSR) metrics for the 2022 PSP, based on the three-year performance to 31 December 2024, did not achieve the threshold level set when the awards were made.

The new and protected products (NPP) ratio and carbon reduction metrics exceeded the maximum levels set by the 2022 PSP.

The synergies achieved from the 2022 adhesives resins acquisition also delivered above the maximum levels set by the PSP, reflecting the progress that has been made in integrating the business into the wider Synthomer group.

The Committee considered that the overall out-turn of 40% was fair and did not apply any discretion. The share price has reduced since the awards were originally made and, as such, there were no windfall gains to be considered.

Performance measures for 2025 incentives

Our short-term and long-term incentive opportunities remain at the same levels as 2024.

Annual bonus

The annual bonus plan reflects the key financial and non-financial metrics that support delivery of our strategy in 2025. The Committee has carefully considered the most appropriate metrics for 2025, taking into account shareholder feedback and the business imperatives for the year. We will continue to use EBITDA as our main financial metric, with a weighting of 60%, because we believe that this continues to strongly align with our operational performance. However, in 2025, we will reintroduce operating cash as a second financial metric at 20% weighting, reflecting feedback from our stakeholders and our increased focus on improving cash generation in 2025.

The 2025 measures will continue to include a small weighting for non-financial metrics, with 10% for achieving SHE objectives and up to 10% for achieving strategic personal objectives, aligned to the delivery of our strategy.

PSP

For the 2025 PSP awards, in response to shareholder feedback and our commitment to reintroduce EPS into the PSP where appropriate, the 2025 PSP awards will now include EPS with a 30% weighting, replacing EBITDA growth. The Committee also considered whether leverage should be replaced with a return on capital measure. On balance, we decided that, given the ongoing focus on cash generation and debt reduction, leverage should remain for 2025 awards with a 30% weighting. The Committee believes that a return-on-capital metric will be a key indicator in the future and will continue to consider introducing it into the PSP in future years. Relative TSR will continue to have a 20% weighting, to align with the shareholder experience. The comparator group is unchanged (FTSE 250 excluding investment trusts).

The Committee believes that these financial metrics will incentivise management to reduce debt to long-term sustainable levels and manage financing costs – and improve earnings per share over the longer term.

The remaining 20% of the award will continue to be based on strategic goals. For ESG, after detailed discussions of the issue (see page 100), the focus will continue on Scope 1 and 2 absolute carbon reduction measures. NPP will be replaced by a measurement aligned to New Product Vitality (NPV), based on Group gross margin contribution. We believe that this better reflects the importance of innovation within our business strategy because it focuses on value delivered on products launched in the past five years.

As approved by our shareholders at the 2023 AGM, the additional PSP award of 50% of base salary will continue to be based wholly on more challenging relative TSR targets. This award will also use the FTSE 250 excluding investment trusts as a comparator group and will only start to vest for achieving upper-quartile performance, with maximum vesting achieved at upper decile, to align the Executive Directors reward with our shareholders' experience.

The Committee acknowledges the potential for windfall gains given the current share price level; however, we also recognise the importance of retaining and motivating our management team to deliver our strategy and compensating them appropriately relative to our FTSE chemical peers. Against this backdrop, the Committee carefully considered the award levels for 2025 PSP awards. We feel strongly that growing the share price from this level will require management to successfully drive improvements in operational performance, to effectively manage the balance sheet and to continue to transform the organisation. Any material share price improvements from this point will require significant performance and effort from management, which should be rewarded.

Therefore we have decided to maintain the primary incentive award for the CEO at 200% of base salary and the CFO at 150%, with the opportunity to receive an additional 50% of base salary under the additional PSP award. The Committee retains discretion to review the level of payout award at the end of the vesting period, and to scale back vesting if, at that time, we consider that the outcome does not align with shareholder and wider stakeholder experience during the period. This includes if we consider in retrospect that management benefited from a windfall.

Wider workforce reward

The Committee continues to review the reward landscape for the wider workforce when making decisions on executive remuneration. In particular, we have considered the percentage pay increases awarded to levels below the Executive Committee in determining increases for senior management. We also review alignment of incentive metrics across the organisation to ensure that they reflect our business priorities and provide line of sight to our key financial metrics for all employees.

As a result, we have chosen to adjust our Executive Directors' base salaries by 3% relative to 2024 levels. These increases are in line with the average increase for the UK management population.

A maturing approach to sustainability and remuneration

For the past four years we have linked a proportion of our Executive Directors' PSP strategic targets to Synthomer's Scope 1 and 2 carbon reduction targets, reflecting the growing importance of sustainability for the Company.

We want to ensure that the sustainability measure keeps pace with our strategic objectives, as well as society's growing expectations. As such, this year, the Committee participated in a deep-dive session with Synthomer's VP of ESG to learn more about the progress the Group is making in this important area, and to discuss options for ensuring that our incentive metrics remain aligned with our most relevant sustainability metrics. I personally found this session incredibly helpful in understanding how our sustainability journey is developing in support of our business strategy, and what we still need to do to embed Scope 3 in our incentive metrics.

The Committee is confident that our Scope 1 and 2 carbon reduction metrics continue to provide the best approach for incentivising our executives at the present time. In future, however, we may consider adding Scope 3 emissions to the measure as this metric becomes more embedded across our organisation.

Board changes

Peter Hill joined the Board in September 2024 and suceeded Caroline Johnstone as Chair on 1 January 2025, with a fee in line with the outgoing Chair.

Looking ahead

The Committee has worked very well together this year, with robust debate on important topics. Those discussions will continue in 2025, particularly as we begin work to refresh our remuneration policy – which shareholders will be able to vote on at our AGM in 2026. As we carry out that work, our focus will be on ensuring that the policy remains aligned with our business strategy and continues to provide an appropriate level of reward and incentive for our executives. I look forward to discussing the Policy and any changes with key stakeholders in the coming months.

Holly Van Deursen
Remuneration Committee Chair

11 March 2025

Remuneration at a glance

Here we highlight the performance and remuneration outcomes for the year ended 31 December 2024. More detail is provided in the annual report on remuneration from pages 103 to 116.

Policy for Executive Directors

The table on this page summarises the policy approved by our shareholders at the Annual General Meeting on 16 May 2023. Find more information about how we implemented the policy in 2024 on pages 103 to 110. The full policy can be found on our **website**.

The Remuneration Committee continues to align with the principles of Directors' remuneration outlined in the UK Corporate Governance Code, and as set out in the policy.

The Committee takes account of the reward, incentives, and terms and conditions of employees throughout the Group when considering the remuneration of Executive Directors and senior management.

Remuneration type

- Base salary
- Benefits
- Pension
- Annual bonus
- Performance Share Plan (PSP)
- Shareholding requirements

Base salary		
Generally reviewed each year. Salary increases of 3% were awarded with effect from 1 January 2025, in line with the average increase for the UK management population. Executive Director salaries are:		
CEO £722,741	CFO £489,240	
Benefits		
Include private health insurance, life insurance, car allowance and costs related to business moves (relocation) or international assignments. The CEO also receives a housing allowance for a four-year period.		
Pension		
Cash allowance of 7% of base salary for the CEO and CFO, which is aligned with that of the UK workforce.		
Annual bonus (audited)		
Maximum up to 150% of base salary. At least 70% assessed against financial metrics (80% in 2024), with up to 30% assessed against strategic and operational measures (20% in 2024). Awards in relation to financial performance of:		
20% of maximum for threshold	**50%** of maximum for target performance	**100%** of maximum for out-performance.
The Committee determines performance against strategic individual objectives in the round, taking into account performance against objectives set and each executive's overall contribution. A proportion of the bonus earned is deferred into shares for two years. For current Executive Directors, this is one third of any bonus.		
Performance Share Plan (PSP)		
Shares awarded may not exceed 250% of salary (primary award 200%, additional award 50%).		
Vesting based on performance over three years. For the primary award, at least 70% based on financial measures and up to 30% on strategic and sustainability performance measures linked to delivering the business strategy. Usually, no single measure will constitute more than 50% of an annual award. There is a two-year post-vesting holding period requirement. For the additional PSP award, relative TSR will be the single performance metric, with threshold vesting for upper-quartile performance and maximum vesting at upper-decile performance.		
Maximum of 25% for each element will vest for threshold performance.		
Shareholding requirements		
CEO 220% and CFO 200% of base salary.		
Requirements expected to be built up over five years.		

2024 performance

Annual bonus

Actual performance against the three annual bonus metrics are set out below.

	Weighting	Threshold	Target	Maximum	Actual	Bonus
EBITDA	80%	Threshold £116.5m[1]	Target £126.5m[1]	Maximum £146.5m[1]	£149.2m	80%[1]
SHE – OSHA incidents	5%		0.22		0.14	5%
SHE – Process safety	5%		0.22		0.21	5%
Individual strategic and operational goals	10%				10%	10%
Total bonus as a % of maximum before discretion applied	**100%**					**100%[2]**
Total adjusted bonus as a % of maximum after discretion applied						**52%**

PSP 2022 award

Actual performance against the five elements of the PSP are set out below.

	Weighting	Threshold	Maximum	Actual	PSP
Relative TSR	30%	Median quartile	Upper quartile	Below median	0%
EPS growth (targets restated post share consolidation and rights issue)	30%	123.4p	143.9p	-2.5p	0%
Adhesive resins acquisition synergies	20%	$20m	$23.2m	$37.6m	20%
NPP	10%	15% of 2024 sales volume to come from new products launched in the five years to Dec 2024	20%	24.1%	10%
Carbon reduction	10%	30% reduction in CO_2 emissions compared with 2019 baseline	40%	44.9%	10%
Total outcome	**100%**				**40%**

Our key principles for Executive Directors' remuneration

At Synthomer, our key principles for Executive Directors' remuneration are that it:

- Should be clear and simple with maximum award levels being clearly defined
- Is sufficient to attract and retain Executive Directors of the ability and expertise necessary to achieve the strategic goals of the Company
- Incentivises Executive Directors by rewarding performance and driving the right behaviours while ensuring appropriate safeguards are in place to mitigate risk
- Aligns Executive Director reward with the experience of shareholders.

As well as considering the reward, incentives and conditions of employees throughout the Group when looking at the remuneration of Executive Directors and senior management, the Committee also considers corporate governance requirements and best practice in terms of remuneration structures and the process of setting executive remuneration.

The Committee reviews performance targets regularly to make sure they do not encourage or motivate inappropriate risk-taking. When assessing performance, the Committee will also, when necessary, consider any ESG events and the Audit Committee's reviews of the effectiveness of internal controls and risk management.

1 To account for the divestment of latex compounding operations finalised in April 2024, the EBITDA targets were proportionally adjusted to exclude contributions from this segment. The Committee is satisfied that the revised targets remain appropriate and maintain the same level of stretch as those previously set.

2 Discretion was applied to reduce the formulaic out-turn to 52% (see page 104).

Annual report on remuneration

Single figure of remuneration for Executive Directors (audited)

	Year	Base salary £	Benefits £	Other £	Pension £	Total fixed remuneration £	Annual bonus £	Long-term incentives[1] £	Total variable remuneration £	Total £
Executive Directors										
M Willome	**2024**	**701,690**	**201,729**	**–**	**49,118**	**952,537**	**547,318**	**51,607**	**598,925**	**1,551,462**
	2023	674,700	201,368	–	47,229	923,297	404,820	10,295[2]	415,115	1,338,412
L Liu	**2024**	**474,990**	**16,342**	**205,672[3]**	**33,249**	**730,253**	**370,492**	**35,311**	**405,803**	**1,136,056**
	2023	456,720	15,844	50,605	31,970	555,139	274,032	–	274,032	829,171

1 For 2024, the values relate to awards granted under the PSP in 2022, which vest on 10 March 2025 for M Willome and 9 August 2025 for L Liu. More information about the level of vesting is provided in this report. Given these awards have not yet vested, they have been valued based on the average share price for the period 1 October 2024 to 31 December 2024 of 179.05p, along with any accrued dividends from the date of grant. The number of shares subject to the award was adjusted to reflect the share consolidation and rights issue. This will be restated next year to reflect the actual value at the date of vesting. There was no share price appreciation that affected the value of the awards, so the Committee did not exercise discretion in respect of the share price changes.

2 The 2021 PSP award value has been restated to reflect the actual value on vesting on 8 November 2024.

3 L Liu joined as CFO on 1 July 2022. As part of the terms of her recruitment, it was agreed she would be compensated in the future for an LTIP award and deferred shares that lapsed when she left her former employer, Essentra. The final payment was made in April 2024 of £205,672, in respect of the Essentra 2021 LTIP. The payment was calculated based on the actual out-turn and share price at the vesting date of the original Essentra LTIP.

Additional information for single figure remuneration (audited)

Benefits

	Relocation expenses £	Car expenses/ benefit £	Other £	Total £
M Willome	176,604[4]	24,000	1,125	**201,729**
L Liu	–	15,000	1,342	**16,342**

4 Given M Willome moved from Switzerland to the UK, he receives a monthly relocation allowance of £7,800 for a four-year period. The allowance is grossed up for tax.

Pension entitlements (audited)

Both current Executive Directors receive a cash allowance in lieu of pension contributions of 7% of base salary in line with the pension provision for the wider workforce.

Annual bonus (audited)

2024 award

For 2024, the Company operated a bonus plan for the Executive Directors related to the achievement of EBITDA targets, SHE targets, and individual strategic and operational goals, weighted as follows:

- EBITDA – 80%
- SHE – 10%
- Individual goals – 10%.

The maximum bonus level for M Willome and L Liu was 150% of salary.

Executive Directors	Maximum bonus as a % of salary	Total bonus as a % of maximum	Total bonus £
M Willome	150%	52%	**547,318**
L Liu	150%	52%	**370,492**

For M Willome and L Liu, one third of the bonus has been deferred into shares for two years.

The Committee and management team held detailed discussions on the appropriate level of bonus award for the Executive Directors, taking into account the achievements of the management team in the context of a challenging environment, the affordability considerations noted above, as well as stakeholder views and feedback and the broader shareholder experience. As a result, and taken in the round, discretion was applied to reduce the formulaic out-turn of 100% of maximum to 52%. The management team and the Committee both considered this to be a fair result for the year, which effectively balances all stakeholder interests.

More information about the individual elements of the 2024 bonus are as follows:

1. EBITDA (80%)

	Threshold	Target	Maximum	Achieved
Level of award (% of element)	20%	50%	100%	100%[2]
EBITDA[1]	£116.5m[1]	£126.5m[1]	£146.5m[1]	£149.2m

1 To account for the divestment of latex compounding operations finalised in April 2024, the EBITDA targets were proportionally adjusted to exclude contributions from this segment. The committee is satisfied that the revised targets remain appropriate and maintain the same level of stretch as those previously set.

2 The Company delivered EBITDA of £149.2m, representing a year-on-year increase despite challenging market conditions. This achievement was driven by a strategic focus on higher-margin speciality products, improved operational reliability, and successful cost savings initiatives. Reflecting this strong performance, Executive Directors received a 10% bonus based on their personal contributions while the Company's ongoing commitment to health and safety resulted in the maximum 10% bonus allocation for this element.

As set out in the Chair's letter, the Committee and management team held detailed discussions on the appropriate level of bonus award for the Executive Directors, considering the achievements of the management team in the context of a challenging environment, affordability considerations, as well as stakeholder views/feedback and the broader shareholder experience. As a result, discretion was applied to reduce the formulaic out-turn of 100% of maximum to 52%.

2. SHE (10%)

Targets with an aggregate weighting of 10% related to improvements in recordable injury and process safety.

	Recordable injury (recordable injury case rate)	Process safety (measured as process safety event rate)
Target	0.22	0.22
Level of award	0% for a rate greater than 0.22 5% for a rate less than 0.22	0% for a rate greater than 0.22 5% for a rate less than 0.22
Rate achieved	0.14	0.21
Award outcome	5%	5%

3. Individual strategic and operational goals (10%)

The Committee considered individual goals and achievements against them with an aggregate weighting of 10%, including:

	Chief Executive Officer	Chief Financial Officer
Target	**1 Progress in portfolio management according to strategy** **2 Secure operational and financial progress according to plan, in difficult conditions, and deliver full value creation in a market recovery** **3 Deliver targeted retention and staff motivation for the whole organisation**	**1 Support strategy delivery through portfolio optimisation, support and align to all strategic pillars, deliver corporate finance initiatives namely net working capital, cost, tax, interest, pensions** **2 Deliver sufficient financial resources for the business, refinance the Eurobond, operate within debt covenant** **3 Improve internal process efficiency and control environment: management reporting, service centre performance, IT, forecast accuracy**
Level of award	Up to 10%	Up to 10%

	Chief Executive Officer	Chief Financial Officer
Performance against targets	**1 Progress in portfolio management according to strategy** Maintained strong focus on delivering the strategy in a challenging economic environment, and ensuring the business is well positioned for a market recovery. For example: ● Led disposal processes for non-core businesses ● Continued review of portfolio, including assessment of Speciality Vinyl Polymers, concluding that this should be a core business ● Led review of potential stranded costs in the event of completion of non-core disposals ● Took a proactive approach to other potential portfolio options, e.g. capital-light partnerships ● Led horizon scanning with senior geopolitics and industry leaders, providing input to the Board strategic reviews.	**1 Support strategy delivery through portfolio optimisation, support and align to all strategic pillars, deliver corporate finance initiatives namely net working capital, cost, tax, interest, pensions** Achieved successful sale of the Compounds business, with continued work to close out other non-core divestment processes underway. Put in place robust procedures to drive more focused capital allocation, with greater challenge of operating and capital costs, and their allocation, across the Group. Successfully concluded a number of tax audits, achieving favourable outcomes for Synthomer. Increased factoring capacity with chosen banking partners to deliver greater funding flexibility. Delivered interest costs in line with budget, including through management of hedging strategy. Improved funding positions for both UK and US Defined Benefit pension schemes, and commenced review of potential buy-in/buy-out options for both schemes.

	Chief Executive Officer	Chief Financial Officer
Performance against targets continued	**2 Secure operational and financial progress according to plan, in difficult conditions, and deliver full value creation in a market recovery** Demonstrated strong personal leadership and support for both operational and commercial excellence across the business. Led a focus on "self-help" across the business, to drive financial progress even without a market recovery. Oversaw the ongoing review of funding options and the bond refinancing. **3 Deliver targeted retention and staff motivation for the whole organisation** Focused on building and strengthening a culture of innovation and challenge. For example: ● Led and strengthened the Global Leadership Team, setting clear targets and objectives linked to the strategy. ● Strengthened links to customers and suppliers. ● Delivered increased participation and an improved employee engagement result, based on the 2024 Your Voice employee survey, despite the challenging business environment.	**2 Deliver sufficient financial resources for the business, refinance the Eurobond, operate within debt covenant** Secured new RCF deal in early 2024 and extended the period of temporary covenant relaxation to ensure appropriate headroom was maintained. Led successful issuance of €350m bond due 2029 and a tender for €370m of bond due 2025, reducing gross debt and extending maturity profile. **3 Improve internal process efficiency and control environment: management reporting, service centre performance, IT, forecast accuracy** Digitised a number of finance processes to minimise manual intervention and improve efficiency. Successfully transitioned key finance process teams from the USA to the UK finance shared service centre to deliver cost and efficiency savings. Commenced demand forecasting improvement pilot project, with plans to roll out across the Group.
Award outcome	10%	10%

Additional information for single figure remuneration (audited)

Long-term incentives – PSP
The award made on 10 March 2022 for M Willome and 9 August 2022 for L Liu under the PSP was subject to the following performance metrics:

- Relative TSR performance condition – 30%
- An absolute underlying earnings per share performance condition – 30%
- Adhesive resins acquisition synergies – 20%
- Carbon reduction (Scope 1 and 2) – 10%
- NPP – 10%.

	Weighting	Threshold	Maximum	Outcome achieved	% vesting (of maximum)
Relative TSR	30%	Median	Upper quartile	Below median	0%
EPS[1]	30%	123.4p	143.9p	-2.5p	0%
Adhesive resins acquisition synergies	20%	\$20m	\$23.2m	\$37.6m	20%
Carbon reduction – in Scope 1 and 2 CO_2 emissions from the 2019 baseline	10%	30%	40%	44.9%	10%
NPP – by volume over the five-year period to end 2024	10%	15%	20%	24.1%	10%
Total	100%				40%

1 EPS targets have been restated to reflect the impact of the share consolidation and rights issue on the issued share capital. The original targets were: Threshold 46.7p, Maximum 54.4p.

25% vests for threshold performance. All metrics vest on a straight-line basis between threshold and maximum.

10% of the award was subject to a strategic measure relating to a reduction in carbon dioxide equivalent emissions over the performance period, excluding additional emissions from the acquired OMNOVA business.

Carbon dioxide equivalent reduction	Percentage of this part of an award that vests	Percentage achieved
Less than 30%	0%	44.9% achieved, which exceeded maximum performance, resulting in vesting of 10% of award
Between 30% and 40%	On a straight-line basis between 25% and 100%	
40% or more	100%	

In aggregate, 40% of the 2022 award vested. The Committee felt the final outcome to be fair and so no discretion was applied.

Additionally, because the share price is currently lower than that of the 2022 grant, the Committee considered that there was no windfall gain.

The 2022 award will vest for M Willome in March 2025 and in August 2025 for L Liu as follows:

		No. of shares[1] in original award	No. of shares that lapse	No. of shares that vest	Estimated value of shares that vest[2] £
M Willome	March 2022	72,056	43,234	28,822	51,607
L Liu	August 2022	49,303	29,582	19,721	35,311

1 The numbers of shares have been adjusted to reflect the impact of the share consolidation and rights issue on the issued share capital and accrued dividends from the date of grant.
2 Given these awards have not yet vested, they have been valued based on the average share price for the period 1 October 2024 to 31 December 2024 of 179.05p. This will be restated next year to reflect the actual value.

Overall, the Committee considers that the remuneration policy has operated as it intended during 2024, and that the pay outcomes are aligned with the experience of shareholders and other stakeholders.

Single figure of remuneration for Non-Executive Directors (audited)

Non-Executive Director	Year	Base fee £	Committee membership fee £	Committee Chair fee £	Total £
CA Johnstone	**2024**	**244,400**	**–**	**–**	**244,400**
	2023	235,000	–	–	235,000
The Hon. AG Catto	**2024**	**46,597**	**–**	**–**	**46,597**
	2023	44,805	–	–	44,805
RC Gualdoni	**2024**	**46,597**	**15,000**	**–**	**61,597**
	2023	44,805	15,000	–	59,805
Dato' Lee Hau Hian	**2024**	**46,597**	**–**	**–**	**46,597**
	2023	44,805	–	–	44,805
HA Van Deursen	**2024**	**46,597**	**15,000**	**10,000**	**71,597**
	2023	44,805	15,000	3,134	62,939
I Tyler[1]	**2024**	**56,597**	**15,000**	**10,000**	**81,597**
	2023	51,073	15,000	5,000	71,073
M Flöel	**2024**	**46,597**	**15,000**	**–**	**61,597**
	2023	14,935	5,000	–	19,935
U Halder[2]	**2024**	**15,532**	**–**	**–**	**15,532**
	2023	–	–	–	–
P Hill[3]	**2024**	**20,532**	**–**	**–**	**20,532**
	2023	–	–	–	–
Total	**2024**	**570,046**	**60,000**	**20,000**	**650,046**
	2023	505,147	56,250	8,134	569,531

1 Fee includes an additional £10,000 for his role as Senior Independent Director.
2 Appointed to the Board 1 September 2024.
3 Appointed to the Board 1 September 2024, as Chair designate. Appointed as Chair from 1 January 2025.

Directors' shareholding and share interests (audited)

Director	Interests in Company shares 31 December 2024	Total unfettered interests in shares and vested options 31 December 2024	Deferred annual bonus award	Unvested performance-related options 31 December 2024[1,2]	Share options exercised during 2024	Share ownership requirements (% of salary)[3]	Interest in shares at 31 December 2024 (% of salary)
M Willome	110,000	61,775	48,225	945,669	–	220	28%
L Liu	48,675	27,296	21,379	517,005	–	200	18%
CA Johnstone	41,772						
The Hon. AG Catto	252,829 and 282,135[4]						
RC Gualdoni	23,394						
Dato' Lee Hau Hian	163,604						
HA Van Deursen	24,000						
I Tyler	–						
M Flöel	–						
U Halder	25,000						
P Hill	–						

1 Unvested performance-related options comprise the awards made under the PSP in 2022, 2023 and 2024. Details of the performance conditions attached to the 2022 awards are set out on page 107, and to 2024 awards on page 110.
2 The 2022 and 2023 share awards under the PSP have been adjusted to reflect the impact of the share consolidation and rights issue.
3 Until this requirement is met, no sales of shares that vest under long-term incentive plans are permitted other than to satisfy tax liabilities that arise on the exercise of share awards under such plans. The Committee considers that unfettered unexercised vested nil-cost awards are economically equivalent to shares and, as such, that they should count (on a net-of-tax basis) towards compliance with the share ownership guidelines.
4 Non-beneficial interest.

There have been no changes in the interests of the Directors in shares between 31 December 2024 and at such time as this report was signed on 11 March 2025.

2024 awards (audited)

The awards made on 22 April 2024 to M Willome and L Liu were as follows:

	Scheme	Basis of award	Number of shares	Face value	Percentage vesting at threshold performance
M Willome	PSP – nil-cost options (primary award)	200% of salary	571,408	£1,403,378	25%
	PSP – nil-cost options (additional award)	50% of salary	142,852	£350,844	25%
L Liu	PSP – nil-cost options (primary award)	150% of salary	290,099	£712,483	25%
	PSP – nil-cost options (additional award)	50% of salary	96,700	£237,495	25%

The face value of the awards was calculated using a share price of 245.6p per share, the average share price on the five dealing days before the date of grant.

The 2024 awards under the PSP are subject to the following performance conditions:

Primary award

	Definition	Weighting	Threshold (25% vesting)	Maximum
Relative TSR	Relative TSR performance against the FTSE 250 Index (excluding investment funds and financial services companies) over the three-year period ended 31 December 2026	20%	Median	Upper quartile
EBITDA CAGR (vs 2023)	EBITDA compound annual growth rate	30%	8%	20%
Leverage	Leverage ratio at 31 December 2026	30%	Targets will be disclosed retrospectively because of commercial sensitivity	
Carbon reduction – in Scope 1 and 2 CO_2 emissions from the 2019 baseline	Reduction in carbon emissions (Scope 1 and 2) from the 2019 baseline by 31 December 2026	10%	35%	41%
NPP – by volume over the five-year period to end 2026	Percentage of Group sales (by volume) in the financial year 2026 that are derived from NPP launched in the five years to 31 December 2026	10%	14%	21%
Total		100%		

All metrics vest on a straight-line basis between threshold and maximum.

Additional award

For the additional award, the sole performance measure is relative TSR performance versus FTSE 250 (excluding investment trusts and financial services companies):

- 25% of this element will vest for upper-quartile performance
- 100% will vest for upper-decile performance
- Vesting on a straight-line basis between these points.

Operation of the Executive Director remuneration policy for 2025

The current policy was approved at the Annual General Meeting on 16 May 2023, and will be implemented as follows:

Base salary	A salary increase was awarded with effect from 1 January 2025 of 3% for the CEO and CFO in line with the average increase for the UK management population awarded in the UK. 2025 salaries are: • M Willome: £722,741 • L Liu: £489,240
Pension and benefits	Pension contributions for Executive Directors are aligned with those of the UK workforce. Executive Directors receive a cash allowance in lieu of pension contributions, car allowance and private health insurance. Given M Willome has moved from Switzerland to the UK, the Company also agreed a monthly relocation allowance of £7,800 for a four-year period. The allowance is grossed up for tax. 2025 cash allowances in lieu of pension contributions are: • M Willome: 7% of salary • L Liu: 7% of salary
Annual bonus	For 2025, performance under the annual bonus will be measured on the following basis: • 60% subject to performance against EBITDA targets • 20% subject to performance against operating cash targets • 10% subject to performance measures against key SHE targets • 10% subject to performance against individual strategic and operational goals. Targets and objectives for 2025 are, by their financial and commercial nature, considered by the Board to be unsuitable for disclosure in advance. However, the Committee will provide information on targets and objectives retrospectively. 2025 maximum award opportunity: • M Willome: 150% of salary • L Liu: 150% of salary

PSP	For primary awards to be made in 2025, performance will be measured as follows: • 20% based on relative TSR performance versus FTSE 250 (excluding investment trusts and financial services companies): – 25% of this element will vest for median performance – 100% will vest for upper-quartile performance – Vesting on a straight-line basis between these points • 30% based on EPS: – 25% of this element will vest for EPS of 10p – 100% vesting for EPS of 35p – Vesting on a straight-line basis between these points • 30% based on a reduction in leverage, which by its financial nature is considered by the Board to be unsuitable for disclosure in advance; however, the Committee will provide information on the target retrospectively • 20% based on strategic targets, of which half will be a sustainability measure linked to a reduction in carbon dioxide emissions of up to 45% from the 2019 baseline, with half linked to NPV – defined as gross margin of products launched in past five years (specifically, launch year plus five years) as a proportion of Group Gross Margin (GM) (NPV GM/Total GM %). For the additional awards, the sole performance measure will be TSR performance versus FTSE 250 (excluding investment trusts and financial services companies): • 25% of this element will vest for upper-quartile performance • 100% will vest for upper-decile performance • Vesting on a straight-line basis between these points. 2025 maximum award opportunity: • M Willome: 250% of salary (200% primary award, 50% additional award) • L Liu: 200% of salary (150% primary award, 50% additional award). Given the current level of the share price, the Committee has considered the 2025 PSP grants and the potential for windfall gains. The Committee believes it is critical to ensure that Executive Directors are appropriately incentivised in the context of challenging market conditions. The Committee has determined, therefore, that it is not appropriate to reduce awards at this stage but will review at vesting.
Shareholding guidelines during employment	The CEO and CFO are expected to build interests in shares of at least 220% and 200% of salary, respectively.
Chair and Non-Executive Directors	The fees to be paid in 2025 to the Chair and the Non-Executive Directors have been increased by 3% in line with the UK wider workforce from 1 January 2025 to £251,320 and £47,995 respectively.

Payments to past directors (audited)

SG Bennett, who stepped down from the Board in July 2022, was entitled to the vesting of the PSP awards made to him in 2022. He did not receive any other remuneration in 2024.

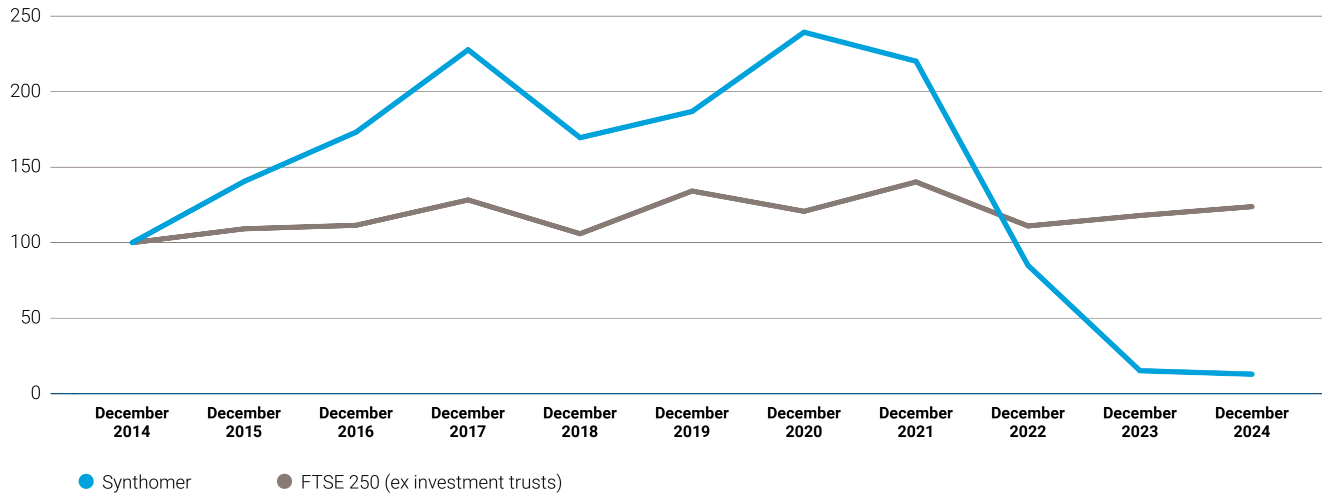
Payments for loss of office (audited)

No payments for loss of office were made during the year.

Performance graph and table

The graph and table below allow comparison of the TSR of the Company and the CEO remuneration outcomes over the past 10 years.

TSR chart



The chart above compares the TSR performance of the Company with that of the FTSE 250 (excluding investment trusts). This is considered to be the most appropriate index against which to make a comparison and was chosen because it represents a broad equity market index of which the Company has historically been a constituent and contains companies of similar complexity.

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CEO	CG MacLean	CG MacLean	CG MacLean	CG MacLean	CG MacLean	CG MacLean	CG MacLean/ M Willome	M Willome	M Willome	**M Willome**
CEO total single figure remuneration (£'000)	1,246	1,218	2,516	1,807	890	1,805	2,279	987	1,338	**1,551**
Bonus (% of maximum awarded)	69.7	100.0	100.0	76.5	20.0	100.0	95.0	10	40	**52**
PSP (% of maximum vesting)	n/a	n/a	96.3	86.2	10.0	31.8	64.0	n/a	20	**40**

The CEO total single figure of remuneration includes salary, benefits and pension contributions paid in the year, together with bonuses and long-term incentive awards that vested based on performance in the year.

The 2021 single figure comprises the figure for CG MacLean, which covers the period to 31 October 2021, and the figure for M Willome, which covers the period from 1 November to 31 December 2021.

CEO pay ratio

The following table provides pay ratio data in respect of the CEO's total remuneration compared to the 25th, median and 75th percentile employee.

Financial year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	**Option B**	**31:1**	**24:1**	**19:1**
2023	Option B	32:1	26:1	19:1
2022	Option B	24:1	21:1	16:1
2021	Option B	54:1	44:1	31:1
2020	Option B	37:1	28:1	22:1
2019	Option B	28:1	23:1	16:1

The employees used for the purposes of compiling the table above were identified on a full-time equivalent basis at the pay period during which 5 April 2024 fell. Option B, which involves identifying the employees at the 25th, median and 75th percentile from our gender pay gap report, was chosen as the calculation methodology. The selected employees' pay and benefits for the calendar year were then calculated using each element of employee remuneration consistent with the CEO and no element of pay has been omitted. Employees for the purpose of the gender pay gap are employees of Synthomer (UK) Limited (496 relevant employees as at the snapshot date of 5 April 2024). The ratio was determined at 31 December 2024.

Option B is considered the simplest and most accurate way of identifying relevant employees for Synthomer who best represent the data points. Using this methodology, we were able to identify specific employees to make the required comparisons.

The ratio decreased for 2024, due to the realignment of bonus structure down the organisation.

The definition of pay used included annual salary, car allowances, all other cash allowances, all bonuses and incentive scheme payments for services delivered in the year, and private medical insurance.

The following table provides salary and total remuneration information in respect of the employees at each quartile:

Financial year	Element of pay	25th percentile employee	Median employee	75th percentile employee
2024	**Salary**	**£42.0k**	**£50.3k**	**£66.7k**
	Total remuneration	**£49.3k**	**£66.5k**	**£83.3k**

Our CEO pay is made up of a higher proportion of incentive pay than that of the majority of our employees. This is likely to introduce more variability in the CEO's total compensation and, so, in his pay ratio. This explains the change in values across the period.

The Board has confirmed that, in its view, the ratios are consistent with the Company's wider policies on employee pay, reward and progression.

Percentage change in remuneration of the Directors and employees

The table below sets out the increase in salary, benefits and annual bonus of the Directors compared with a selected group of employees. The parent company, Synthomer plc, does not have any direct employees, so a comparator group of employees of the Group's main UK trading subsidiary has been used, comprising 197 employees. The Directors consider that this employee population is the most relevant for comparison purposes, considering geographical location and remuneration structure.

	2024			2023			2022			2021			2020		
Director	Salary and fee % increase	Benefits % increase/ (decrease)	Annual bonus % increase	Salary and fee % increase	Benefits % increase/ (decrease)	Annual bonus % increase	Salary and fee % increase	Benefits % increase/ (decrease)	Annual bonus % increase	Salary and fee % increase	Benefits % increase/ (decrease)	Annual bonus % increase	Salary and fee % increase	Benefits % increase/ (decrease)	Annual bonus % increase
M Willome[1]	**4.0**	**0.2**	**35.2**	3.8	3.6	315	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
L Liu[2]	**4.0**	**3.1**	**30.4**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CA Johnstone	**4.0**	**n/a**	**n/a**	n/a	n/a	n/a	24.0	n/a	n/a	2.5	n/a	n/a	n/a	n/a	n/a
The Hon. AG Catto	**4.0**	**n/a**	**n/a**	n/a	n/a	n/a	3.0	n/a	n/a	5.6	n/a	n/a	0.9	n/a	n/a
RC Gualdoni[1]	**3.0**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Dato' Lee Hau Hian	**4.0**	**n/a**	**n/a**	n/a	n/a	n/a	3.0	n/a	n/a	2.8	n/a	n/a	1.6	n/a	n/a
HA Van Deursen	**13.8**	**n/a**	**n/a**	5.3	n/a	n/a	2.2	n/a	n/a	3.6	n/a	n/a	1.3	n/a	n/a
I Tyler[2]	**14.8**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
M Flöel[3]	**209.0**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
U Halder[4]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
P Hill[4]	**n/a**	**n/a**	**n/a**	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Average change for employees	**7.0**	**21.3**	**59.9**	5.8	42.4	166.7	2.1	19.6	(73.2)	2.6	3.2	36.5	1.4	n/a	n/a

1 M Willome and RC Gualdoni were appointed to the Board in 2021.
2 L Liu and I Tyler were appointed to the Board in 2022, so only had a part-year salary for 2022.
3 M Flöel joined the Board in 2023.
4 U Halder and P Hill joined the Board in September 2024.

Relative importance of spend on pay

The table below shows the relative importance of the Group's all-employee remuneration expense compared with returns to shareholders by way of dividends.

Financial year	2024 £m	2023 £m	% change
Dividends paid	**0**	0	0%
Total employee remuneration	**251.5**	245.2	2.6%

Dividends are the dividends paid in the year. There were no dividends paid in 2023 or 2024. Total employment remuneration is the consolidated salary and bonus cost for all Group employees.

External appointments

Executive Directors are permitted to accept external appointments with the approval of the Board, provided that there is no adverse impact on their role and duties to the Company. Any fees arising from such appointments may be retained by the Executive Directors where the appointment is unrelated to the Group's business.

M Willome has been a non-executive director of Glaston Oyj (Nasdaq Helsinki) since May 2020 and received a Board membership fee of €45,000 in 2024. M Willome has sat on European subsidiary boards of Indutrade AB since 2013 and received a board membership fee of CHF30,000 in 2024.

L Liu has been a non-executive director of DCC plc since 2021 and received a board membership fee of €90,125 in 2024.

Remuneration Committee

Remuneration Committee membership since 1 January 2024:

HA Van Deursen (Chair)
RC Gualdoni
I Tyler
M Flöel

Attendance at Committee meetings is set out on page 69.

Key duties of the Committee

During 2024, the Committee was responsible for determining the remuneration of the Executive Committee and for reviewing remuneration elsewhere in the Group – including reviewing workforce remuneration and related policies to make sure incentives and reward are aligned with culture.

Advisers

The CEO, Company Secretary and Chief Human Resources Officer are invited to attend Committee meetings to contribute to the Committee's deliberations. However, no individual is involved in discussions, or is part of any decisions, relating to their own remuneration.

The Committee received independent advice from Deloitte LLP (Deloitte), which it appointed as its independent remuneration adviser in April 2013, following a tender process.

During the year, Deloitte provided advice on governance and market trends and other remuneration matters that materially assisted the Committee. The fees paid to Deloitte in respect of this work were charged on a time-and-expenses basis and totalled £94,750 for advice in 2024.

The Committee is comfortable that the Deloitte engagement team providing it with remuneration advice does not have connections with the Company or its Directors that may impair its independence. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts. Deloitte also provided tax services and supported management with a review of financial and operational performance in part of the Group. The Committee was satisfied that this did not compromise the independence of the advice received.

Deloitte is a founding member of the Remuneration Consultants Group and adheres to its Code of Conduct. Deloitte was appointed directly by the Committee, and the Committee is satisfied that the advice received was objective and independent.

Statement of voting at the Annual General Meeting

The table below sets out the results of the votes on the Directors' Remuneration Report at the AGM on 9 May 2024 and the Directors' Remuneration Policy on 16 May 2023.

While we were disappointed by the level of support for the Remuneration Report at our AGM in May 2024, we recognise and understand the frustration expressed by some shareholders regarding their 2023 experience. Subsequent engagement with key shareholders provided valuable insights which alongside other factors, informed both the 2024 remuneration outcomes and the design of the 2025 performance metrics. The Committee remains committed to ensuring these metrics and incentive outcomes appropriately balance executive motivation with the delivery of shareholder value.

	Votes for		Votes against		Votes withheld
	Number	% of vote	Number	% of vote	Number
2023 Directors' remuneration report	**71,624,948**	**55.40**	**57,668,772**	**44.60**	**26,588**
2023 Directors Remuneration Policy	**331,283,004**	**86.87**	**50,072,165**	**13.13**	**38,250**

By order of the Board

Anant Prakash
Company Secretary

11 March 2025

Other regulatory disclosures

The Directors submit their Annual Report and the audited consolidated financial statements for the year ended 31 December 2024. None of the matters required to be disclosed by UK Listing Rule 6.6.1R applies to the Company, except for:

- The amount of capitalised interest – see note 21 to the financial statements
- Details of long-term incentive programmes – see Directors' remuneration report on pages 98 to 100.
- Shareholder waiver of dividends – see note 12 to the financial statements.

The Directors' report is covered on pages 65 to 116 as well as in the following sections of the Annual Report:

Item	Location in Annual Report
Statement of Directors' responsibilities	Page 119
Financial risk management	Financial statements – note 22
Present Board membership	Pages 70 to 73
Governance report	Pages 65 to 119
Strategic report (including principal activities)	Pages 2 to 10
Management of risk and viability statement	Pages 62 to 63
Employee engagement	Pages 78 to 79
Directors' remuneration report	Pages 98 to 100
Share capital	Financial statements – note 27
Greenhouse gas emissions	Pages 191 to 194
Sustainability report	Pages 26 to 31

Results and dividends

The loss attributable to shareholders was £72.6m. In 2022, the Board announced the suspension of dividends. The Board has confirmed that dividends will remain suspended at least until the Group's net debt to EBITDA ratio is less than 3x.

Acquisitions and divestments

In April 2024, the Company completed the sale of its latex compounding operations in the Netherlands and Egypt.

Directors

All the Directors will seek election or retire and seek re-election at the forthcoming AGM.

None of the Directors seeking re-election has a service contract except Michael Willome and Lily Liu, who both have service contracts that contain a 12-month notice period.

Director indemnity provisions

Under the Company's Articles of Association, the Directors of the Company have the benefit of a qualifying third-party indemnity provision. This means the Company indemnifies them against certain liabilities, as permitted by Sections 232 and 234 of the Companies Act 2006, and against costs incurred by them in relation to any liability for which they are indemnified. The Company has purchased and maintains insurance against Directors' and Officers' liabilities in relation to the Company.

UK pension funds

The trustees have reviewed the independent investment management of the assets of the Company's UK pension schemes and assured themselves of the security and controls in place. In particular, it is the trustees' policy not to invest in Synthomer plc shares nor lend money to the Company.

Share capital and control

The Company's Articles of Association set out the rights and obligations attached to the Company's ordinary shares, being the only class of issued share capital, alongside the powers of the Company's Directors. Copies can be obtained from Companies House or downloaded from the Company's website (**Synthomer.com**). There are no restrictions on the voting rights attached to the Company's ordinary shares or on the transfer of securities in the Company. No person holds securities in the Company that carry special rights with regard to the control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights. Unless expressly specified to the contrary in the Company's Articles of Association, those Articles of Association may be amended by special resolution of the Company's shareholders.

Other than in relation to its borrowings, which become repayable on a takeover unless certain conditions are satisfied, the Company is not party to any significant agreements that would come into effect, alter or terminate on a change of control prompted by a takeover bid. The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover.

All the Company's share programmes contain provisions relating to a change of control. Outstanding options and awards would normally vest and become exercisable on a change of control, subject to the satisfaction of any performance conditions at that time.

Interests disclosed under DTR 5

As at 31 December 2024, the following information had been received by the Company, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules (DTRs), from holders of notifiable interests in the Company's issued share capital. It should be noted that these holdings may have changed since they were notified to the Company. Substantial shareholders do not have different voting rights from those of other shareholders.

	Ordinary shares (number)	Percentage of total voting rights*
Kuala Lumpur Kepong Berhad Group	**43,986,318**	**27%**
Greater Manchester Pension Fund	**9,719,706**	**5.94%**
Lombard Odier Asset Management (Europe) Limited	**8,790,432**	**5.37%**
Janus Henderson Group plc	**8,241,151**	**5.04%**
Artemis Investment Management LLP	**8,234,039**	**5.03%**

* Percentage based on ordinary shares in issue, as at the date the notification was received by the Company.

Between 31 December 2024 and 11 March 2025, being the latest practicable date before the publication of this Annual Report, the Company received no further notifications under DTR 5.

Employment policies and employee involvement

The Group gives every consideration to job applications from disabled people. Employees who become disabled are given every opportunity to continue working for Synthomer under normal terms and conditions with appropriate training, career development and promotion wherever possible. The Group seeks to achieve equal opportunities in employment through recruitment and training policies.

The Group encourages employee involvement in its affairs. The Company regularly engages with employees to make them aware of the financial and economic factors affecting Group performance. Performance-related bonus programmes operate throughout the Group. Alexander Catto (supported by Holly Van Deursen) is the designated Non-Executive Director responsible for gathering the views of employees. More information on the Board's employee engagement work can be found on pages 36 and 37. The Group's approach to diversity and inclusion is explained on page 37.

Authority to purchase own shares

At the 2024 AGM, shareholders passed a special resolution to authorise the Company, subject to certain conditions, to purchase on the market a maximum of 16,356,762 ordinary shares, at that time representing approximately 10% of the Company's issued share capital. This authority will expire at the conclusion of the 2025 AGM. The Directors are seeking the renewal of this authority at the 2025 AGM.

Subsidiaries

All the Group's subsidiaries, joint ventures and related undertakings are listed on pages 187 to 189.

Statement as to disclosure of information to auditors

Each Director of the Company confirms that, to the best of their knowledge, the Company's auditors are aware of all relevant audit information. Each Director also confirms that they have taken all necessary steps as a Director to make themselves aware of any relevant audit information and to establish that the information has been shared with the Company's auditors. For these purposes, relevant audit information means information needed by the Company's auditor in connection with preparing its report on pages 121 to 127. This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

Going concern

The Directors have acknowledged the latest guidance on going concern and, in reaching their conclusions, have considered factors that include:

- The $400m RCF, which was put in place in September 2023 and matures in July 2027, subsequently reduced to €300m in March 2024
- The UK Export Finance facilities of €288m and $230m, which were put in place in October 2022 and mature in October 2027
- The €350m 7.375% unsecured senior loan notes due in May 2029, and the €520m 3.875% unsecured senior loan notes due in June 2025, of which €150m is outstanding.

After making enquiries and considering reasonably possible changes in trading performance, the Directors are satisfied that, at the time of approving the financial statements, it is appropriate to adopt the going concern basis in preparing the financial statements of both the Group and Company.

Political donations

No political donations were made in the year (2023: nil).

Independent auditors

A resolution to appoint PricewaterhouseCoopers LLP (PwC) as the Company's auditors will be proposed at the next Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held at the offices of the Company at 45 Pall Mall, London SW1Y 5JG on 1 May 2025 at 11.00 am.

By order of the Board

Anant Prakash
Company Secretary

11 March 2025

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, including the Strategic report, Governance report and financial statements, in accordance with applicable laws and regulations.

Company law requires the Directors to prepare consolidated financial statements for each financial year in accordance with IFRS, as adopted by the UK. The Directors have elected to prepare parent company financial statements in accordance with UK-adopted IAS, comprising FRS 101.

In addition, company law requires that Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the financial statements, the Directors are required to:

- Select suitable accounting policies and apply them properly and consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information in a manner that is relevant, reliable and comparable
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Assess the Group's and Company's ability to continue as a going concern.

The Directors are responsible for safeguarding the assets of the Group and Company and so for taking reasonable steps to prevent and detect fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions, and to disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (**Synthomer.com**). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fair, balanced and understandable

On the advice of the Audit Committee, the Board considers the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and Company's position, performance, business model and strategy.

Disclosing information to the auditor

In line with Section 418 of the Companies Act 2006, the Directors confirm that, as far as they are each aware, there is no relevant audit information that has not been brought to the attention of the Company's auditor. Each Director has taken all reasonable steps that they ought to have taken in line with their duty as a Director to make themselves aware of any relevant audit information and to make sure that the Company's auditor is aware of that information.

Directors' responsibility statement

The Directors consider that, to the best of each person's knowledge, the:

- Financial statements, taken as a whole, which have been prepared in line with IFRS as adopted by the UK, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company
- Strategic report, taken as a whole, includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

Cautionary statement

The purpose of this report is to provide information to the members of the Company. It contains certain forward-looking statements with respect to the operations, performance and financial condition of the Group. By their nature, these statements involve uncertainty, since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this report, and the Company is under no obligation to update these forward-looking statements. Nothing in this report should be construed as a profit forecast.

Details of the Company's Directors and their roles are listed on pages 70 - 73.

Approved by the Board of Directors on 11 March 2025 and signed on its behalf by

Lily Liu
Chief Financial Officer

Financial statements

Group financial statements

Company financial statements

Delivering

69% of our new products have defined sustainability benefits that meet customers' needs.

Independent auditors’ report

to the members of Synthomer plc

Report on the audit of the financial statements

Opinion

In our opinion:

- Synthomer plc’s Group financial statements and Company financial statements (the financial statements) give a true and fair view of the state of the Group’s and of the Company’s affairs as at 31 December 2024 and of the Group’s loss and the Group’s cash flows for the year then ended
- The Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006
- The Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 Reduced Disclosure Framework, and applicable law)
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report 2024 (the Annual Report), which comprise: the Consolidated balance sheet and the Company statement of financial position as at 31 December 2024; the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated cash flow statement and the Reconciliation of net cash flow from operating activities to movement in net debt for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC’s Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC’s Ethical Standard were not provided.

Other than those disclosed in note 7 to the consolidated financial statements, we have provided no non-audit services to the Company in the period under audit.

Our audit approach

Overview

Audit scope

- Audit procedures provide coverage of 77% of revenue
- Audit scope covers procedures over 12 significant components due to risk or size, across 7 countries

Key audit matters

- Impairment of goodwill assets – AS and HPPM (Group)
- Valuation of defined benefit pension obligations (Group)
- Presentation of Special Items (Group)
- Recoverability of investment in, and amounts owed by, Group undertakings (parent)

Materiality

- Overall Group materiality: £9,900,000 (2023: £9,105,000) based on 0.5% of revenue (2023: approximately 5% of three-year weighted average of underlying profit before taxation).
- Overall Company materiality: 8,910,000 (2023: 8,194,000) based on 1% of total assets capped at 90% of Group materiality.
- Performance materiality: £7,425,000 (2023: £6,828,750) (Group) and £6,682,000 (2023: £6,145,000) (Company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors’ professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill assets - AS and HPPM (Group) As set out in note 14, the Group had goodwill of £100.6m (2023: £145.2m) at 31 December 2024, after an impairment of £nil (2023: £nil). This is significant in the context of the overall balance sheet of the Group. We consider this to be a key audit matter because the estimates underlying the recoverability of goodwill are subject to high estimation uncertainty, particularly in a year where the Group's performance has significantly deteriorated. Management's assessment of the 'value in use' of the Group's cash generating units (CGU) involves judgements about the future results of the businesses, particularly assumptions around long-term growth rates and the weighted average cost of capital applied to future cash flow forecasts, where there is a higher degree of sensitivity.	Procedures performed included: • Understanding business processes and controls related to the assessment of the carrying value of goodwill for impairment. • Assessing the reasonableness of the impairment model and understanding management's process and judgements utilised for developing estimates and assumptions. This included testing of the underlying 'value-in-use' calculations. • Agreeing the inputs in management's impairment model to Board-approved plans. • Performing a retrospective review of the previous period estimates by comparing this to actual results in the current period. • Engaging our internal valuation specialists to assess the reasonableness of the weighted average cost of capital and long-term growth rate assumptions used by management. • Assessing corroborating or contradictory evidence relating to significant assumptions in the cash flow projections. • Performing sensitivity analyses based on reasonably possible outcomes. • Checking the mathematical accuracy of the calculations. • Assessing the effect of climate change included in management's cash flow forecast. • Reviewing the disclosures in the financial statements in respect of the carrying value of goodwill. Based on the procedures performed, we concluded that no impairment was required. We also consider the disclosures in the financial statements to be appropriate.
Valuation of defined benefit pension obligations (Group) As set out in note 26, the Group had £49.7m (2023: £64.7m) net liabilities as at 31 December 2024 in relation to defined benefit pension schemes. This primarily represents the Yule Catto group retirement benefits scheme in the UK with defined benefit obligation of £251.2m (2023: of £269.6m), the OMNOVA Solutions Consolidated Pension Plan in the USA with defined benefit obligation of £157.6m (2023: £166.5m) and an unfunded scheme in Germany with defined benefit obligation of £57.8m (2023: £63.0m). The Group uses third-party actuaries to calculate pension obligations. The valuation of these obligations is based on a number of assumptions and the calculation is highly sensitive to small changes in the assumptions. For instance, changes in inflation, mortality tables and discount rates can have a significant impact on the valuation of the obligation recorded.	In order to assess the identified risks: • We reviewed external actuarial reports of the UK and German schemes which set out the calculations and assumptions underpinning the year-end pension scheme obligations valuation, and our USA component team reviewed an external actuarial report for the USA scheme. • We (and PwC US) held discussions with the external actuaries and were satisfied that the scope of their work was such that we could use this work to provide evidence for the purpose of our audit. • We assessed the competency and objectivity of the external actuaries to perform the year-end calculations by considering their technical expertise and independence from the Group. • We used our own specialist actuarial team to evaluate the key assumptions used in each of the three schemes by comparing these assumptions to our expectations for similar schemes as at the year end. • We also considered the appropriateness of the disclosures within the financial statements. Based on the outcome of our procedures as set out above, we have concluded that the pension assumptions are within a reasonable range and that the defined benefit obligations are appropriately valued as of the 31 December 2024 year end.

Key audit matter	How our audit addressed the key audit matter
Presentation of Special Items (Group) The Group presents two measures of performance in the income statement; statutory and underlying, the latter after adjusting for certain items of income or expenses (Special Items), as management believes these measures provide additional useful information on the underlying trends, performance and position of the Group. The determination of which items of income or expense are classified as Special Items is subject to judgement and therefore users of the financial statements could be misled if amounts are not classified or calculated appropriately. Description of the amounts presented as Special Items are included in note 4 to the financial statements.	We considered the appropriateness of amounts classified as special items. To do this we considered: • The Group's accounting policy on Special Items and pronouncements by the Financial Reporting Council on this matter. • We assessed the income and expenses classified as Special Items against the Group's accounting policies. • We challenged management on the appropriateness of the classification of such Special Items, being mindful that classification should be even-handed between gains and losses, the basis of the classification should be clearly disclosed and a clear reconciliation to statutory measures provided and applied consistently one year to the next. • We challenged management on the quantum of the Special Items, and the estimates underpinning a number of these items. Having considered the nature and quantum of these items, overall we are satisfied that the presentation of Special Items in the financial statements for the year ended 31 December 2024 is materially appropriate and consistent with the previous years.
Recoverability of investment in, and amounts owed by, Group undertakings (parent) As disclosed in notes 3 and 6 of the Company's financial statements, the company held an investment in subsidiaries of £896.2m (2023: £737.2m) and amounts owed by Group undertakings of £2,256,2m (2023: £1,991.1m) at 31 December 2024. The assessment of the recoverability of these assets required the application of management judgement, particularly in determining whether any impairment indicators have arisen that trigger the need for a formal impairment assessment and in assessing whether the carrying value of each investment and amounts owed by Group undertakings are recoverable. As changes to these judgements and estimates could have a material impact on the Company's financial statements, we consider this to be a key audit matter.	Our procedures included the following: • Assessing the recoverable value with reference to the net assets of the underlying subsidiaries and amounts owed by Group undertakings with reference to the Directors' intentions for the settlement of Group-wide intercompany balances. • Verifying that the recoverable values of the investment was consistent with the recoverable value of the CGUs tested for goodwill impairment purposes, leveraging the audit work undertaken as part of the Group audit. Based on the procedures performed, we noted no material issues.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

As set out in note 5 'Segmental analysis', the Group reports its results as three segments: 'Coatings & Construction Solutions', 'Adhesive Solutions'; and 'Health & Protection and Performance Materials'. The Group's financial statements are a consolidation of reporting units, being holding companies, intermediate holding companies and operating companies, across more than 20 countries. Two countries, being the USA and Germany, account for a significant portion of the Group's results. We accordingly focused our work on five of the reporting units in these countries, which were subject to audits of their financial information. In addition, to increase our coverage of the Group's revenue, we performed audit procedures on an additional seven reporting units located in the UK, Malaysia, the Czech Republic, France and the Netherlands. All of these components accounted for 77% of the Group's revenue.

Where work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those reporting units to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group's financial statements as a whole. During the audit, senior members of the Group team held a number of meetings with all of the component teams and reviewed the work performed by these teams over those areas of higher audit risk. The Group audit partner also visited Malaysia as part of the audit planning and completion processes.

At the Group level, we also carried out targeted analytical procedures on non-significant components not covered by the procedures described above. The Group engagement team also performed audit procedures over the consolidation process.

Synthomer plc (the Company) was in full scope and the audit procedures over the Company's transactions and balances were performed by the Group audit team. The Company's material financial statement line items which were in scope for the Group audit are other intangible assets, cash and cash equivalents, borrowings and other payables. The Company is also audited on a standalone basis, and hence, testing has been performed on all material financial statement line items included in the Company standalone financial statements.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the process management has adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within the Task Force on Climate-related Financial Disclosures (TCFD) report. In addition to enquiries with management, we also read the governance processes in place to assess climate risk. We challenged the completeness of management's climate risk assessment by reading the Group's website/communications for details of climate-related impacts. Management have made commitments to achieve net zero carbon emissions by 2050, and with Vision 2030 they are working on their pathway towards this. Management considers the impact of climate risk does not give rise to a potential material financial statement impact. Using our knowledge of the business, we evaluated management's risk assessment and its estimates as set out in note 2 of the financial statements and resulting disclosures where significant. We considered impairment of non-current assets, especially impairment of goodwill and intangible assets, as the area to potentially be materially affected by climate risk, and consequently we focused our audit work in this area. To respond to the audit risks identified in this area, we tailored our audit approach to address these, in particular, we challenged management on how the impact of climate commitments made by the Group would affect the assumptions within the discounted cash flows prepared by management that are used in the Group's impairment analysis. We also considered the consistency of the disclosures in relation to climate change (including the disclosures in the TCFD section) within the Annual Report with the financial statements and our knowledge obtained from our audit. Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31 December 2024.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£9,900,000 (2023: £9,105,000).	£8,910,000 (2023: £8,194,000).
How we determined it	0.5% of revenue (2023: approximately 5% of three-year weighted average of underlying profit before taxation)	1% of total assets capped at 90% of Group materiality
Rationale for benchmark applied	In determining materiality, we considered both profit before tax and revenue as the acceptable benchmarks. We considered profit before tax to be an appropriate benchmark as it is one of the key metrics for investors and is used by the Board in measuring the Group's financial performance. We considered total revenue to be appropriate given the focus of investors on revenues and top line growth. This provided a wide range of acceptable materiality levels. In our judgement, the Group is currently experiencing volatile profits or losses but less volatile revenues and their operations remain largely consistent year on year. We therefore consider revenue to remain an appropriate benchmark to use. The materiality selected therefore is consistent at 0.5% of revenue based on which we determined a materiality of £9,900,000.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the Company, and is a generally accepted benchmark. The value is capped for the purpose of the Group audit with reference to Group materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between £1,000,000 to £9,000,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to £7,425,000 (2023: £6,828,750) for the Group financial statements and 6,682,000 (2023: 6,145,000) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £495,000 (Group audit) (2023: £455,000) and 445,000 (Company audit) (2023: £409,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- We reviewed the Directors' going concern paper and model supporting their going concern assumption. We discussed with management the assumptions applied in the going concern review so we could understand and challenge the rationale for those assumptions, using our knowledge of the business. We tested the model's mathematical accuracy and considered the reasonableness of the revenue and cost assumptions made and the available headroom throughout a period of at least 12 months from the date of approval of the financial statements
- We reviewed management's sensitivity scenarios including their severe but plausible downside. We considered potential mitigating actions available to the Group that are achievable and within management's control. We then assessed the availability of liquid resources under the different scenarios prepared by management and the associated covenant tests applicable
- We also assessed additional downside sensitivities and considered the impact on covenants and liquidity headroom
- We reviewed the Group's post-year-end performance, including the January 2025 CFO report, and noted that the Group's performance in January 2025 was ahead of budget.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' remuneration

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Governance report is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental, health and safety and competition regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, the Listing Rules, UK tax legislation and equivalent local laws and legislations applicable to material component teams. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and profit and management bias in significant accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work.

Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with management and internal audit as part of our fraud risk assessment, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud. This included review of Board minutes, internal audit reports and the report from the whistleblowing hotline
- Evaluation of management's controls designed to prevent and detect irregularities
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to impairment of goodwill, going concern and viability and the valuation of defined benefit scheme liabilities
- Obtained a list of journals, confirmed its completeness, and used data auditing techniques to identify journals which we considered to be at a higher risk of fraud such as unusual account combinations like credits to revenue and debits to accounts other than debtors and intercompany, debits to non-current assets (except PPE) with credits to expenses and debits to Special Items where the credit is to expenses; we tested these journals back to supporting documentation
- Incorporated unpredictability into our audit procedures, this included performing a review of significant customers in the Group, review of immaterial exceptional items to ensure appropriate classification, and scanning of PPE additions to ensure appropriate capitalisation.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- We have not obtained all the information and explanations we require for our audit
- Adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us
- Certain disclosures of Directors' remuneration specified by law are not made
- The Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 12 July 2012 to audit the financial statements for the year ended 31 December 2012 and subsequent financial periods. The period of total uninterrupted engagement is 13 years, covering the years ended 31 December 2012 to 31 December 2024.

Other matter

The Company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Craig Skelton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Watford
11 March 2025

Consolidated income statement

for the year ended 31 December 2024

	Note	2024 Underlying performance £m	2024 Special Items £m	2024 IFRS £m	2023 Underlying performance £m	2023 Special Items £m	2023 IFRS £m
Continuing operations							
Revenue	5	**1,986.8**	**–**	**1,986.8**	1,940.6	–	1,940.6
Company and subsidiaries operating profit before Special Items		**48.8**	**–**	**48.8**	32.0	–	32.0
Amortisation of acquired intangibles	4	**–**	**(45.1)**	**(45.1)**	–	(49.3)	(49.3)
Restructuring and site closure costs	4	**–**	**(15.1)**	**(15.1)**	–	(14.7)	(14.7)
Acquisition costs and related gains	4	**–**	**(0.6)**	**(0.6)**	–	(2.0)	(2.0)
Sale of business	4	**–**	**(3.3)**	**(3.3)**	–	(0.1)	(0.1)
Regulatory fine	4	**–**	**–**	**–**	–	(0.7)	(0.7)
Abortive bond costs	4	**–**	**–**	**–**	–	(0.5)	(0.5)
Impairment charge	4	**–**	**(5.7)**	**(5.7)**	–	(5.6)	(5.6)
Pension past service cost	4	**–**	**(4.4)**	**(4.4)**	–	–	–
Company and subsidiaries operating profit/(loss)		**48.8**	**(74.2)**	**(25.4)**	32.0	(72.9)	(40.9)
Share of joint ventures	18	**1.6**	**(0.3)**	**1.3**	1.4	–	1.4
Operating profit/(loss)	6	**50.4**	**(74.5)**	**(24.1)**	33.4	(72.9)	(39.5)
Interest payable	9	**(68.0)**	**–**	**(68.0)**	(70.6)	–	(70.6)
Interest receivable	9	**12.1**	**–**	**12.1**	10.2	–	10.2
Fair value loss on unhedged interest derivatives	4	**–**	**–**	**–**	–	(1.8)	(1.8)
Loss on extinguishment of financing facilities	4	**–**	**(1.4)**	**(1.4)**	–	(4.7)	(4.7)
Net interest expense on defined benefit obligations	9	**(1.7)**	**–**	**(1.7)**	(2.7)	–	(2.7)
Interest element of lease payments	9	**(2.4)**	**–**	**(2.4)**	(1.8)	–	(1.8)
Finance costs		**(60.0)**	**(1.4)**	**(61.4)**	(64.9)	(6.5)	(71.4)
Loss before taxation		**(9.6)**	**(75.9)**	**(85.5)**	(31.5)	(79.4)	(110.9)
Taxation	10	**4.2**	**14.6**	**18.8**	3.5	2.8	6.3
Loss for the year from continuing operations		**(5.4)**	**(61.3)**	**(66.7)**	(28.0)	(76.6)	(104.6)
Profit/(loss) for the year from discontinuing operations attributable to equity holders of the parent	30	**1.6**	**(4.2)**	**(2.6)**	(1.6)	39.4	37.8
Loss for the year		**(3.8)**	**(65.5)**	**(69.3)**	(29.6)	(37.2)	(66.8)
Profit/(loss) attributable to non-controlling interests		**0.3**	**3.0**	**3.3**	0.4	(0.2)	0.2
Loss attributable to equity holders of the parent		**(4.1)**	**(68.5)**	**(72.6)**	(30.0)	(37.0)	(67.0)
		(3.8)	**(65.5)**	**(69.3)**	(29.6)	(37.2)	(66.8)
Earnings per share							
– Basic from continuing operations	13	**(3.5)p**	**(39.3)p**	**(42.8)p**	(33.4)p	(89.4)p	(122.8)p
– Diluted from continuing operations	13	**(3.5)p**	**(39.3)p**	**(42.8)p**	(33.4)p	(89.4)p	(122.8)p
– Basic	13	**(2.5)p**	**(41.9)p**	**(44.4)p**	(35.1)p	(43.4)p	(78.5)p
– Diluted	13	**(2.5)p**	**(41.9)p**	**(44.4)p**	(35.1)p	(43.4)p	(78.5)p

Consolidated statement of comprehensive income

for the year ended 31 December 2024

		2024			2023		
	Note	**Equity holders of the parent £m**	**Non-controlling interests £m**	**Total £m**	Equity holders of the parent £m	Non-controlling interests £m	Total £m
(Loss)/profit for the year		**(72.6)**	**3.3**	**(69.3)**	(67.0)	0.2	(66.8)
Actuarial (losses)/gains	26	**(2.1)**	**–**	**(2.1)**	2.9	–	2.9
Tax relating to components of other comprehensive income	10	**0.1**	**–**	**0.1**	(1.0)	–	(1.0)
Total items that will not be reclassified to profit or loss		**(2.0)**	**–**	**(2.0)**	1.9	–	1.9
Exchange differences on translation of foreign operations		**3.8**	**(0.8)**	**3.0**	(58.3)	(0.8)	(59.1)
Exchange differences recycled on sale of business		**4.4**	**–**	**4.4**	(0.5)	–	(0.5)
Fair value loss on hedged interest derivatives		**(3.3)**	**–**	**(3.3)**	(7.7)	–	(7.7)
Gains on net investment hedges taken to equity		**11.9**	**–**	**11.9**	1.0	–	1.0
Total items that may be reclassified subsequently to profit or loss		**16.8**	**(0.8)**	**16.0**	(65.5)	(0.8)	(66.3)
Other comprehensive income/(expense) for the year		**14.8**	**(0.8)**	**14.0**	(63.6)	(0.8)	(64.4)
Total comprehensive (expense)/income for the year		**(57.8)**	**2.5**	**(55.3)**	(130.6)	(0.6)	(131.2)

Consolidated statement of changes in equity

for the year ended 31 December 2024

	Note	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging & translation reserve £m	Retained earnings £m	Total equity holdings of the parent £m	Non-controlling interests £m	Total equity £m
At 1 January 2024		**1.6**	**925.9**	**0.9**	**10.4**	**209.8**	**1,148.6**	**13.4**	**1,162.0**
(Loss)/profit for the year		**–**	**–**	**–**	**–**	**(72.6)**	**(72.6)**	**3.3**	**(69.3)**
Other comprehensive income/(expense) for the year		**–**	**–**	**–**	**16.8**	**(2.0)**	**14.8**	**(0.8)**	**14.0**
Total comprehensive income/(expense) for the year		**–**	**–**	**–**	**16.8**	**(74.6)**	**(57.8)**	**2.5**	**(55.3)**
Dividends		**–**	**–**	**–**	**–**	**–**	**–**	**(0.5)**	**(0.5)**
Share-based payments		**–**	**–**	**–**	**–**	**1.5**	**1.5**	**–**	**1.5**
At 31 December 2024		**1.6**	**925.9**	**0.9**	**27.2**	**136.7**	**1,092.3**	**15.4**	**1,107.7**

	Note	Share capital £m	Share premium £m	Capital redemption reserve £m	Hedging & translation reserve £m	Retained earnings £m	Total equity holdings of the parent £m	Non-controlling interests £m	Total equity £m
At 1 January 2023		46.7	620.0	0.9	75.9	273.5	1,017.0	14.0	1,031.0
(Loss)/profit for the year		–	–	–	–	(67.0)	(67.0)	0.2	(66.8)
Other comprehensive (expense)/income for the year		–	–	–	(65.5)	1.9	(63.6)	(0.8)	(64.4)
Total comprehensive expense for the year		–	–	–	(65.5)	(65.1)	(130.6)	(0.6)	(131.2)
Dividends	12	–	–	–	–	–	–	–	–
Share consolidation		(46.5)	46.5	–	–	–	–	–	–
Issue of shares		1.4	259.4	–	–	–	260.8	–	260.8
Share-based payments		–	–	–	–	1.4	1.4	–	1.4
At 31 December 2023		1.6	925.9	0.9	10.4	209.8	1,148.6	13.4	1,162.0

Group financial statements

Consolidated balance sheet

as at 31 December 2024

	Note	2024 £m	2023 £m
Non-current assets			
Goodwill	14	**455.1**	465.7
Acquired intangible assets	15	**407.1**	452.5
Other intangible assets	16	**70.6**	71.1
Property, plant and equipment	17	**688.5**	705.7
Deferred tax assets	11	**55.7**	36.8
Defined benefit asset	26	**26.0**	16.5
Investment in joint ventures	18	**8.1**	7.5
Total non-current assets		**1,711.1**	1,755.8
Current assets			
Inventories	19	**348.2**	344.1
Trade and other receivables	20	**227.2**	213.0
Current tax assets	10	**15.6**	8.8
Cash and cash equivalents	21	**225.8**	371.3
Derivative financial instruments	22	**2.8**	12.2
Assets classified as held for sale	30	**6.5**	1.5
Total current assets		**826.1**	950.9
Total assets		**2,537.2**	2,706.7
Current liabilities			
Borrowings	21	**(124.2)**	(0.7)
Trade and other payables	24	**(391.6)**	(431.3)
Lease liabilities	23	**(12.3)**	(13.8)
Current tax liabilities	10	**(17.6)**	(28.0)
Provisions for other liabilities and charges	25	**(7.8)**	(11.9)
Derivative financial instruments	22	**(1.6)**	(2.4)
Liabilities classified as held for sale	30	**–**	–
Total current liabilities		**(555.1)**	(488.1)

Consolidated balance sheet continued

	Note	**2024 £m**	2023 £m
Non-current liabilities			
Borrowings	21	**(698.6)**	(870.3)
Trade and other payables	24	**(0.1)**	(0.2)
Lease liabilities	23	**(43.6)**	(41.5)
Deferred tax liabilities	11	**(28.9)**	(33.8)
Retirement benefit obligations	26	**(75.7)**	(81.2)
Provisions for other liabilities and charges	25	**(27.5)**	(29.6)
Total non-current liabilities		**(874.4)**	(1,056.6)
Total liabilities		**(1,429.5)**	(1,544.7)
Net assets		**1,107.7**	1,162.0
Equity			
Share capital	27	**1.6**	1.6
Share premium	27	**925.9**	925.9
Capital redemption reserve		**0.9**	0.9
Hedging and translation reserve	27	**27.2**	10.4
Retained earnings	27	**136.7**	209.8
Equity attributable to equity holders of the parent		**1,092.3**	1,148.6
Non-controlling interests		**15.4**	13.4
Total equity		**1,107.7**	1,162.0

The financial statements on pages 128 to 179 were approved by the Board of Directors and authorised for issue on 11 March 2025.
They are signed on its behalf by:

M Willome
Director

L Liu
Director

Group financial statements

Consolidated cash flow statement

for the year ended 31 December 2024

	Note	2024 £m	2024 £m	2023 £m	2023 £m
Operating					
Cash generated from operations	28		**39.2**		195.0
– Interest received		**12.1**		10.2	
– Interest paid		**(64.3)**		(62.7)	
– Interest element of lease payments		**(2.4)**		(1.8)	
Net interest paid			**(54.6)**		(54.3)
– UK corporation tax received/(paid)		**0.7**		(2.9)	
– Overseas corporate tax (paid)/received		**(18.8)**		12.2	
Total tax (paid)/received			**(18.1)**		9.3
Net cash (outflow)/inflow from operating activities			**(33.5)**		150.0
Investing					
Dividends received from joint ventures	18		**1.0**		1.9
Purchase of property, plant and equipment and intangible assets	16, 17		**(90.6)**		(84.0)
Proceeds from sale of property, plant and equipment			**7.4**		–
Purchase of business			**–**		(18.4)
Proceeds from sale of business			**20.5**		208.2
Net cash (outflow)/inflow from investing activities			**(61.7)**		107.7
Financing					
Dividends paid			**–**		–
Dividends paid to non-controlling interests			**(0.5)**		–
Proceeds on issue of shares	27		**(4.7)**		265.5
Settlement of equity-settled share-based payments			**(0.2)**		(0.4)
Repayment of principal portion of lease liabilities			**(12.1)**		(12.4)
Repayment of borrowings			**(327.9)**		(892.0)
Proceeds of borrowings			**299.5**		548.4
Net cash outflow from financing activities			**(45.9)**		(90.9)
(Decrease)/increase in cash, cash equivalents and bank overdrafts during the period			**(141.1)**		166.8
Cash and cash equivalents and bank overdrafts at 1 January	21		**370.6**		209.2
Foreign exchange	21		**(4.0)**		(5.4)
Cash, cash equivalents and bank overdrafts at 31 December	21		**225.5**		370.6

See note 30 for further details of cash flows from discontinued operations.

Reconciliation of net cash flow from operating activities to movement in net debt

for the year ended 31 December 2024

	Note	**2024 £m**	2023 £m
Net cash (outflow)/inflow from operating activities		**(33.5)**	150.0
Add: dividends received from joint ventures	18	**1.0**	1.9
Less: net capital expenditure		**(83.2)**	(84.0)
Less: purchase of businesses		**–**	(18.4)
Add: net proceeds from sale of business		**20.5**	208.2
		(95.2)	257.7
Ordinary dividends paid	12	**–**	–
Issue of shares	27	**(4.7)**	265.5
Dividends paid to non-controlling interests		**(0.5)**	–
Settlement of equity-settled share-based payments		**(0.2)**	(0.4)
Repayment for principal portion of lease liabilities		**(12.1)**	(12.4)
Foreign exchange and other movements	21	**15.4**	14.8
(Increase)/decrease in net debt		**(97.3)**	525.2

Notes to the consolidated financial statements

for the year ended 31 December 2024

1 General information

Synthomer plc (the 'Company') is a public limited company, limited by shares and incorporated and domiciled in the United Kingdom and registered in England under the Companies Act. The address of the registered office is given on page 118. The Company is listed on the London Stock Exchange.

The principal activities of the Company and its subsidiaries (the 'Group') and the nature of the Group's operations are set out in the Strategic report.

The consolidated financial statements are prepared in pounds sterling, the functional currency of the Company. Foreign operations are included in accordance with the policies set out in note 2.

2 Material accounting policies

Basis of preparation

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards and the disclosure guidance and transparency rules sourcebook of the United Kingdom's Financial Conduct Authority.

The financial statements have been prepared on a going concern basis and under the historical cost basis, except for the revaluation of financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

The principal accounting policies adopted and applied in the preparation of these financial statements consistently in all the years presented are set out below.

Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty, particularly over the level of demand for the Group's products. The Group's forecasts and projections take account of reasonably possible changes in trading performance and a severe but plausible downside scenario has been prepared, linked to our principal risks. This scenario does not threaten the Group's ability to operate within the level of its current facilities. No mitigating actions have been included for any of the scenarios and, should it need to, the Group could take action quickly to significantly reduce costs and cash outflows as demonstrated during the course of the COVID-19 pandemic in 2020.

The severe but plausible downside scenario, offset by mitigation actions as required, does not threaten the Group's ability to operate within the level of its current facilities. Having assessed the principal risks and the other matters discussed in connection with the viability statement (see page 62), the Directors considered it appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements. Further information on the Group's borrowings is given in note 21.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns.

Consolidation of a subsidiary begins from the date the Company obtains control and ceases from the date the Company loses control. Where necessary on obtaining control, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Subsequent to the date on which the Company obtains control, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated on consolidation.

Materiality

Various disclosures make reference to items considered material or immaterial to the financial statements. The Group considers information to be material if omitting it or misstating it could influence decisions that users make on the basis of the financial information provided. Materiality is considered from both a quantitative and qualitative factor perspective. In addition to subsequent specific references to materiality, and in compliance with IFRS, certain disclosures have not been provided where the information resulting from that disclosure is not material.

2 Material accounting policies continued

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by the Group, liabilities incurred by the Group to former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 Income Taxes
- Liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 19 Employee Benefits
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during a measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

A measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

If a business combination is achieved in stages, the Group's previously held interest in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Goodwill

Goodwill is measured as the excess of the consideration transferred over the Group's interest in acquisition-date identifiable assets acquired less liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of the combination. Cash generating units are defined as our reportable segments: Coatings & Construction Solutions, Adhesive Solutions and Health & Protection and Performance Materials.

Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, associate or joint venture, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous UK GAAP amounts subject to being tested for impairment at that date.

Goodwill written off to reserves under UK GAAP before 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

Joint ventures

Joint ventures are accounted for using the equity method of accounting. Under the equity method, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

Revenue

General

Synthomer manufactures and sells mainly water-based polymers across a diverse range of end-use applications. Our products are predominantly sold in liquid form, in bulk containers.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer when performance obligations are satisfied. Revenue is recognised at the point in time when control of the product is transferred from Synthomer to the customer.

The customer is deemed to obtain control of the resultant asset in line with the Incoterms under which it is sold. The significant majority of Synthomer's products are sold under Carriage Paid To (CPT) and Carriage and Insurance Paid (CIP) International Commercial Terms. Under these terms, control of the product is transferred when the goods reach their destination. At this point the risks of obsolescence and loss have been transferred and there is no unfulfilled obligation that could affect the customer's acceptance of the product. A receivable is recognised at this point in time as consideration is unconditional and only the passage of time is required before payment is due.

Rebates
Synthomer may grant customers rebates if the goods purchased by the customer exceed a contractually defined threshold within the specified period. Rebates are usually deducted from the amounts payable by the customer. Depending on the terms of the underlying contract, Synthomer uses either the expected value or the most likely amount to estimate the variable consideration for expected future rebates. Historical, current and forecast information is considered when calculating rebates.

The majority of rebate programmes are aligned with the Group's financial year end, providing certainty around how much should be recognised in the financial statements.

Other
The Group does not have any contracts where the period between the transfer of promised goods to the customer and payment by the customer exceeds one year. As a consequence, the Group applies the practical expedient in IFRS 15 and does not adjust any of the transaction prices for the time value of money.

Foreign currencies
In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences on transactions entered into to hedge certain foreign currency risks (see below under 'hedge accounting')
- Exchange differences on monetary items receivable or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

On consolidation, the assets and liabilities of the Group's non-sterling operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. The Group elected to treat goodwill and fair value adjustments arising on acquisitions before the date of transition to IFRS as sterling-denominated assets and liabilities.

Operating profit and loss
Operating profit and loss represents profit and loss from continuing activities before financing costs and taxation.

Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2 Material accounting policies continued

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Global Minimum Top-up Tax

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure (see Note 10/11).

The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

Leases

The Group assesses whether a contract is or contains a lease, at inception of the contract. The lease term is determined from the commencement date of the contract and covers the non-cancellable term. If considered reasonably certain, extension or termination options are included in the lease term.

At the commencement date, a lease liability is recognised, measured at the present value of the future lease payments and discounted using the Group's incremental borrowing rate. Subsequently, the lease liability is adjusted by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

At the commencement date, a right of use asset is recognised, measured at an amount equal to the lease liability plus any lease payments made before the commencement date and any initial direct costs, less any lease incentive payments. An estimate of costs to be incurred in restoring an asset, in accordance with the terms of the lease, is also included in the right of use asset at initial recognition. Subsequently, right of use assets are measured in accordance with the accounting policy for property, plant and equipment and are depreciated over the shorter period of lease term and the useful life of the underlying asset. Any adjustments to the corresponding lease liability are reflected in the corresponding right of use asset.

Short-term leases and low value leases are not recognised as lease liabilities and right of use assets, but are recognised as an expense straight-line over the lease term.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and any recognised impairment loss. Cost comprises original purchase price and the costs attributable to bringing the asset to its working condition for its intended use, including, where appropriate, capitalised finance costs.

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Freehold buildings	• 50 years
Leasehold land and buildings	• the lesser of 50 years and the period of the lease
Plant and equipment	• between 3 and 20 years

Assets in the course of construction are carried at cost, less any recognised impairment loss. Finance costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of those assets. Depreciation of these assets commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Acquired intangible assets

Intangible assets acquired in a business combination are initially recognised at their fair value at the acquisition date, which is regarded as their cost. Where necessary, the fair value of assets at acquisition and their estimated useful lives are based on independent valuation reports.

Acquired intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over estimated useful lives, on the following bases:

Customer relationships	• between 8 and 20 years
Other intangibles	• up to 20 years

Assets with an indefinite life are not subject to amortisation.

Acquired intangible assets are derecognised upon reaching the end of their useful lives.

Other intangible assets

Other intangible assets that are not acquired through a business combination are initially measured at cost and amortised on a straight-line basis over their estimated useful lives of up to 10 years.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised only if all the following conditions have been demonstrated:

- The technical feasibility of completing the asset
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the asset once development has been completed
- The probability that the asset created will generate future economic benefits
- The availability of adequate technical, financial and other resources to complete the development
- The asset created can be separately identified and the development cost can be measured reliably.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow-moving or defective items where they exist.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group classifies its financial instruments in the following categories:

- Financial assets and liabilities at amortised cost (AC)
- Financial assets and liabilities at fair value through profit and loss (FVTPL)
- Financial assets and liabilities at fair value through other comprehensive income (FVTOCI).

Financial assets and liabilities are initially measured at fair value including, where permitted, any directly attributable transaction costs.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on their classification.

Financial assets and liabilities measured at amortised cost

Financial assets measured at amortised cost include cash and cash equivalents and trade and other receivables. Cash and cash equivalents comprise cash held in bank accounts with no access restrictions, and bank term deposits repayable on demand or maturing within three months of inception.

At each reporting date, the Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. In establishing the appropriate amount of loss allowance to be recognised, the Group applies either the general approach or the simplified approach, depending on the nature of the underlying class of financial assets:

- Under the general approach, the Group recognises a loss allowance for a financial asset at an amount equal to the 12-month expected credit losses, unless the credit risk on the financial asset has increased significantly since initial recognition, in which case a loss allowance is recognised at an amount equal to the lifetime expected credit losses
- The simplified approach is applied to the impairment assessment of trade and other receivables. Under this approach, the Group recognises expected lifetime losses upon initial recognition.

2 Material accounting policies continued

Financial liabilities measured at amortised cost include trade and other payables, lease liabilities and borrowings. Borrowings are measured at amortised cost unless they form part of a fair value hedge relationship. The difference between the initial carrying amount of borrowings and the redemption value is recognised in the income statement over the contractual terms using the effective interest rate method.

Financial assets and liabilities held at fair value

Financial assets and liabilities are measured at fair value through profit or loss when they do not meet the criteria to be measured at amortised cost or at fair value through other comprehensive income.

Financial assets and liabilities at FVTPL are measured at fair value at the end of each reporting period with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see below).

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and foreign currency options. Further details of derivative financial instruments are set out in note 22.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

Hedge accounting

To mitigate foreign currency and interest rate risk, the Group designates certain derivatives as hedging instruments in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair value or cash flows of the hedged item attributable to the hedged risk.

On adoption of IFRS 9, the Group elected to continue to apply the hedge accounting requirements of IAS 39 as permitted by the standard.

Fair value hedges

The Group only applies fair value hedge accounting for foreign currency risk.

The fair value change on qualifying hedging instruments is recognised in the income statement and is recognised in the same line as the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge.

Gains or losses relating to an ineffective portion are recognised immediately in the income statement.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified in the income statement in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated at that time in equity is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss in equity is recognised immediately in profit or loss.

Hedges of net investment in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are treated as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution scheme.

For defined benefit schemes, the cost of providing benefits is calculated using the projected unit credit method, with actuarial valuations carried out at the end of each reporting period.

Defined benefit costs are split into three categories, namely:

- Service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements
- Net interest expense
- Remeasurements.

The Group presents service costs within cost of sales and administrative expenses.

Past service cost is recognised when the plan amendment or curtailment occurs.

Net interest expense is recognised within finance costs and is calculated by applying a discount rate to the net defined benefit liability.

Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised immediately in the balance sheet with a charge or credit to the statement of other comprehensive income in the period in which they occur and are not subsequently reclassified to profit and loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. These are measured at the fair value of the equity instruments at grant date. The fair value excludes the effect of non-market-based vesting conditions. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves. The Group will on occasion, at its own discretion, settle these share-based payments in cash rather than equity.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each balance sheet date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

Alternative performance measures

The Group has consistently used two significant alternative performance measures (APMs) since its adoption of IFRS in 2005:

- Underlying performance, which excludes Special Items from IFRS profit measures
- EBITDA, which excludes Special Items, amortisation and depreciation from IFRS operating profit.

The Board's view is that Underlying performance provides additional clarity for the Group's investors and so it is the primary focus of the Group's narrative reporting. It is not intended to be a superior measure to IFRS, however, these measures are used internally to manage the business. Further information and the reconciliation to the IFRS measures are included in notes 4 and 5.

Critical accounting judgements and estimates

In the application of the Group's accounting policies, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The assumptions for each estimate are set out in the relevant note referenced below.

- Defined benefit obligation (note 26): calculation of the Group's defined benefit obligation includes a number of assumptions which affect the carrying value of the obligation.
- Valuation of goodwill, intangible assets and property plant and equipment on acquisition: in a business combination, intangible and tangible assets are identified and recognised at fair value. The assumptions involved in valuing these assets require the use of estimates that may differ from the actual outcome. These estimates cover future growth rates, expected inflation rates and the discount rate used. Changing the assumptions selected by management could significantly affect the allocation of the purchase price paid between goodwill and other acquired intangibles.

2 Material accounting policies continued

- Impairment of goodwill and intangible assets: as part of impairment testing, the Group is required to estimate the recoverable amount of cash generating units by estimating future cash flows. The assumptions involved in estimating the recoverable amount include future growth rates and the discount rates used. Changing the assumptions selected by management could significantly affect the amount of any impairment.
- Current tax liability and deferred tax (notes 10 and 11): the Group annually incurs significant amounts of income taxes payable to various jurisdictions around the world and it also recognises significant changes in deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws, regulations and relevant court decisions.

Critical judgements in applying the Group's accounting policies

During the year, the Group maintained agreements under which amounts receivable from customers can be sold to a third party on a non-recourse basis. These receivables are derecognised at the point of sale which is shortly after the initial recognition of the receivable balance. This derecognition generated a net cash inflow of £23.2m for the year ended 31 December 2024 (2023: £28.6m) and a net reduction in receivables of £87.3m as at 31 December 2024 (2023: £110.6m).

In accordance with IFRS9, the Group has determined that substantially all the risks and rewards of ownerships of these receivables have been transferred to the third parties under the facilities, resulting in derecognition of the customer receivables.

IFRS7 provides further guidance on disclosure requirements where there is continued involvement in the derecognised financial assets. The Group has determined that an asset should be recognised in respect of a deferred purchase price reserve, which represents a portion of the original receivable. This reserve is subsequently paid by the counterparties to the agreements, whether the customer pays the receivable in full or not. Further disclosures in relation to this receivable can be found in note 22.

There are no other critical judgements, apart from those involving estimations (which are discussed above), that the Directors have made in the process of applying the Group's accounting policies.

3 Adoption of new and revised standards

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants – Amendments to IAS 1;
- Lease Liability in Sale and Leaseback – Amendments to IFRS 16; and
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7.

The amendments listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

There are a number of amendments and clarifications to IFRS, effective in future years, which have not been early adopted by the Group. These standards, amendments or clarifications are not expected to significantly affect the Group's consolidated results or financial position in the current or future periods.

4 Special Items

IFRS and Underlying performance

The IFRS profit measures show the performance of the Group as a whole and as such include all sources of income and expense, including both one-off items and those that do not relate to the Group's ongoing businesses. To provide additional clarity on the ongoing trading performance of the Group's businesses, management uses 'Underlying' performance as an APM to plan for, control and assess the performance of the segments. Underlying performance differs from the IFRS measures as it excludes Special Items.

Special Items

Special Items are disclosed separately in order to provide a clearer indication of the Group's Underlying performance.

Special Items are either irregular, and therefore including them in the assessment of a segment's performance would lead to a distortion of trends, or are technical adjustments which ensure the Group's financial statements are in compliance with IFRS but do not reflect the operating performance of a segment in the year, or both. An example of the latter is the amortisation of acquired intangibles, which principally relates to acquired customer relationships. The Group incurs costs, which are recognised as an expense in the income statement, in maintaining these customer relationships. The Group considers that the exclusion of the amortisation charge on acquired intangibles from Underlying performance avoids the potential double counting of such costs and therefore excludes it as a Special Item from Underlying performance.

The following are consistently disclosed separately as Special Items in order to provide a clearer indication of the Group's Underlying performance:

- Restructuring and site closure costs
- Sale of business or significant asset
- Acquisition costs
- Amortisation of acquired intangible assets
- Impairment of non-current assets
- Fair value adjustments in respect of derivative financial instruments where hedge accounting is not applied
- Items of income and expense that are considered material, either by their size and/or nature
- Customisation, configuration and set up costs of significant Software as a Service ("SaaS") arrangements
- Tax impact of above items
- Settlement of prior period tax issues.

Special Items comprise:

	Note	2024 £m	2023 £m
Amortisation of acquired intangibles	15	**(45.1)**	(49.3)
Restructuring and site closure costs (including share of JV)		**(15.4)**	(14.7)
Impairment charge		**(5.7)**	(5.6)
Acquisition costs and related gains		**(0.6)**	(2.0)
Sale of business		**(3.3)**	(0.1)
Regulatory fine		**–**	(0.7)
Abortive bond costs		**–**	(0.5)
Pension past service cost		**(4.4)**	–
Total impact on operating profit/loss		**(74.5)**	(72.9)
Finance costs			
Fair value loss on unhedged interest derivatives	9	**–**	(1.8)
Loss on extinguishment of financing facilities	9	**(1.4)**	(4.7)
Total impact on loss before taxation		**(75.9)**	(79.4)
Taxation Special Items	10	**7.5**	(1.7)
Taxation on Special Items	10	**7.1**	4.5
Total impact on loss for the year – continuing operations		**(61.3)**	(76.6)
Discontinued operations			
Restructuring and site closure costs		**(1.1)**	(3.7)
Sale of business		**(3.1)**	61.3
Impairment charge		**–**	(0.8)
Taxation on Special Items		**–**	(17.4)
Total impact on profit/loss for the year – discontinued operations		**(4.2)**	39.4
Total impact on loss for the year		**(65.5)**	(37.2)

Amortisation of acquired intangibles is the amortisation on the customer lists, patents, trademarks and trade secrets arising on past acquisitions. The fair value of the intangible assets arising on past acquisitions are being amortised over periods of 8-20 years mainly dependent on the characteristics of the customer relationships.

Within continuing operations, restructuring and site closure costs in 2024 principally comprised:

- A £5.5m charge in relation to the ongoing integration of the acquired Adhesive Resins business into the Adhesive Solutions division
- £3.7m of costs in relation to restructuring costs associated with our operational site reviews to align with our strategic initiatives
- £7.3m of costs for ongoing functional and site rationalisation in the USA and Europe, as a result of previous divestments and closures
- A £2.4m gain in relation to site rationalisation activity and a release of an uncertain tax provision in Malaysia.

Within discontinued operations, Restructuring and site closure costs of £1.1m were incurred in relation to the closure of the US paper and carpets business.

Restructuring and site closure costs in 2023 included charges to integrate the adhesive resins business, site rationalisation costs in the USA, Malaysia and Europe, and costs in relation to the strategy change and alignment of the business into its new divisions.

Within continuing operations, a further £3.6m impairment charge was provided in relation to plant capacity plan changes in Malaysia and a £2.1m impairment recognised in relation to site rationalisations in the USA. The impairment charge in 2023 related to the mothballing of the NBR plant in Malaysia. The discontinued operations impairment charge in 2023 related to lease impairments in the discontinued US paper and carpets business.

Acquisition costs and related gains are for the acquisition of the adhesive resins business and comprise £0.6m of costs, related to obligations to the US pension schemes . Acquisition costs in 2023 also related to this acquisition.

Sale of business mainly related to the proceeds net of any costs, primarily professional fees, incurred in conjunction with the sale of the compounding business to Matco Latex Services BV along with costs incurred in relation to prior and future divestments.

Other costs include a £4.4m charge in relation to a one-off non-cash past service cost due to a “Barber window” equalisation and other adjustments which arose following a legal review of scheme documentation.

In July 2018, the Group entered into swap arrangements to fix euro interest rates on the full value of the then €440m committed unsecured revolving credit facility. The fair value movement of the unhedged interest rate derivatives in 2023 relates to the movement in the mark-to-market of the swap in excess of the Group’s borrowings.

Taxation Special Items in 2024 reflected the release of a Malaysian uncertain tax provision which was successfully concluded in the year. Tax Special Items in 2023 related to the disposal of the Laminates, Films and Coated Fabrics business.

Taxation on Special Items is mainly deferred tax credits arising on the amortisation of acquired intangibles and restructuring and site closure costs.

5 Segmental analysis

The Group's Executive Committee, chaired by the Chief Executive Officer, examines the Group's performance. At the start of 2024, certain foam products were transferred from the CCS division into Performance Materials, and tyre cord, elastomeric modifiers and reinforcing resins products transferred in the other direction. Other than the reclassification of goodwill detailed in note 14, the net financial effect was not significant.

The Group's reportable segments are as follows:

Coatings & Construction Solutions
Our specialist polymers enhance the sustainable performance of a wide range of coatings and construction products. We work across architectural and masonry coatings, mortar modification, waterproofing and flooring, fibre bonding, and energy solutions.

Adhesive Solutions
Our adhesive solutions bond, modify and compatibilise surfaces and components for products including tapes and labels, packaging, hygiene, tyres and plastic modification, helping improve permeability, strength, elasticity, damping, dispersion and grip.

Health & Protection and Performance Materials
We help enhance protection and performance in a wide range of industries including medical glove manufacture, speciality paper, food packaging, carpet and artificial turf, gel foam elastomers, and vinyl-coated seating fabrics.

The Group's Executive Committee is the chief operating decision maker and primarily uses a measure of EBITDA to assess the performance of the operating segments. No information is provided to the Group's Executive Committee at the segment level concerning interest income, interest expense, income tax or other material non-cash items.

No single customer accounts for more than 10% of the Group's revenue.

5 Segmental analysis continued

A segmental analysis of Underlying performance and Special Items is shown below.

2024	Continuing operations					Discontinued operations	
	Coatings & Construction Solutions £m	Adhesive Solutions £m	Health & Protection and Performance Materials £m	Corporate £m	Total £m	Health & Protection and Performance Materials £m	Total £m
Revenue							
Total revenue	**790.5**	**588.4**	**611.4**	**–**	**1,990.3**	**9.8**	**2,000.1**
Inter-segmental revenue	**–**	**–**	**(3.5)**	**–**	**(3.5)**	**–**	**(3.5)**
	790.5	**588.4**	**607.9**	**–**	**1,986.8**	**9.8**	**1,996.6**
EBITDA	**85.9**	**47.9**	**36.5**	**(23.7)**	**146.6**	**2.6**	**149.2**
Depreciation and amortisation	**(25.3)**	**(32.9)**	**(28.1)**	**(9.9)**	**(96.2)**	**(0.2)**	**(96.4)**
Operating profit/(loss) before Special Items	**60.6**	**15.0**	**8.4**	**(33.6)**	**50.4**	**2.4**	**52.8**
Special Items	**(28.1)**	**(24.5)**	**(17.9)**	**(4.0)**	**(74.5)**	**(4.2)**	**(78.7)**
Operating profit/(loss)	**32.5**	**(9.5)**	**(9.5)**	**(37.6)**	**(24.1)**	**(1.8)**	**(25.9)**
Finance costs							**(61.4)**
Loss before taxation							**(87.3)**

2023	Continuing operations					Discontinued operations	
	Coatings & Construction Solutions £m	Adhesive Solutions £m	Health & Protection and Performance Materials £m	Corporate £m	Total £m	Health & Protection and Performance Materials £m	Total £m
Revenue							
Total revenue	820.2	581.7	549.3	–	1,951.2	80.6	2,031.8
Inter-segmental revenue	–	–	(10.6)	–	(10.6)	–	(10.6)
	820.2	581.7	538.7	–	1,940.6	80.6	2,021.2
EBITDA	100.1	31.2	26.3	(20.2)	137.4	1.7	139.1
Depreciation and amortisation	(25.8)	(38.7)	(32.3)	(7.2)	(104.0)	(1.3)	(105.3)
Operating profit/(loss) before Special Items	74.3	(7.5)	(6.0)	(27.4)	33.4	0.4	33.8
Special Items	(32.2)	(25.2)	(9.3)	(6.2)	(72.9)	56.8	(16.1)
Operating profit/(loss)	42.1	(32.7)	(15.3)	(33.6)	(39.5)	57.2	17.7
Finance costs							(71.4)
Loss before taxation							(53.7)

5 Segmental analysis continued

Geographical information

The Group's revenue from external customers and its non-current assets (excluding deferred tax and the defined benefit asset) by geographical location are detailed below:

	Revenue by destination		Non-current assets	
	2024 £m	2023 £m	**2024 £m**	2023 £m
UK	**97.7**	97.1	**180.0**	191.6
Germany	**227.0**	259.9	**170.9**	174.7
Italy	**88.9**	94	**32.2**	34.6
Netherlands	**78.8**	68.5	**129.6**	140.7
France	**83.8**	98.8	**85.4**	73.0
Belgium	**46.1**	49.8	**51.9**	57.9
Spain	**76.9**	77.6	**5.9**	6.0
Other Europe	**258.1**	261.1	**69.0**	90.4
Malaysia	**177.6**	117.6	**143.5**	154.5
China	**116.2**	110.7	**25.7**	23.7
Other Asia	**152.9**	122.4	**4.1**	4.2
USA	**469.3**	511.2	**721.9**	742.5
Rest of World	**123.3**	152.5	**9.3**	8.7
	1,996.6	2,021.2	**1,629.4**	1,702.5

6 Operating profit – continuing operations

	Note	**2024 £m**	2023 £m
Revenue		**1,986.8**	1,940.6
Cost of sales		**(1,649.1)**	(1,640.5)
Gross profit		**337.7**	300.1
Sales and marketing costs		**(77.5)**	(73.6)
Administrative expenses		**(115.2)**	(90.5)
Share of joint ventures	18	**1.6**	1.4
EBITDA		**146.6**	137.4
Depreciation and amortisation – Underlying performance		**(96.2)**	(104.0)
Operating profit – Underlying performance		**50.4**	33.4
Special Items		**(74.5)**	(72.9)
Operating loss – IFRS		**(24.1)**	(39.5)

	Note	**2024 £m**	2023 £m
Operating profit is stated after charging the following:			
Amortisation of acquired intangibles	4	**45.1**	49.3
Amortisation of other intangibles	5	**12.1**	8.8
Depreciation of property, plant and equipment	5	**73.0**	83.7
Depreciation of right of use assets	5	**11.1**	11.5
Research and development expenditure		**32.7**	33.8
Net loss on foreign exchange		**0.4**	2.0

7 Auditors' remuneration

	2024 £'000	2023 £'000
Fees payable to the Company's auditor for:		
– Audit of the Company's annual financial statements and the consolidated annual financial statements	**527**	637
Fees payable to the Company's auditor and their associates for other services to the Group:		
– Audit of the Company's subsidiaries' annual financial statements	**1,911**	1,893
Total audit fees	**2,438**	2,530
Audit related assurance services	**53**	51
Other assurance services	**196**	542
Total non-audit fees	**249**	593

Details of the Company's policy on the use of auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee section of the Corporate Governance Report on page 93. No services were provided pursuant to contingent fee arrangements.

8 Staff costs

	2024 Number	2023 Number
The average monthly number of employees during the year by segment was:		
Coatings & Construction Solutions	**2,117**	2,152
Adhesive Solutions	**718**	723
Health & Protection and Performance Materials	**1,243**	1,816
Corporate	**49**	47
	4,127	4,738

	2024 £m	2023 £m
The aggregate remuneration of all Group employees comprised:		
Wages and salaries	**251.5**	245.2
Social security costs	**34.7**	35.2
Other pension costs	**18.3**	15.8
Share-based payments	**1.6**	1.8
	306.1	298.0

Directors' emoluments are disclosed in the Directors' remuneration report on pages 101 to 116.

9 Finance costs

	2024 £m	2023 £m
Interest payable on bank loans and overdrafts	**68.0**	70.6
Less: interest receivable	**(12.1)**	(10.2)
Net interest expense on defined benefit obligations	**1.7**	2.7
Interest element of lease payments	**2.4**	1.8
Underlying finance costs	**60.0**	64.9
Fair value loss on unhedged interest derivatives	**–**	1.8
Loss on extinguishment of financing facilities	**1.4**	4.7
Total finance costs from continuing operations	**61.4**	71.4
Finance costs from discontinued operations	**–**	–
Total finance costs	**61.4**	71.4

10 Taxation

	2024 £m	2023 £m
Current tax		
UK corporation tax	**(0.5)**	(0.1)
Overseas taxation	**15.1**	11.8
	14.6	11.7
Deferred tax		
Origination and reversal of temporary differences	**(18.0)**	(13.2)
	(3.4)	(1.5)
Special Items		
Current tax:		
Historical issues	**(7.5)**	1.7
Purchase and sale of business	**(0.1)**	0.1
Restructuring and site closure costs	**(1.5)**	(1.9)
Deferred tax:		
Sale of business	**(0.1)**	17.0
Restructuring and site closure costs	**(0.6)**	0.6
Amortisation of acquired intangibles	**(3.7)**	(2.9)
Impairment of goodwill	**–**	–
Acquired tax attributes	**–**	–
Prior year adjustment	**(1.1)**	–
	(14.6)	14.6
Total tax on loss before taxation	**(18.0)**	13.1
Total tax from continuing operations	**(18.8)**	(6.3)
Total tax from discontinued operations	**0.8**	19.4

UK corporation tax is calculated at 25% (2023: 23.5%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Reconciliation of tax expense to profit before taxation

The differences between the total tax expense shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows.

	2024 £m	2023 £m
Loss before taxation	**(87.3)**	(53.7)
Tax on loss before taxation at standard UK corporation tax rate of 25% (2023: 23.5%)	**(21.8)**	(12.6)
Effects of:		
Expenses not deductible for tax purposes	**10.6**	7.0
Tax incentives and items not subject to tax	**(2.3)**	(4.3)
Higher tax rates on overseas earnings	**(1.4)**	(0.5)
Other deferred tax assets not recognised less amounts now recognised	**2.0**	1.8
Adjustments to tax charge in respect of prior periods	**(4.6)**	(0.2)
Effect of change of rate on deferred tax	**0.3**	(0.9)
Sale of business	**(0.8)**	22.8
Tax (credit)/charge for year	**(18.0)**	13.1

Tax relating to components of other comprehensive income

	2024 £m	2023 £m
Current tax credit in respect of actuarial losses	**(0.2)**	–
Deferred tax charge/(credit) in respect of actuarial movements	**0.3**	(1.0)
Total tax charge in respect of actuarial gains/losses	**0.1**	(1.0)

Current tax

	2024 £m	2023 £m
Current tax assets	**15.6**	8.8
Current tax liabilities	**(17.6)**	(28.0)

The Group's effective tax rate is affected by the tax impact of Special Items. It is therefore helpful to consider the Underlying and Special Items affecting tax rates separately:

The effective tax rate on continuing underlying profit before tax for the year is 43.8% (2023: 11.1%) due to the geographical mix of profits.

10 Taxation continued

The effective tax rate for Special Items was 19% (2023: -65%), this was largely driven by the current tax credit in relation to the successful resolution of the litigation in Malaysia regarding the tax treatment on the sale of plantation land. In 2023, this was driven by the utilisation of US tax losses against the US tax on the sale of the Laminates, Films and Coated Fabrics business.

Global Minimum Top-up Tax

The Group is subject to global minimum top-up tax under Pillar Two legislation for the financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two top-up tax and, based on the assessment performed, transitional safe harbour relief should apply to all the jurisdictions where the Group operates. Therefore, the Group does not expect a potential exposure to the Pillar Two top-up tax. The management is not currently aware of any circumstances under which this might change.

The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax.

11 Deferred taxation

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets to the extent that it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities are shown below.

Deferred tax liabilities

2024	Accelerated tax depreciation £m	Acquired intangibles £m	Sub-total £m	Right of offset £m	Total £m
At 1 January	**(40.9)**	**(32.8)**	**(73.7)**	**39.9**	**(33.8)**
Reclassification to assets/liabilities classified as held for sale	**–**	**–**	**–**		
Credited to income statement	**2.7**	**3.7**	**6.4**		
Exchange adjustment	**(0.8)**	**1.0**	**0.2**		
At 31 December	**(39.0)**	**(28.1)**	**(67.1)**	**38.2**	**(28.9)**

2023	£m	£m	£m	£m	£m
At 1 January	(56.2)	(37.8)	(94.0)	49.1	(44.9)
Reclassification to assets/liabilities classified as held for sale	(0.1)	–	(0.1)		
Credited to income statement	10.6	2.9	13.5		
Exchange adjustment	4.8	2.1	6.9		
At 31 December	(40.9)	(32.8)	(73.7)	39.9	(33.8)

11 Deferred taxation continued

Deferred tax liability not recognised

No deferred tax liability has been recognised on temporary differences relating to unremitted earnings of overseas subsidiaries of £214.8m (2023: £174.8m), as the Group is able to control the timing of the reversal of the temporary differences and it is not probable that the differences will reverse in the foreseeable future.

Deferred tax assets

2024	Losses £m	Pension £m	Provisions & restructuring £m	Other £m	Sub-total £m	Right of offset £m	Total £m
At 1 January	37.1	5.4	26.1	8.2	76.8	(39.9)	36.8
Reclassification to assets/liabilities classified as held for sale	–	–	–	–	–		
Credited/(charged) to income statement	3.1	(2.9)	1.3	15.6	17.1		
Charged to statement of other comprehensive income		0.3			0.3		
Exchange adjustment	(0.2)	(0.4)		0.3	(0.3)		
At 31 December	**40.0**	**2.4**	**27.4**	**24.1**	**93.9**	**(38.2)**	**55.7**

2023	£m	£m	£m	£m	£m	£m	£m
At 1 January	62.6	8.0	22.9	5.9	99.4	(49.1)	50.3
Reclassification to assets/liabilities classified as held for sale	–	–	–	–	–		
Credited/(charged) to income statement	(23.0)	(1.2)	6.9	2.3	(15.0)		
Charged to statement of other comprehensive income	–	(1.0)	–	–	(1.0)		
Exchange adjustment	(2.5)	(0.4)	(3.7)	–	(6.6)		
At 31 December	37.1	5.4	26.1	8.2	76.8	(39.9)	36.8

The Group has concluded that the deferred tax assets recognised on balance sheet will be fully recoverable against the unwind of taxable temporary differences and future taxable profits based on the long-term strategic plans of the Group. Where applicable the financial projections used in assessing future taxable income are consistent with those used elsewhere across the business, for example in the assessment of going concern.

Deferred tax asset not recognised

An assessment has been made as to when the deferred tax asset on the tax losses is expected to be utilised by considering probable forecast future taxable profits. No deferred tax asset has been recognised on tax losses where it is not probable that forecast future taxable profits exist in the entity or jurisdiction to which they relate. The amounts of gross tax losses for which no deferred tax asset has been recognised at the balance sheet dates are as follows.

	2024 £m	2023 £m
Tax losses	**86.7**	89.0
	86.7	89.0

All the unrecognised tax losses set out above can be carried forward indefinitely.

12 Dividends

In 2022, the Board announced the suspension of dividends. The Board has confirmed that dividends will remain suspended until the Group's net debt is less than 3.0x its EBITDA.

13 Earnings per share

		2024			2023		
		Underlying performance	**Special Items**	**IFRS**	Underlying performance	Special Items	IFRS
Earnings							
Loss attributable to equity holders of the parent – continuing operations	£m	**(5.7)**	**(64.3)**	**(70.0)**	(28.4)	(76.4)	(104.8)
Loss attributable to equity holders of the parent	£m	**(4.1)**	**(68.5)**	**(72.6)**	(30.0)	(37.0)	(67.0)
Number of shares							
Weighted average number of ordinary shares – basic	'000			**163,473**			85,382
Effect of dilutive potential ordinary shares	'000			**1,078**			251
Weighted average number of ordinary shares – diluted	'000			**164,551**			85,633
Earnings per share for profit from continuing operations							
Basic earnings per share	pence	**(3.5)**	**(39.3)**	**(42.8)**	(33.4)	(89.4)	(122.8)
Diluted earnings per share	pence	**(3.5)**	**(39.3)**	**(42.8)**	(33.4)	(89.4)	(122.8)
Earnings per share for profit from discontinued operations							
Basic earnings per share	pence	**1.0**	**(2.6)**	**(1.6)**	(1.9)	46.2	44.3
Diluted earnings per share	pence	**1.0**	**(2.6)**	**(1.6)**	(1.9)	46.2	44.3
Earnings per share for profit attributable to equity holders of the parent							
Basic earnings per share	pence	**(2.5)**	**(41.9)**	**(44.4)**	(35.1)	(43.4)	(78.5)
Diluted earnings per share	pence	**(2.5)**	**(41.9)**	**(44.4)**	(35.1)	(43.4)	(78.5)

14 Goodwill

	2024 £m	2023 £m
Cost		
At 1 January	**608.4**	629.9
Measurement period adjustment	**–**	1.3
Sale of business	**(7.5)**	–
Exchange adjustments	**(2.1)**	(22.8)
At 31 December	**598.8**	608.4
Accumulated impairment losses		
At 1 January	**142.7**	149.1
Exchange adjustments	**1.0**	(6.4)
At 31 December	**143.7**	142.7
Net book value		
At 31 December	**455.1**	465.7

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination.

The allocation of the carrying value of goodwill is represented below.

	Net book value at 1 January 2024 £m	Divisional reorganisation £m	Derecognition £m	Exchange adjustments £m	Net book value at 31 December 2024 £m
Coatings & Construction Solutions	**320.5**	**36.3**	**–**	**(2.3)**	**354.5**
Adhesive Solutions	**24.5**	**–**	**–**	**0.2**	**24.7**
Health & Protection and Performance Materials	**120.7**	**(36.3)**	**(7.5)**	**(1.0)**	**75.9**
Total	**465.7**	**0.0**	**(7.5)**	**(3.1)**	**455.1**

	Net book value at 1 January 2023 £m	Measurment period adjustment £m	Derecogniton £m	Exchange adjustments £m	Net book value at 31 December 2023 £m
Coatings & Construction Solutions	332.6	–	–	(12.1)	320.5
Adhesive Solutions	24.1	1.3	–	(0.9)	24.5
Health & Protection and Performance Materials	124.1	–	–	(3.4)	120.7
Total	480.8	1.3	0.0	(16.4)	465.7

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts for CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are the discount rate, profitability and growth rate. These assumptions have been updated in the year in light of the current economic environment.

Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the Group. The discount rate is based on the Group's weighted average cost of capital adjusted, where appropriate, for the risk premium attributable to a particular CGU's activities. A pre-tax discount rate of 11.9% has been used in the above calculations for each CGU (2023: 11.9%).

14 Goodwill continued

The Group prepares cash flow forecasts for each CGU, derived from the most recent five-year business plans approved by the Board. The final year cash flow is then assumed to apply into perpetuity with estimated annual growth rates of 1.96%, 2.05% and 2.38% for Coatings & Construction Solutions, Adhesive Solutions and Health & Protection and Performance Materials respectively (2023: 2.06%, 1.9% and 2.76% respectively). These rates do not exceed average long-term growth rates for relevant markets.

For each CGU, a sensitivity analysis has been undertaken on the impairment tests, with scenarios covering increased cost of capital, the impact of potential carbon taxes, reduced margins and reduction in customer demand. For each CGU, the Directors believe that there is no reasonably possible change in the key assumptions on which the recoverable amount is based that would cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

For each CGU, the primary sensitivities were the discount rate and the perpituity growth rate. For Coatings & Construction Solutions, Adhesive Solutions and Health & Protection and Performance Materials, every 0.5% increase in discount rate would yield a decrease in recoverable amount of £61m, £35m and £23m respectively. Every 0.25% decrease in perpetuity growth rate yields a decrease in recoverable amount of £20m, £12m and £8m respectively.

15 Acquired intangible assets

	Customer relationships £m	**Other acquired intangibles £m**	**Total £m**
Cost			
At 1 January 2024	**488.0**	**108.6**	**596.6**
Exchange adjustments	**(1.6)**	**(0.1)**	**(1.7)**
At 31 December 2024	**486.4**	**108.5**	**594.9**
Accumulated amortisation and impairment			
At 1 January 2024	**129.6**	**14.5**	**144.1**
Amortisation charge for the year	**37.6**	**7.5**	**45.1**
Exchange adjustments	**(1.3)**	**(0.1)**	**(1.4)**
At 31 December 2024	**165.9**	**21.9**	**187.8**
Net book value			
At 31 December 2024	**320.5**	**86.6**	**407.1**

	Customer relationships £m	Other acquired intangibles £m	Total £m
Cost			
At 1 January 2023	525.6	117.4	643.0
Derecognition of fully amortised assets	(15.2)	(3.9)	(19.1)
Exchange adjustments	(22.4)	(4.9)	(27.3)
At 31 December 2023	488.0	108.6	596.6
Accumulated amortisation and impairment			
At 1 January 2023	108.9	10.5	119.4
Amortisation charge for the year	40.8	8.5	49.3
Derecognition of fully amortised assets	(15.2)	(3.9)	(19.1)
Exchange adjustments	(4.9)	(0.6)	(5.5)
At 31 December 2023	129.6	14.5	144.1
Net book value			
At 31 December 2023	358.4	94.1	452.5

Amortisation of acquired intangibles is included under Special Items.

16 Other intangible assets

	Other intangible assets £m	Assets under construction £m	Total £m
Cost			
At 1 January 2024	**107.0**	**1.7**	**108.7**
Additions	**1.0**	**10.1**	**11.1**
Disposals	**(1.3)**	**–**	**(1.3)**
Transfer to held for sale	**–**	**–**	**–**
Transfers from assets under construction	**11.1**	**(11.1)**	**–**
Other transfers	**–**	**–**	**–**
Exchange adjustments	**(0.1)**	**0.4**	**0.3**
At 31 December 2024	**117.7**	**1.1**	**118.8**
Accumulated amortisation			
At 1 January 2024	**37.6**	**–**	**37.6**
Amortisation charge for the year	**12.1**	**–**	**12.1**
Disposals	**(1.3)**	**–**	**(1.3)**
Exchange adjustments	**(0.2)**	**–**	**(0.2)**
At 31 December 2024	**48.2**	**–**	**48.2**
Net book value			
At 31 December 2024	**69.5**	**1.1**	**70.6**

Other intangible assets comprises mainly the Pathway programme and other software.

	Other intangible assets £m	Assets under construction £m	Total £m
Cost			
At 1 January 2023	90.9	–	90.9
Additions	2.2	17.0	19.2
Disposals	(1.6)	–	(1.6)
Transfer to held for sale	14.7	(14.7)	–
Transfers	1.7	–	1.7
Exchange adjustments	(0.9)	(0.6)	(1.5)
At 31 December 2023	107.0	1.7	108.7
Accumulated amortisation			
At 1 January 2023	30.0	–	30.0
Amortisation charge for the year	8.8	–	8.8
Disposals	(1.5)	–	(1.5)
Transfer to held for sale	–	–	–
Transfers	1.0	–	1.0
Exchange adjustments	(0.7)	–	(0.7)
At 31 December 2023	37.6	–	37.6
Net book value			
At 31 December 2023	69.4	1.7	71.1

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

As disclosed in note 2, there are various conditions required by IAS 38 for an internally generated intangible asset to be recognised.

During the year, the Group invested a further £11.6m in its Pathway programme (2023: £10.3m). This programme is designed to deliver a unified operating model on a single set of integrated systems to improve the efficiency and effectiveness of the Group. The investment in this programme was shown as an asset under construction until the deployment phase began.

17 Property, plant and equipment

	Owned assets				Right of use assets		
	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and equipment £m	Assets under construction £m	Land and buildings £m	Plant and equipment £m	Total £m
Cost							
At 1 January 2024	203.2	8.0	970.5	36.7	43.4	29.5	1,291.3
Additions	3.6	–	25.1	54.5	5.2	7.7	96.1
Transfer to held for sale	(2.7)	–	(13.1)	–	–	–	(15.8)
Sale of business	(1.9)	–	(11.4)	(0.3)	–	–	(13.6)
Impairment	(1.1)	–	(1.2)	(3.7)	–	–	(6.0)
Disposals	(4.0)	–	(12.4)	(0.1)	(1.7)	(3.9)	(22.1)
Transfer from assets under construction	2.2	0.8	7.1	(10.1)	–	–	–
Other transfers	–	–	–	–	–	–	–
Exchange adjustments	(4.6)	–	(5.2)	(1.6)	(0.3)	(0.4)	(12.1)
At 31 December 2024	**194.7**	**8.8**	**959.4**	**75.4**	**46.6**	**32.9**	**1,317.8**
Accumulated depreciation and impairment							
At 1 January 2024	62.2	5.1	495.5	–	12.8	10.0	585.6
Depreciation charge for the year	7.5	0.2	65.5	–	4.2	6.9	84.3
Transfer to held for sale	(2.0)	–	(7.3)	–	–	–	(9.3)
Sale of business	–	–	(8.4)	–	–	–	(8.4)
Impairment	(0.1)	–	(0.2)	–	–	–	(0.3)
Disposals	–	–	(11.2)	–	(1.7)	(4.1)	(17.0)
Other transfers	(4.8)	0.2	4.6	–	–	–	–
Exchange adjustments	(2.3)	(0.1)	(3.1)	–	–	(0.1)	(5.6)
At 31 December 2024	**60.5**	**5.4**	**535.4**	**–**	**15.3**	**12.7**	**629.3**
Net book value							
At 31 December 2024	**134.2**	**3.4**	**424.0**	**75.4**	**31.3**	**20.2**	**688.5**

17 Property, plant and equipment continued

	Owned assets				Right of use assets		
	Freehold land and buildings £m	Leasehold land and buildings £m	Plant and equipment £m	Assets under construction £m	Land and buildings £m	Plant and equipment £m	Total £m
Cost							
At 1 January 2023	213.1	9.5	996.9	3.2	35.8	33.9	1,292.4
Additions	1.4	–	29.9	38.4	11.3	12.7	93.7
Purchase of business	–	–	–	2.4	–	–	2.4
Transfer to held for sale	(6.6)	–	–	–	–	–	(6.6)
Disposals	(1.9)	(1.0)	(10.2)	–	(2.4)	(15.8)	(31.3)
Transfer from assets under construction	5.3	–	–	(5.3)	–	–	–
Other transfers	–	–	(1.7)	–	–	–	(1.7)
Exchange adjustments	(8.1)	(0.5)	(44.4)	(2.0)	(1.3)	(1.3)	(57.6)
At 31 December 2023	203.2	8.0	970.5	36.7	43.4	29.5	1,291.3
Accumulated depreciation and impairment							
At 1 January 2023	59.7	5.4	443.0	–	12.0	18.7	538.8
Depreciation charge for the year	4.6	0.2	80.2	–	3.8	7.7	96.5
Transfer to held for sale	(5.2)	–	–	–	–	–	(5.2)
Impairment	5.6	–	0.3	–	–	–	5.9
Disposals	(0.5)	(0.1)	(6.8)	–	(2.6)	(15.8)	(25.8)
Other transfers	–	–	(1.0)	–	–	–	(1.0)
Exchange adjustments	(2.0)	(0.4)	(20.2)	–	(0.4)	(0.6)	(23.6)
At 31 December 2023	62.2	5.1	495.5	–	12.8	10.0	585.6
Net book value							
At 31 December 2023	141.0	2.9	475.0	36.7	30.6	19.5	705.7

Freehold land is not depreciated and is held at historical cost. At 31 December 2024, the Group's freehold land was recognised at £34.3m (31 December 2023: £36.7 m).

At 31 December 2024, the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to £5.0m (2023: £8.8 m).

18 Investment in joint ventures

Details of the Group's joint ventures are as follows:

Name of entity	Place of incorporation	Ownership	Principal activity	Segment
Synthomer Middle East Company Ltd	Saudi Arabia	49%	Manufacturer and sale of acrylic and vinyl resin emulsions	Coatings & Construction Solutions
Synthomer Functional Solutions FZCO	UAE	49%	Trading in adhesives and oilfield chemicals	Adhesive Solutions
Synthomer FZCO	UAE	49%	Sales and marketing support for Synthomer Group Companies	Coatings & Construction Solutions
Nanjing Yangzi Eastman Chemical Ltd	China	50%	Manufacturer of hydrogenated hydrocarbon resins	Adhesive Solutions
Super Sky Ltd	United Kingdom	50%	Non-trading	Corporate

Joint ventures are accounted for using the equity method in these financial statements. The ownership of entities has not changed since the prior year.

Summarised financial information in respect of the joint ventures is set out below. This information represents amounts in the joint ventures' financial statements adjusted for differences in accounting policies between the Group and the joint venture (and not the Group's share of those amounts).

Summarised balance sheet (100%)

	2024 £m	2023 £m
Non-current assets	**12.2**	12.4
Cash and cash equivalents	**3.7**	6.2
Other current assets	**28.0**	24.6
Total current assets	**31.7**	30.8
Other current liabilities	**(32.1)**	(28.2)
Total current liabilities	**(32.1)**	(28.2)
Net assets	**11.8**	15.0

Summarised statement of comprehensive income (100%)

	2024 £m	2023 £m
Revenue	**90.3**	91.3
Operating profit	**2.7**	3.0
Taxation	**(0.1)**	(0.1)
Profit for the year	**2.6**	2.9
Exchange differences on translation	**–**	(0.1)
Total comprehensive income	**2.6**	2.8
Dividends paid	**(2.1)**	(3.4)
Movement in retained earnings	**0.5**	(0.6)
Group share:		
Profit for the year	**1.3**	1.4
Exchange differences on translation	**–**	–
Dividends paid	**(1.0)**	(1.9)

The following table reconciles the summary information above to the carrying amount of the Group's interest in the joint ventures:

Investment in joint venture

	2024 £m	2023 £m
At 1 January	**7.5**	8.1
Profit from continuing operations	**1.3**	1.4
Exchange differences on translation	**0.3**	(0.1)
Dividend paid	**(1.0)**	(1.9)
At 31 December	**8.1**	7.5

19 Inventories

	2024 £m	2023 £m
Raw materials and consumables	**167.5**	163.4
Finished goods	**180.7**	180.7
	348.2	344.1
Stock written off during the year	**6.0**	8.0
Cost of inventory recognised as an expense and included in cost of sales	**1,238.3**	1,258.0

The nature of the chemical reaction necessary to produce finished goods from raw materials is such that 'work in progress' is not a material part of the Group's inventory at any given point of time.

20 Trade and other receivables

	2024 £m	2023 £m
Trade receivables	**155.8**	147.6
Other receivables	**62.6**	59.8
Prepayments	**8.8**	5.6
	227.2	213.0

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Before accepting a new customer, the Group uses appropriate procedures to assess the potential customer's credit quality in order to set a credit limit.

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. The Group has no significant concentration of credit risk, with exposure spread over a large number of customers. The following table details the risk profile of trade receivables based on the Group's provision matrix.

	Trade receivables – days past due				
2024	**Not yet due £m**	**<60 £m**	**61-120 £m**	**>120 £m**	**Total £m**
Gross carrying amount	**139.9**	**13.6**	**0.3**	**3.1**	**156.9**
Expected credit loss rate					**0.06%**
Lifetime expected credit loss					**(1.1)**
Total					**155.8**

	Trade receivables – days past due				
2023	Not yet due £m	<60 £m	61-120 £m	>120 £m	Total £m
Gross carrying amount	120.6	21.9	4.8	1.4	148.7
Expected credit loss rate					0.06%
Lifetime expected credit loss					(1.1)
Total					147.6

The following table shows the movement in the lifetime expected credit loss that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

	2024 £m	2023 £m
At 1 January	**1.1**	1.6
Exchange adjustments	**(0.1)**	(0.1)
Transfer from credit impaired	**0.7**	0.8
Uncollectable amounts recovered	**(0.4)**	(1.2)
At 31 December	**1.3**	1.1

21 Cash and borrowings

	1 January 2024 £m	Cash flows £m	Exchange and other movements £m	31 December 2024 £m
Bank overdrafts	**(0.7)**	**0.4**	**–**	**(0.3)**
€520m 3.875% senior unsecured loan notes due 2025	**–**	**–**	**(123.9)**	**(123.9)**
Current bank borrowings	**–**	**–**	**–**	**–**
Current liabilities	**(0.7)**	**0.4**	**(123.9)**	**(124.2)**
Bank loans	**(421.9)**	**3.1**	**4.6**	**(414.2)**
€520m 3.875% senior unsecured loan notes due 2025	**(448.4)**	**318.8**	**129.6**	**–**
€350m 7.375% senior unsecured loan notes due 2029	**–**	**(293.5)**	**9.1**	**(284.4)**
Non-current liabilities	**(870.3)**	**28.4**	**143.3**	**(698.6)**
Total borrowings	**(871.0)**	**28.8**	**19.4**	**(822.8)**
Cash and cash equivalents	**371.3**	**(141.5)**	**(4.0)**	**225.8**
Net debt	**(499.7)**	**(112.7)**	**15.4**	**(597.0)**

Capitalised debt costs which have been recognised as a reduction in borrowings in the financial statements, amounted to £12.8m at 31 December 2024 (31 December 2023: £10.5m).

	1 January 2023 £m	Cash flows £m	Exchange and other movements £m	31 December 2023 £m
Bank overdrafts	(18.5)	17.8	–	(0.7)
Current liabilities	(18.5)	17.8	–	(0.7)
Bank loans	(777.7)	343.6	12.2	(421.9)
€520m 3.875% senior unsecured loan notes due 2025	(456.4)	–	8.0	(448.4)
Non-current liabilities	(1,234.1)	343.6	20.2	(870.3)
Total borrowings	(1,252.6)	361.4	20.2	(871.0)
Cash and cash equivalents	227.7	149.0	(5.4)	371.3
Net debt	(1,024.9)	510.4	14.8	(499.7)

Analysis of net debt by currency:

	2024		2023	
	Cash and cash equivalents £m	**Total borrowings £m**	Cash and cash equivalents £m	Total borrowings £m
Sterling	**21.4**	**–**	117.5	
Euro	**92.1**	**651.8**	116.4	700.8
US dollar	**65.7**	**183.8**	79.5	180.7
Malaysian ringgit	**34.1**	**–**	38.5	–
Other	**12.5**	**–**	19.4	–
Total	**225.8**	**835.6**	371.3	881.5

The principal features of the Group's borrowings are as follows:

The Group has unsecured borrowing facilities comprising, an undrawn €300m revolving credit facility ending July 2027, €350m 7.375% unsecured senior loan notes due in May 2029, €520m 3.875% unsecured senior loan notes due in June 2025, of which €150m is outstanding, and UK Export Finance facilities for €288m and $230m respectively ending in October 2027. These are 80% guaranteed by UK Export Finance and are on terms that are similar to the Company's existing revolving credit facility.

Changes in liabilities arising from financing activities

			Non cash changes		
	1 January 2024 £m	**Financing cash (inflows)/ outflows £m**	**Acquisitions £m**	**Exchange and other movements £m**	**31 December 2024 £m**
Borrowings	**(870.3)**	**28.4**	**–**	**143.3**	**(698.6)**
Lease liabilities	**(55.3)**	**12.1**	**–**	**(12.7)**	**(55.9)**
Total	**(925.6)**	**40.5**	**–**	**130.6**	**(754.5)**

	1 January 2023 £m	Financing cash (inflows)/ outflows £m	Acquisitions £m	Exchange and other movements £m	31 December 2023 £m
Borrowings	(1,234.1)	343.6	–	20.2	(870.3)
Lease liabilities	(45.5)	12.4	–	(22.2)	(55.3)
Total	(1,279.6)	356.0	–	(2.0)	(925.6)

22 Financial instruments

The table below sets out the Group's accounting classification of each class of financial assets and liabilities:

	2024					2023		
	Valuation category in accordance with IFRS 9[1]	Fair value hierarchy level	Carrying amount £m	Carrying amount within scope of IFRS 7 £m	Fair value £m	Carrying amount £m	Carrying amount within scope of IFRS 7 £m	Fair value £m
Trade receivables	**AC**	**Level 2**	**155.8**	**155.8**	**155.8**	147.6	147.6	147.6
Other receivables	**AC**	**Level 2**	**62.6**	**42.3**	**42.3**	59.8	35.3	35.3
Cash and cash equivalents	**AC**	**Level 2**	**225.8**	**225.8**	**225.8**	371.3	371.3	371.3
Derivatives	**FVTOCI**	**Level 2**	**2.8**	**2.8**	**2.8**	5.5	5.5	5.5
Total assets			**447.0**	**426.7**	**426.7**	584.2	559.7	559.7
Borrowings	**AC**	**Level 2**	**(822.8)**	**(822.8)**	**(835.6)**	(871.0)	(871.0)	(881.5)
Trade and other payables	**AC**	**Level 2**	**(391.7)**	**(379.0)**	**(379.0)**	(431.5)	(419.9)	(419.9)
Derivatives	**FVTOCI**	**Level 2**	**(1.6)**	**(1.6)**	**(1.6)**	–	–	–
Total liabilities			**(1,216.1)**	**(1,203.4)**	**(1,216.2)**	(1,302.5)	(1,290.9)	(1,301.4)

1. AC: amortised cost; FVTOCI: fair value through other comprehensive income; FVTPL: fair value through profit or loss; a more detailed description of the categories can be found in note 2.

The fair value of the Group's borrowings at 31 December 2024 was £835.6m (31 December 2023: £881.5m).

As at 31 December 2024 £1.0m (2023: £4.3m) of the interest rate swap derivatives were designated as being in a hedging relationship.

Financial risk management

The Group's policies, approved by the Board, provide written principles on financial risk management and the use of financial derivatives.

These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Group has a policy of hedging significant foreign exchange transactional exposure at operating company level. The Group regularly reviews its net assets and borrowing currency exposures, borrowing in overseas currencies in order to hedge the net assets held in those currencies as appropriate. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Currency risk

The Group presents its consolidated financial statements in sterling and conducts business in many currencies. As a result, it is subject to foreign currency risk due to exchange rate movements, which will affect the Group's transactions and the translation of the results and underlying net assets of its operations.

To manage the currency risk, the Group uses foreign currency borrowings, forward contracts and currency swaps to hedge overseas net assets, which are predominantly denominated in euros, US dollars and Malaysian ringgits. Profit translation exposures are not hedged.

The Group hedges currency transaction exposures at the point of confirmed order, using forward foreign exchange contracts. The Group's policy is, where practicable, to hedge all exposures on monetary assets and liabilities. Consequently, there are no material currency exposures to disclose (2023: none).

22 Financial instruments continued

Interest rate risk

The Group has an exposure to interest rate risk, arising principally on changes in US dollar and euro interest rates. To manage interest rate risk, the Group manages its proportion of fixed to floating rate borrowings, and utilises interest rate swaps. These practices aim to minimise the Group's net finance charges with acceptable year-on-year volatility.

At 31 December 2024, the Group had in place swap arrangements to fix interest rates on €260m and $125m of borrowings.

The Group's interest rate derivatives are designated as cash flow hedges with fair value movement on the hedged portion recognised in equity. Interest paid on these derivatives is recognised in the income statement, within Underlying interest costs. Fair value movement in the unhedged portion is also recognised in profit and loss, as a Special Item.

After taking account of interest rate swaps, the Group's currency and interest rate exposure as at 31 December 2024 was:

	2024			2023		
	Floating rate borrowings £m	**Fixed rate borrowings £m**	**Total borrowings £m**	Floating rate borrowings £m	Fixed rate borrowings £m	Total borrowings £m
Euro	**22.8**	**629.1**	**651.9**	31.3	669.5	700.8
US dollar	**83.9**	**99.9**	**183.8**	75.6	105.1	180.7
Total	**106.7**	**729.0**	**835.7**	106.9	774.6	881.5

Market risk sensitivity analysis

The Group's main exposure to market risk is in the form of interest rate risk and foreign currency risk. The Group uses a sensitivity analysis that estimates the impacts on the consolidated income statement and other comprehensive income of either an instantaneous increase or decrease of 1.0% in market interest rates or a 10% strengthening or weakening in sterling against all other currencies, from the rates applicable at 31 December 2024 and 31 December 2023 with all other variables remaining constant. The sensitivity analysis excludes the impact of market risks on the net post-employment benefit liabilities and assets, and corporate tax payable. This analysis is for illustrative purposes only, as interest and foreign exchange rates rarely change in isolation.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

	2024			2023		
	Income statement		**Equity**	Income statement		Equity
	Underlying -/+ £m	**IFRS -/+ £m**	**IFRS -/+ £m**	Underlying -/+ £m	IFRS -/+ £m	IFRS -/+ £m
Interest rate sensitivity analysis						
UK interest rate +/- 1.0%	**0.2**	**0.2**	**–**	1.2	–	–
Euro interest rate +/- 1.0%	**0.7**	**0.7**	**2.2**	0.9	–	2.3
US interest rate +/- 1.0%	**(0.2)**	**(0.2)**	**1.0**	–	–	0.9
Foreign currency sensitivity analysis						
Sterling -/+ 10%	**0.3**	**0.3**	**–**	5.8	5.8	9.4
Euro exchange rate -/+ 10%	**(1.8)**	**(1.8)**	**(3.2)**	11.9	11.9	0.9
US dollar exchange rate -/+ 10%	**0.7**	**0.7**	**(2.4)**	7.6	7.6	9.4
Malaysian ringgit exchange rate -/+ 10%	**–**	**–**	**–**	0.6	0.6	–

22 Financial instruments continued

Market risk sensitivity analysis continued

The interest rate sensitivity analysis has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming that the amount of liability outstanding at the balance sheet date was outstanding for the whole year.

For interest rate derivatives the mark-to-market adjustment, and amount recognised in equity as part of a hedging arrangement, is estimated using the interest rate sensitivity against the nominal amount.

The foreign currency sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or borrower.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises on cash balances, derivative financial instruments and credit exposures to customers.

The carrying amount of financial assets represents the Group's exposure to credit risk at the balance sheet date as disclosed at the start of this note. A financial asset is in default when the counterparty fails to pay its contractual obligations. Financial assets are written-off when there is no reasonable expectation of recovery. Credit risk is managed separately for financial and business-related credit exposures.

Financial credit risk

Synthomer aims to minimise its financial credit risk through the application of risk management policies approved and monitored by the Board. Counterparties are predominantly limited to major banks and financial institutions with a credit rating of investment grade and the policy restricts the exposure to any one counterparty by setting credit limits. The Group's policy is designed to ensure that individual counterparty limits are adhered to and that there are no significant concentrations of credit risk. The Board also defines the types of financial instruments which may be transacted. Synthomer annually reviews the credit limits applied and regularly monitors the counterparties' credit quality, reflecting market credit conditions.

Business-related credit risk

Trade and other receivables exposures are managed locally in the operating units where they arise and active risk management is applied, focusing on country risk, credit limits, ongoing credit evaluation and monitoring procedures. There is no significant concentration of credit risk with respect to receivables as the Group has a large number of customers which are internationally dispersed. See note 20 for information on credit risk with respect to trade and other receivables.

Liquidity risk

Liquidity risk is the risk that Synthomer is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds at an acceptable price to fund actual or proposed commitments. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of assets and liabilities.

22 Financial instruments continued

The following tables provide an analysis of the anticipated undiscounted contractual cash flows including interest payable for the Group's financial liabilities and derivative instruments. The liquidity analysis for lease liabilities is included in note 23. Where interest payments are calculated at a floating rate, rates of each cash flow until maturity of the instruments are calculated based on the forward yield curve prevailing at the respective year ends. Derivative contracts are presented on a net basis.

	2024			2023		
	Amount due			Amount due		
	Within one year £m	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	Within one year £m	Between 1 and 2 years £m	Between 2 and 5 years £m
Overdrafts	**(0.3)**	**–**	**–**	(0.7)	–	–
Financial liabilities in trade and other payables	**(378.9)**	**–**	**(0.1)**	(419.7)	(0.1)	(0.1)
Bank loans – principal	**–**	**–**	**(421.7)**	–	–	(429.9)
€520m 3.875% senior unsecured loan notes due 2025	**(124.1)**	**–**	**–**	–	(450.9)	–
€350m 3.875% senior unsecured loan notes due 2029	**–**	**–**	**(289.6)**	–	–	–
Interest payments on borrowings	**(39.2)**	**(36.7)**	**(62.0)**	(41.8)	(13.4)	(7.4)
Total non-derivative financial liabilities	**(542.5)**	**(36.7)**	**(773.4)**	(462.2)	(464.4)	(437.4)

	2024				2023			
	Amount due				Amount due			
	Within one year £m	**Between 1 and 2 years £m**	**Between 2 and 5 years £m**	**Total £m**	Within one year £m	Between 1 and 2 years £m	Between 2 and 5 years £m	Total £m
Interest rate swaps	**2.2**	**0.2**	**0.4**	**2.8**	6.3	4.2	–	10.5
Currency forwards	**0.3**	**–**	**–**	**0.3**	5.5	–	–	5.5
Total derivative financial assets	**2.5**	**0.2**	**0.4**	**3.1**	11.8	4.2	–	16.0
Interest rate swaps	**0.4**	**0.4**	**0.9**	**1.7**	–	–	–	–
Currency forwards	**0.5**	**–**	**–**	**0.5**	1.7	1.7	2.9	6.3
Total derivative financial liabilities	**0.9**	**0.4**	**0.9**	**2.2**	1.7	1.7	2.9	6.3

The financial covenant at 31 December 2024 for the RCF is that net debt must be less than 5.75 times EBITDA. At 31 December 2024, the actual covenant for the net debt was 4.6 times EBITDA.

22 Financial instruments continued

Any non-compliance with covenants underlying Synthomer's financing arrangements could, if not waived, constitute an event of default with respect to any such arrangements, and any non-compliance with covenants may, in particular circumstances, lead to an acceleration of maturity on certain borrowings and the inability to access committed facilities. Synthomer was in full compliance with its financial covenants in respect of its borrowings throughout each of the years presented.

At the year end, Synthomer had available undrawn committed bank facilities as follows:

	2024					2023				
	Expiring within one year £m	**Expiring between 1 and 2 years £m**	**Expiring between 2 and 5 years £m**	**Expiring after 5 years £m**	**Total £m**	Expiring within one year £m	Expiring between 1 and 2 years £m	Expiring between 2 and 5 years £m	Expiring after 5 years £m	Total £m
Unsecured €300m multi-currency RCF expiring 31 July 2027 (amended from $400m in 2023)	**–**	**–**	**228.6**	**–**	**228.6**	–	–	314.2	–	314.2
	–	**–**	**228.6**	**–**	**228.6**	–	–	314.2	–	314.2

Fair value measurement

Certain of the Group's financial instruments are held at fair value. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the balance sheet date.

As prescribed by IFRS 13 Fair Value Measurement, fair values are measured using a hierarchy where the inputs are as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – not level 1 but are observable for that asset or liability either directly or indirectly
- Level 3 – not based on observable market data.

Interest rate swaps and foreign currency forwards and swaps are valued using discounted cash flow techniques. These techniques incorporate inputs such as foreign exchange rates and interest rates, which are used in a discounted cash flow calculation incorporating the instrument's term, notional amount and discount rate, and taking credit risk into account. As significant inputs to the valuation are observable in active markets, all the Group's financial instruments are classified as level 2 financial instruments.

The fair value of forward foreign exchange contracts, interest rate swaps and currency swaps is estimated by discounting the future contractual cash flows using forward exchange rates, interest rates and prices at the balance sheet date.

There were no transfers of any financial instrument between the levels of the fair value hierarchy during the current or prior year.

22 Financial instruments continued

Hedge relationships

The Group targets a one-to-one hedge ratio. Strengths of the economic relationship between the hedged item and the hedging instrument is analysed on an ongoing basis. Ineffectiveness can arise from subsequent change in the forecast transactions as a result of timing, cash flows or value except when the critical terms of the hedging instrument and hedged item are closely aligned. The change in the credit risk of the hedging instruments or the hedged items is not expected to be the primary factor in the economic relationship.

The notional amounts, contractual maturities and rates of the hedging instruments designated in hedging relationships as of 31 December 2024 by the main risk categories are as follows:

	Hedged risk	Notional amount	Maturity	Range of hedged rates
2024				
Cash flow hedges				
Interest rate swap	**Interest rate**	**Up to €260m and $125m**	**28/08/2018 – 10/10/2027**	**0.517% to 4.637% Fixed**
Net investment hedges				
Net investment	**Currency**	**Up to €560m**	**01/04/2020 – present**	**1.17-1.21**
Net investment	**Currency**	**Up to $230m**	**01/04/2020 – present**	**1.24-1.32**
2023				
Cash flow hedges				
Interest rate swap	Interest rate	Up to €440m and $125m	28/08/2018 – 10/10/2027	0.517% to 4.637% Fixed
Net investment hedges				
Net investment	Currency	Up to €560m	01/04/2020 – present	1.11-1.17
Net investment	Currency	Up to $370m	01/04/2020 – present	1.18-1.31

Where hedge accounting is applied, hedges are documented and tested for effectiveness on an ongoing basis.

The ratio for hedging instruments designated in both net investment and cash flow hedge relationships was 1:1. Ineffectiveness could occur on either hedging relationship due to significant changes in counterparty credit risk or a reduction in the notional amount of the hedged item during the designated hedging period.

Cash flow hedges

The Group designated as a cash flow hedge the interest rate swaps used to manage interest rate risk on its euro borrowings.

In 2024, a loss of £3.3m (2023: £7.7m loss) was recognised in the cash flow hedge reserve in respect of these derivatives. At 31 December 2024, the cash flow hedge reserve includes a cumulative loss of £11.3m (2023: loss of £8.0m), all of which relates to continuing cash flow hedges. The cash flows are expected to occur between 2025 and 2027.

In the year, the Group's euro borrowings exceeded the total of the interest rate derivative contracts and, as such, there is no unhedged portion recognised as a finance cost within Special Items. In the prior year, the Group's euro borrowings did not exceed the total of the interest rate derivative contracts. Due to this, the change in fair value relating to the unhedged portion of the interest rate swaps was a loss of £1.8m, which was recognised in the income statement within finance costs as a Special Item.

22 Financial instruments continued

Receivables financing

During the year, the Group continued to sell amounts receivable from customers to a third party on a non-recourse basis. As a result, £111.7m of trade receivables were sold and derecognised as at December 2024. A corresponding asset of £24.4m has been recognised in respect of deferred purchase price reserves, which represent a portion of the original receivables. This balance has been recorded within "Other receivables" in note 20.

These reserves are subsequently paid by the counterparties to the agreements, whether the customer pays the receivable in full or not. The fair value of these assets is considered to be the same as the carrying value.

Capital management

The Board is committed to enhancing shareholder value in the long term, both by investing in the business to deliver continued improvement in the return from those investments and by managing the capital structure.

Synthomer manages its capital structure to achieve capital efficiency and to provide flexibility to invest through the economic cycle and give efficient access to debt markets at attractive cost levels. This is achieved by targeting a net debt to EBITDA ratio between 1.0 and 2.0. In order to finance acquisitions, the Group may increase the ratio with a view to deleveraging within 12-24 months.

As at 31 December 2024, the net debt to EBITDA ratio was 4.6 times (2023: 4.2 times).

In 2022, the Board announced the suspension of dividends. The Board has confirmed that dividends will remain suspended until the Group's debt is less than three times its EBITDA.

23 Leases

The Group has a portfolio of leases mainly comprising land and buildings, chemical storage tanks and vehicles. Further details are given in note 2.

Information in respect of right of use assets, including the carrying amount, additions and depreciation, are set out in note 17 to these financial statements. Information in respect of the carrying value is set out below and information in respect of interest arising on lease liabilities is set out in note 9.

Synthomer also enters into short-term leases and low-value leases, which are not recognised as right of use assets and lease liabilities. The expense recognised in the year in relation to these leases is not material. Synthomer has no material exposure to variable lease payments, extension options, residual value guarantees, or committed leases not yet commenced.

The total cash outflow for leases in the year was as follows:

	2024 £m	2023 £m
Payments for the principal portion of lease liabilities	**12.1**	12.4
Payments for the interest portion of lease liabilities	**2.4**	1.8

Lease liabilities included in the balance sheet are as follows:

	2024 £m	2023 £m
Current	**12.3**	13.8
Non-current	**43.6**	41.5
	55.9	55.3

The following table details the maturity of contractual undiscounted cash flows for lease liabilities:

	2024 £m	2023 £m
Less than one year	**12.0**	13.8
Between one and two years	**9.6**	9.8
Between two and five years	**15.9**	17.5
More than five years	**57.0**	41.7

24 Trade and other payables

	2024 £m	2023 £m
Amount due within one year		
Trade payables	**261.9**	272.1
Other payables	**26.6**	68.1
Accruals	**103.1**	91.1
	391.6	431.3
Amount due after one year		
Accruals	**0.1**	0.2
	0.1	0.2

Average trade payable days in 2024 was 65 (2023: 66). This figure represents trade payable days for all trading operations within the Group, calculated as a weighted average based on cost of sales.

The Directors consider that the carrying amount of trade payables, other payables and accruals approximates to their fair value.

25 Provisions for other liabilities and charges

	Environmental £m	Restructuring and site closure £m	Total £m
At 1 January 2024	**10.3**	**31.2**	**41.5**
Charge/(credit) to income statement during the year	**(0.2)**	**1.1**	**0.9**
Utilised during the year	**(0.6)**	**(6.7)**	**(7.3)**
Exchange adjustments	**(0.4)**	**0.6**	**0.2**
31 December 2024	**9.1**	**26.2**	**35.3**

Analysis of provisions

	31 December 2024 £m	31 December 2023 £m
Non-current	**27.5**	29.6
Current	**7.8**	11.9
	35.3	41.5

Analysis of credit/(charge) to the income statement

	2024 £m	2023 £m
Underlying performance	**–**	–
Special Items	**0.9**	(0.2)
	0.9	(0.2)

The closing balance includes £26.2m in relation to the rationalisation of sites around the Group, most notably in Marl. £0.7m in relation to the onerous contract arising on the disposal of the European Tyre Cord business, and £11.3m for decommissioning assets at a number of sites. £9.1m relates to environmental remediation work required at the Jefferson and Middelburg sites, acquired in 2022, and a further £7.9m relates to the demolition and disposal of unused equipment and vacant tanks at the Jefferson and Longview sites in order to bring them into line with our ESG strategy.

We expect these costs to be incurred within the next five years, with the exception of $4m relating to environmental remediation work at Jefferson, which is expected to be incurred in more than five years.

26 Retirement benefit obligations

The Group operates a variety of retirement benefit arrangements, covering both defined contribution and defined benefit schemes.

Defined contribution scheme

The Group operates a number of defined contribution schemes for its employees. Costs recognised in respect of defined contribution pension plans across the Group for the year ended 31 December 2024 were £11.3m (2023: £14m).

Charge to income statement in respect of the Group's defined contribution scheme

	2024				
	UK £m	US £m	Germany £m	Other £m	Total £m
Defined contribution	**3.5**	**2.6**	**0.1**	**5.1**	**11.3**

	2023				
	UK £m	US £m	Germany £m	Other £m	Total £m
Defined contribution	3.6	4.5	1.0	4.9	14.0

The risk relating to benefits to be paid to the dependants of scheme members (widow and orphan benefits) is re-insured with an external insurance company.

Multi-employer schemes

The Group participates in several tariffs of the Pensionskasse Degussa in Germany, which is a multi-employer pension scheme. Regular contributions are payable to the scheme by each participating employer for new benefits accruing. The assets of all participating employers are pooled, and contributions are calculated based on aggregated demographic experience. Therefore sufficient information is not available to identify the Group's share of the assets on a consistent and reliable basis and the Group accounts for the scheme on a defined contribution basis. The Group expects to make a regular contribution of £1.7m to the scheme in 2025.

To the extent that there is underfunding in the scheme, deficit contributions are payable based on an actuarial assessment of each participating employer's share of the future benefit accrual. At 31 December 2024, there is no indication of any commitment for additional deficit contributions in excess of regular contributions.

Defined benefit schemes

UK

The Group's UK defined benefit scheme is administered by a fund that is legally separate from the Company. The trustees of the pension fund are required by law to act in the interest of the fund and of all relevant stakeholders in the scheme. The trustees of the pension scheme are responsible for the investment policy with regard to the assets of the fund.

The scheme was closed to future accrual in 2009 and all retirement benefits since that time are provided by way of a defined contribution scheme. The assets of the scheme are held separately from those of the companies concerned. A triennial actuarial valuation of the scheme was undertaken in 2024 and is expected to be completed for publication in 2025.

In June 2023, the High Court judged that amendments made to the Virgin Media scheme were invalid because the scheme's actuary did not provide the associated Section 37 certificate. The High Court's decision has wide-ranging implications, affecting other schemes that were contracted out on a salary-related basis and made amendments between April 1997 and April 2016. As such, the ruling could have implications for the Company. Based on guidance from the scheme actuary and legal advisor, there is significant uncertainty around how companies should calculate and account for any potential impact. As such we have made no financial provision in relation to this ruling as at 31 December 2024.

USA

The Group's US defined benefit scheme was acquired as part of the OMNOVA acquisition and is administered by a fund which is legally separate from OMNOVA Solutions Inc. The fiduciary committee is required by law to act in the interest of the fund and is responsible for the investment policy with regard to the assets of the fund.

The scheme was closed to future accrual in 2011, and all retirement benefits since that time are provided by way of a defined contribution scheme. The assets of the scheme are held separately from those of the companies concerned and a formal valuation is undertaken on an annual basis.

Germany

The Group operates a number of defined benefit schemes in Germany. These schemes are closed to new members. In line with common practice, these schemes are unfunded and liabilities are settled on a cash basis as they fall due. At each balance sheet date, obligations are calculated by external actuaries.

Other

The Group operates a number of smaller overseas pension and retirement benefit schemes. For the funded schemes, assets are held separately from those of the Group. The aggregated pension disclosures for the other defined benefit schemes have been compiled from a number of actuarial valuations at 31 December 2024.

26 Retirement benefit obligations continued

Retirement benefit obligations

Defined benefit schemes expose the Group to a number of risks, the most significant of which are detailed below:

Asset return risk	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will increase the deficit.
Interest rate risk	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan assets in bond holdings.
Longevity risk	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

Charges to the income statement in respect of the Group's defined benefit pension schemes are as follows:

	2024					2023				
	UK £m	**US £m**	**Germany £m**	**Other £m**	**Total £m**	UK £m	US £m	Germany £m	Other £m	Total £m
Service cost	**6.1**	**0.6**	**0.2**	**0.1**	**7.0**	0.3	0.6	0.2	0.7	1.8
Net interest (income)/expense	**(1.1)**	**0.4**	**2.0**	**0.4**	**1.7**	(0.4)	0.5	2.2	0.4	2.7
	5.0	**1.0**	**2.2**	**0.5**	**8.7**	(0.1)	1.1	2.4	1.1	4.5

Amounts recognised in the statement of comprehensive income are set out below:

	2024					2023				
	UK £m	**US £m**	**Germany £m**	**Other £m**	**Total £m**	UK £m	US £m	Germany £m	Other £m	Total £m
Return on plan assets excluding amounts included in interest expense	**(22.0)**	**(5.7)**	**–**	**–**	**(27.7)**	8.6	7.6	–	–	16.2
Gains/(losses) from changes in assumptions	**18.2**	**5.6**	**2.0**	**(0.2)**	**25.6**	(3.4)	(5.0)	(3.7)	(1.2)	(13.3)
Actuarial gains and losses	**(3.8)**	**(0.1)**	**2.0**	**(0.2)**	**(2.1)**	5.2	2.6	(3.7)	(1.2)	2.9

26 Retirement benefit obligations continued

Amounts included in the Group's consolidated balance sheet arising from the Group's defined benefit scheme obligations are:

	2024					2023				
	UK £m	**US £m**	**Germany £m**	**Other £m**	**Total £m**	UK £m	US £m	Germany £m	Other £m	Total £m
Present value of defined benefit obligation	**(251.2)**	**(157.6)**	**(57.8)**	**(14.4)**	**(481.0)**	(269.6)	(166.5)	(63.0)	(15.5)	(514.6)
Fair value of schemes' assets	**277.2**	**148.5**	**2.5**	**3.1**	**431.3**	286.1	158.3	2.6	2.9	449.9
Net asset/(liability) arising from defined benefit obligation	**26.0**	**(9.1)**	**(55.3)**	**(11.3)**	**(49.7)**	16.5	(8.2)	(60.4)	(12.6)	(64.7)

Fair value of the schemes' assets are set out below:

	2024					2023				
	UK £m	**US £m**	**Germany £m**	**Other £m**	**Total £m**	UK £m	US £m	Germany £m	Other £m	Total £m
At 1 January	**286.1**	**158.3**	**2.6**	**2.9**	**449.9**	274.8	165.3	3.1	3.1	446.3
Interest income	**12.9**	**7.3**	**–**	**0.1**	**20.3**	13.5	7.9	–	0.1	21.5
Amounts recognised in income in respect of defined benefit schemes	**12.9**	**7.3**	**–**	**0.1**	**20.3**	13.5	7.9	–	0.1	21.5
Remeasurement:										
– Return on plan assets excluding amounts included in interest income	**(22.0)**	**(5.7)**	**–**	**–**	**(27.7)**	8.6	7.6	–	–	16.2
Amounts recognised in the statement of comprehensive income	**(22.0)**	**(5.7)**	**–**	**–**	**(27.7)**	8.6	7.6	–	–	16.2
Contributions:										
– Employers	**16.6**	**0.3**	**–**	**1.1**	**18.0**	5.0	0.4	–	0.5	5.9
Payments from plans										
– Benefit payments	**(16.4)**	**(14.2)**	**–**	**(0.9)**	**(31.5)**	(15.8)	(14.5)	–	(0.6)	(30.9)
	0.2	**(13.9)**	**–**	**0.2**	**(13.5)**	(10.8)	(14.1)	–	(0.1)	(25.0)
Exchange adjustments	**–**	**2.5**	**(0.1)**	**(0.1)**	**2.3**	–	(8.4)	(0.5)	(0.2)	(9.1)
At 31 December	**277.2**	**148.5**	**2.5**	**3.1**	**431.3**	286.1	158.3	2.6	2.9	449.9

26 Retirement benefit obligations continued

Plan assets for the principal schemes comprised:

	2024			2023		
	UK £m	**US £m**	**Germany £m**	UK £m	US £m	Germany £m
Investment funds	**31.1**	**–**	**–**	30.6	–	–
Equities	**44.1**	**–**	**–**	47.0	38.6	1.3
Debt instruments	**186.1**	**135.8**	**2.5**	195.3	111.9	1.3
Property	**4.4**	**7.5**	**–**	5.8	7.8	–
Annuity assets	**2.5**	**–**	**–**	2.4	–	–
Cash and cash equivalents	**9.0**	**5.2**	**–**	5.0	–	–
Fair value of schemes' assets	**277.2**	**148.5**	**2.5**	286.1	158.3	2.6

All investments in equities, bonds and property are quoted.

26 Retirement benefit obligations continued

Present value of defined benefit obligations comprised:

	2024					2023				
	UK £m	**US £m**	**Germany £m**	**Other £m**	**Total £m**	UK £m	US £m	Germany £m	Other £m	Total £m
At 1 January	**(269.6)**	**(166.5)**	**(63.0)**	**(15.5)**	**(514.6)**	(268.9)	(175.9)	(60.8)	(14.1)	(519.7)
Current service cost	**(1.7)**	**(0.6)**	**(0.2)**	**(0.1)**	**(2.6)**	(0.3)	(0.7)	(0.2)	(0.5)	(1.7)
Past service cost	**(4.4)**	**–**	**–**	**–**	**(4.4)**	–	0.1	–	(0.2)	(0.1)
Interest expense	**(11.8)**	**(7.7)**	**(2.0)**	**(0.5)**	**(22.0)**	(13.1)	(8.4)	(2.2)	(0.5)	(24.2)
Amounts recognised in income statement in respect of defined benefit schemes	**(17.9)**	**(8.3)**	**(2.2)**	**(0.6)**	**(29.0)**	(13.4)	(9.0)	(2.4)	(1.2)	(26.0)
Remeasurement gains/(losses) from:										
– Changes in financial assumptions	**20.0**	**7.3**	**1.5**	**(0.1)**	**28.7**	(14.0)	(3.8)	(3.2)	(1.7)	(22.7)
– Changes in demographic assumptions	**(1.7)**	**0.1**	**–**	**(0.1)**	**(1.7)**	12.0	(0.9)	–	–	11.1
– Experience adjustments	**(0.1)**	**(1.8)**	**0.5**	**–**	**(1.4)**	(1.4)	(0.3)	(0.5)	0.5	(1.7)
Amounts recognised in the statement of comprehensive income	**18.2**	**5.6**	**2.0**	**(0.2)**	**25.6**	(3.4)	(5.0)	(3.7)	(1.2)	(13.3)
Contributions:										
– Employers	**1.7**	**–**	**2.6**	**0.2**	**4.5**	0.3	–	2.6	0.3	3.2
Payments from plans										
– Benefit payments	**16.4**	**14.2**	**–**	**0.9**	**31.5**	15.8	14.5	–	0.6	30.9
	18.1	**14.2**	**2.6**	**1.1**	**36.0**	16.1	14.5	2.6	0.9	34.1
Exchange adjustments	**–**	**(2.6)**	**2.8**	**0.8**	**1.0**	–	8.9	1.3	0.1	10.3
At 31 December	**(251.2)**	**(157.6)**	**(57.8)**	**(14.4)**	**(481.0)**	(269.6)	(166.5)	(63.0)	(15.5)	(514.6)

The Group remains committed to funding the UK and US defined benefit schemes.

The Group remains committed to paying contributions into the UK scheme for the foreseeable future.

The defined benefit obligation of the US scheme increased to £9.2m at 31 December 2024. The Group is expecting to contribute £2.6m in 2025.

The Group’s other defined benefit schemes are largely unfunded, with minimal plan assets. Liabilities from these schemes are settled on a cash basis as they fall due.

26 Retirement benefit obligations continued

Actuarial assumptions

The major assumptions used for the purposes of the actuarial valuations were as follows:

	2024				2023			
	UK	**US**	**Germany**	**Other**	UK	US	Germany	Other
Rate of increase in pensions in payment	**3.00%**	**0.00%**	**1.00%**	**2.1%–9%**	2.90%	0.00%	2.50%	2.1%–9%
Rate of increase in pensions in deferment	**2.75%**	**0.00%**	**2.50%**	**3.50%**	2.60%	0.00%	1.00%	3.5%–9%
Discount rate	**5.30%**	**5.50%**	**3.50%**	**2.7%–10.5%**	4.50%	4.94%	3.30%	3.1%–9.25%
Inflation assumption	**3.20%**	**0.00%**	**2.25%**	**2%–2.2%**	3.05%	0.00%	2.25%	2%–2.4%

Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics. Mortality assumptions are based on country-specific mortality tables and, where appropriate, include an allowance for future improvements in life expectancy. In addition, where credible data exists, actual plan experience is taken into account. The Group's most substantial pension liabilities are in the UK, the US and Germany where, using the mortality tables adopted, the expected lifetime of average members currently at age 65 and average members at age 65 in 20 years' time is as follows:

	2024						2023					
	Retiring today			Retiring in 20 years			Retiring today			Retiring in 20 years		
	UK	**US**	**Germany**	**UK**	**US**	**Germany**	UK	US	Germany	UK	US	Germany
Males	**86.0**	**86.6**	**85.9**	**86.9**	**87.6**	**88.6**	85.9	86.6	85.8	86.7	87.5	88.5
Females	**88.5**	**87.6**	**89.3**	**89.3**	**88.7**	**91.5**	88.3	87.6	89.2	89.1	88.6	91.4

The weighted average duration of the benefit obligation at the end of the reporting period is 10.0 years for the UK scheme (2023: 12.0 years), 6.5 years for the US scheme (2023: 6.8 years) and 13.3 years for the German schemes (2023: 13.9 years).

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and mortality. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, assuming that all other assumptions are held constant:

	Increase in scheme liabilities		
	UK £m	**US £m**	**Germany £m**
Discount rate (decrease of 1%)	**27.0**	**13.5**	**7.9**
Future mortality rate (one year increase in expectancy)	**11.0**	**4.6**	**2.2**

The above sensitivities are based on a change of assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may have some correlation. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

27 Share capital and reserves

Share capital

	2024 Number	2023 Number	2024 £m	2023 £m
Ordinary shares				
Ordinary shares of 10p in issue at 1 January	**163,567,621**	467,336,041	**1.6**	46.7
Share consolidation	**–**	(443,969,238)	**–**	(46.5)
Issued in year	**–**	140,200,818	**–**	1.4
Ordinary shares of 1p in issue at 31 December	**163,567,621**	163,567,621	**1.6**	1.6

Ordinary shares carry no right to fixed income.

On 9 September 2023, the Company proposed a share consolidation and rights issue. On 26 September, under the terms of the share consolidation, 20 existing 10p ordinary shares were converted to one 1p ordinary share. Immediately following the share consolidation, the Company shareholders were invited to subscribe to a rights issue of 140,200,818 ordinary 1p shares at an issue price of 197 pence per share on the basis of 6 new ordinary 1p shares for every 1 consolidated ordinary share held on 26 September 2023.

The rights issue resulted in gross proceeds of £276.2m. Shares totalling 129,881,397 were taken up by existing shareholders (93%) with the remaining rump of 10,319,421 being underwritten. The rights issue completed on 12 October 2023.

Share premium

	2024 £m	2023 £m
Balance at 1 January	**925.9**	620.0
Share consolidation	**–**	46.5
Premium arising on issue of shares	**–**	274.8
Expenses of issue of shares	**–**	(15.4)
Balance at 31 December	**925.9**	925.9

The share premium account represents the difference between the issue price and the nominal value of shares issued.

Retained earnings

	2024 £m	2023 £m
Balance at 1 January	**209.8**	273.5
Dividends paid	**–**	–
Net loss for the year	**(72.6)**	(67.0)
Actuarial (losses)/gains recognised in other comprehensive income	**(2.1)**	2.9
Tax arising from other comprehensive income	**0.1**	(1.0)
Credit to equity for equity-settled share-based payments	**1.5**	1.4
Balance at 31 December	**136.7**	209.8

27 Share capital and reserves continued

Hedging and translation reserve

	Cash flow hedging reserve £m	Translation reserve £m	Total £m
Balance at 1 January 2024	**(8.0)**	**18.4**	**10.4**
Exchange differences on translation of foreign operations	**–**	**3.8**	**3.8**
Gains on net investment hedges taken to equity	**–**	**11.9**	**11.9**
Loss recognised on cash flow hedges: – Interest rate swaps	**(3.3)**	**–**	**(3.3)**
Reclassification to profit or loss: – Exchange differences recycled on sale of business	**–**	**4.4**	**4.4**
Balance at 31 December 2024	**(11.3)**	**38.5**	**27.2**

	Cash flow hedging reserve £m	Translation reserve £m	Total £m
Balance at 1 January 2023	(0.3)	76.2	75.9
Exchange differences on translation of foreign operations	–	(58.3)	(58.3)
Gains on net investment hedges taken to equity	–	1.0	1.0
Loss recognised on cash flow hedges:	–	–	
– Interest rate swaps	(7.7)	–	(7.7)
Reclassification to profit or loss:	–	–	
– Exchange differences recycled on sale of business	–	(0.5)	(0.5)
Balance at 31 December 2023	(8.0)	18.4	10.4

Cash flow hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments deemed effective in cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations, which relate to subsidiaries only, from their functional currency into the parent's functional currency, being sterling, are recognised directly in the translation reserve. Gains and losses on hedging instruments that are designated as hedges of net investments in foreign operations are included in the translation reserve.

28 Reconciliation of operating profit/(loss) to cash generated from operations

Continuing and discontinued operations:

	2024 £m	2023 £m
Operating (loss)/profit	**(25.9)**	17.7
Less: share of profits of joint ventures	**(1.6)**	(1.4)
	(27.5)	16.3
Adjustments for:		
– Depreciation of property, plant and equipment	**73.2**	85.0
– Depreciation of right of use assets	**11.1**	11.5
– Amortisation of other intangibles	**12.1**	8.8
– Share-based payments	**1.6**	1.8
– Gain on sale of underlying assets	**(4.3)**	–
– Special Items	**78.7**	16.1
Cash impact of settlement of interest rate derivative contracts	**–**	12.1
Cash impact of restructuring and site closure costs	**(20.2)**	(28.0)
Cash impact of acquisition costs and related gains	**(1.7)**	(1.9)
Pension funding in excess of service cost	**(19.8)**	(7.3)
Movement in working capital	**(24.9)**	80.6
Payment of EC fine settlement amount	**(39.1)**	–
Cash generated from operations	**39.2**	195.0
Reconciliation of movement in working capital		
(Increase)/decrease in inventories	**(15.5)**	45.7
(Increase)/decrease in trade and other receivables	**(23.4)**	52.7
Increase/(decrease) in trade and other payables	**14.0**	(17.8)
Movement in working capital	**(24.9)**	80.6

29 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included in this note.

Transactions between the Company and its subsidiaries are disclosed in the Company's financial statements where appropriate.

The UK defined benefit scheme is a related party, see note 26.

	2024 £m	2023 £m
Key management compensation		
Short-term employee benefits	**7.5**	6.9
Pension costs	**0.2**	0.6
Share-based payments	**1.6**	1.8
	9.3	9.3

Key management personnel comprise the Board of Directors and the Executive Committee.

30 Discontinued operations

On 30 April 2024, the Group sold its Compounds business to Matco Latex Services BV with net cash proceeds of £19.6m.

The Group also incurred a small amount of costs in relation to other divestments and business closures from the prior year.

All discontinued operations form part of the Health & Protection and Performance Materials division.

Financial information in respect of the discontinued operation is set out below:

Financial performance and cash flow information

	2024				2023			
	Compounds	**Laminates Films and Coated Fabrics £m**	**NA Paper and Carpet £m**	**Total £m**	Compounds	Laminates Films and Coated Fabrics £m	NA Paper and Carpet £m	Total £m
Revenue	**9.8**	**–**	**–**	**9.8**	30.3	28.0	22.3	80.6
Expenses	**(7.2)**	**–**	**–**	**(7.2)**	(25.6)	(25.5)	(27.8)	(78.9)
EBITDA	**2.6**	**–**	**–**	**2.6**	4.7	2.5	(5.5)	1.7
Depreciation and amortisation – Underlying performance	**(0.2)**	**–**	**–**	**(0.2)**	(0.4)	–	(0.9)	(1.3)
Operating profit/(loss) – Underlying performance	**2.4**	**–**	**–**	**2.4**	4.3	2.5	(6.4)	0.4
Special Items	**(3.3)**	**0.2**	**(1.1)**	**(4.2)**	(0.2)	61.5	(4.5)	56.8
Operating (loss)/profit – IFRS	**(0.9)**	**0.2**	**(1.1)**	**(1.8)**	4.1	64.0	(10.9)	57.2
Finance costs	**–**	**–**	**–**	**0.0**	–	–	–	–
(Loss)/profit before taxation	**(0.9)**	**0.2**	**(1.1)**	**(1.8)**	4.1	64.0	(10.9)	57.2
Taxation	**(0.8)**	**–**	**–**	**(0.8)**	(1.8)	(17.6)	–	(19.4)
(Loss)/Profit for the year	**(1.7)**	**0.2**	**(1.1)**	**(2.6)**	2.3	46.4	(10.9)	37.8
Cash flows from discontinued operations								
Net cash outflow from operating activities	**(3.6)**	**–**	**(1.1)**	**(4.7)**	7.5	(0.1)	(7.8)	(0.4)
Net cash inflow from investing activities	**17.5**	**(0.1)**	**–**	**17.4**	(0.6)	208.2	–	207.6

The prior-year figures of the consolidated income statement and the consolidated statement of cashflows have been restated in accordance with IFRS 5 to report the discontinued operations separately from continuing operations.

30 Discontinued operations continued

Assets and liabilities classified as held for sale

At 31 December 2023, the assets held for sale related to land and buildings at the Calhoun site, and within the Desa Badhuri legal entity. These were sold in the year. At 31 December 2024, the Fitchburg site is classified as held for sale as well as a number of reactors and strippers. These assets are detailed below:

	Note	2024 £m	2023 £m
Non-current assets			
Goodwill	14	–	–
Acquired intangible assets	15	–	–
Other intangible assets	16	–	–
Property, plant and equipment	17	**6.5**	1.4
Deferred tax assets	11	–	0.1
Total non-current assets		**6.5**	1.5
Current assets			
Inventories		–	–
Trade and other receivables		–	–
Total current assets		–	–
Total assets		**6.5**	1.5
Current liabilities			
Trade and other payables		–	–
Lease liabilities		–	–
Current tax liabilities		–	–
Total current liabilities		–	–
Non-current liabilities			
Lease liabilities		–	–
Deferred tax liabilities		–	–
Retirement benefit obligations	26	–	–
Total non-current liabilities		–	–
Total liabilities		–	–
Net assets held for sale		**6.5**	1.5

31 Contingent assets, contingent liabilities and guarantees

Guarantees and contingent liabilities of the Group amount to £nil (2023: £nil).

The Company and its subsidiaries have, in the normal course of business, entered into guarantees and counter-indemnities in respect of performance bonds, relating to the Group's own contracts.

32 Share-based payments

Executive share option schemes

The Group's share option scheme is described in the Directors' remuneration report on pages 101 to 116.

In addition to the two executive directors, it is available to other senior management. Movement in the options held under the scheme are defined as follows:

	Options 2024 number	Weighted av. exercise price (£) 2024 number	Options 2023 number	Weighted av. exercise price (£) 2023 number
Outstanding at 1 January	**845,401**	–	3,273,222	–
Granted during the year	**1,911,425**	–	4,612,178	–
Exercised during the year	**(10,062)**	–	(313,491)	–
Lapsed during the year	**(184,019)**	–	(909,299)	–
Adjustment for share consolidation and rights issue	–	–	(5,817,209)	–
Outstanding at 31 December	**2,562,745**	–	845,401	–
Exercisable at 31 December	**10,278**		5,463	

The outstanding share options were all issued under the Performance Share Plan. As at 31 December 2024 the following options were outstanding:

Executive share options	Number
Exercisable between 2023-2030	4,520
Exercisable between 2024-2031	5,758
Exercisable between 2025-2032	201,630
Exercisable between 2026-2033	547,854
Exercisable between 2027-2034	1,802,983
	2,562,745

The total exercise price for all the above grants is £nil.

32 Share-based payments continued

For options outstanding as at 31 December 2024, the exercise price was £nil and the weighted average remaining contractual life was 5.62 years (2023: 5.57 years).

The weighted average share price at the date of exercise was £2.49 (2023: £1.09).

The weighted average fair value of the options at the measurement date granted during the year was £1.88 (2023: £1.05). The valuation was based on the following inputs and assumptions, using a Monte Carlo simulation model:

	2024	2023
Weighted average share price (£)	**1.88**	1.05
Option price (£)	**–**	–
Value of optionality	**nil**	nil
Vesting assumption	**41%**	30%

- Equity value - Based on the Company's equity value inclusive of preference shares.
- Expected term – Vesting date of April 2027 has been assumed.
- Volatility – 63.49% has been used based on the historical volatility of Synthomer and a number of quoted peer companies using a look-back period equal to the 2.69-year simulation term.
- Risk free rate – 4.22% based on UK Government bond rates as at the valuation date.

The vesting assumption is the estimate at the measurement date of the percentage of the options that will ultimately vest and is based on market conditions and management's assessment of the likelihood of achievement of the performance criteria.

The charge in the year in relation to the equity settled scheme was £1.5m (2023: £1.8m). The Group also operates a cash-settled share-based payment scheme for which there was a charge in the year of £0.5m (2023: credit of £0.1m) and for which there was a liability at the year end of £0.7m (2023: £0.3m).

The Synthomer Employee Benefit Trust

The Company established a trust, the Yule Catto Employee Benefit Trust, on 17 July 1996 to distribute shares to employees enabling the obligations under the Yule Catto Longer-Term Performance Share Plan and the Yule Catto Longer-Term Deferred Bonus Plan to be met.

The Trust is managed by the RBC Trustees (Guernsey) Limited, an independent company located in Guernsey.

At 31 December 2024, the Trust held 96,516 (2023: 708) ordinary shares in the Company with a market value of £0.2m (2023: £nil).

The dividends on these shares have been waived. All the shares are under option. Costs are amortised over the life of the plans.

33 Share price information

The middle market value of the listed ordinary shares at 31 December 2024 was 161.0 pence (31 December 2023: 189.70 pence). During the year, the market price ranged between 336.0 pence and 118.0 pence. The latest ordinary share price is available on the Group's **website**.

34 Post balance sheet events

As part of the Group's previously announced non-core portfolio rationalisation programme, there are three formal divestment processes underway for non-core businesses in Europe, currently incorporated within the Health & Protection and Performance Materials division. Given progress made since the year end, the Directors now consider it is more likely than not that at least one of these processes will lead to a divestment within the next 12 months.

35 Audit exemptions

The following subsidiaries have taken advantage of the exemption from an audit for the year ended 31 December 2024 available under s479a of the Companies Act 2006 as the Company has given a statutory guarantee of all of the outstanding liabilities of these subsidiaries as at 31 December 2024.

Company	Registration
Dimex Limited	01763129
Ecatto Limited	00978441
Harlow Chemical Company Limited	00778831
Polymerlatex Limited	03439041
Revertex Limited	00873653
Super Sky Limited	02021871
Synthomer Adhesive Technologies Limited	13827669
Synthomer Thailand Holdings Limited	14625368
Synthomer Overseas Limited	06349474
Temple Fields 514 Limited	04541637
Temple Fields 515 Limited	00692510
Temple Fields 522 Limited	05516912
Temple Fields 523 Limited	05516913
Temple Fields 530 Limited	00831113

Company statement of financial position

as at 31 December 2024

	Note	2024 £m	2023 £m
Non-current assets			
Property, plant and equipment	4	**7.0**	3.0
Other intangible assets	5	**59.9**	60.4
Investments in subsidiaries and joint ventures	3	**896.5**	737.5
Other debtors: amounts falling due after more than one year	6	**1,567.2**	1,913.5
Deferred tax assets		**2.9**	2.5
Total non-current assets		**2,533.5**	2,716.9
Current assets			
Other debtors: amounts falling due within one year	6	**693.4**	81.8
Cash and cash equivalents		**129.0**	228.5
Derivative financial instruments		**6.3**	9.8
Total current assets		**828.7**	320.1
Current liabilities			
Borrowings	9	**(123.9)**	–
Other payables	7	**(853.5)**	(514.6)
Provisions		**–**	–
Derivative financial instruments		**(1.6)**	–
Lease liabilities		**(0.2)**	(0.7)
Total current liabilities		**(979.2)**	(515.3)
Net current assets		**(150.5)**	(195.2)
Total assets less current liabilities		**2,383.0**	2,521.7

Company statement of financial position continued

	Note	2024 £m	2023 £m
Non-current liabilities			
Borrowings	9	**(698.6)**	(870.3)
Lease liabilities		**(4.9)**	(0.3)
Total non-current liabilities		**(703.5)**	(870.6)
Net assets		**1,679.5**	1,651.1
Equity			
Share capital	11	**1.6**	1.6
Share premium		**925.9**	925.9
Revaluation reserve		**0.8**	0.8
Capital redemption reserve		**0.9**	0.9
Retained earnings		**750.3**	721.9
Shareholders' funds – all equity			
Minority interests			
Total equity		**1,679.5**	1,651.1

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented for Synthomer plc. As disclosed in note 2, the Company's profit for the year was £30.2m (2023: £119.7m).

The notes on pages 183 to 189 are an integral part of these financial statements. The financial statements of Synthomer plc (registered number 98381) on pages 180 to 181 were approved by the Board of Directors and authorised for issue on 11 March 2025.

They are signed on its behalf by:

M Willome Director **L Liu** Director

Company financial statements

Statement of changes in equity

as at 31 December 2024

	Share capital £m	Share premium £m	Revaluation reserve £m	Capital redemption reserve £m	Retained earnings £m	Total £m
Balance as at 1 January 2024	**1.6**	**925.9**	**0.8**	**0.9**	**721.9**	**1,651.1**
Profit for the year	**–**	**–**	**–**	**–**	**30.2**	**30.2**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**30.2**	**30.2**
Share consolidation	**–**	**–**	**–**	**–**	**–**	**–**
Issue of shares	**–**	**–**	**–**	**–**	**–**	**–**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**1.5**	**1.5**
Fair value loss on hedged interest rate derivatives	**–**	**–**	**–**	**–**	**(3.3)**	**(3.3)**
As at 31 December 2024	**1.6**	**925.9**	**0.8**	**0.9**	**750.3**	**1,679.5**
At 1 January 2023	46.7	620.0	0.8	0.9	608.5	1,276.9
Profit for the year	–	–	–	–	119.7	119.7
Total comprehensive income for the year	–	–	–	–	119.7	119.7
Share consolidation	(46.5)	46.5	–	–	–	–
Issue of shares	1.4	259.4	–	–	–	260.8
Dividends	–	–	–	–	–	–
Share-based payments	–	–	–	–	1.4	1.4
Fair value loss on hedged interest rate derivatives	–	–	–	–	(7.7)	(7.7)
As at 31 December 2023	1.6	925.9	0.8	0.9	721.9	1,651.1

Notes to the financial statements – Synthomer plc

as at 31 December 2024

1 Material accounting policies

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS 100 Application of Financial Reporting Requirements issued by the FRC. Accordingly, these financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement, standards not yet effective and certain related party transactions.

Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on a going concern basis and under the historical cost basis except for the remeasurement of certain financial instruments that are measured at fair values at the end of each reporting period.

Various disclosures make reference to items considered material or immaterial to the financial statements. The Company considers information to be material if omitting it or misstating it could influence decisions that users make on the basis of the financial information provided. Materiality is considered from both a quantitative and qualitative factor perspective. In addition to subsequent specific references to materiality, and in compliance with FRS 101, certain disclosures have not been provided where the information resulting from that disclosure is not material.

The basis of accounting and the principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except as noted below.

The Company was in a net current liabilities position as at 31 December 2024, this position is due to the amounts owed to Group undertakings. The Directors have received confirmation from Synthomer Trading Limited, to whom £406.7m was owed at the balance sheet date, that they will not call for repayment of these amounts for at least 12 months from the date of the approval of these financial statements.

Investments in subsidiaries and joint ventures are stated at cost less, where appropriate, provisions for impairment. The carrying amounts of the Company's investments are reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, then the asset's recoverable amount is estimated. Losses are recognised in the income statement and reflected in an allowance against the carrying value. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Intercompany balances are shown gross unless a right of set-off exists. Balances are valued at fair value at inception and are repayable on demand. All intercompany loans are repayable on demand and the Company has the ability to refinance any of its subsidiaries using equity allowing the subsidiary to repay any receivables owed to Synthomer plc.

Dividend distributions to the Company's shareholders are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

There are no significant accounting judgements and estimates applied in preparing the Company's account except for the impairment testing of amounts owed by subsidiary undertakings. When measuring the potential impairment of receivables from subsidiaries, forward-looking information based on assumptions for the future movement of different economic drivers are considered.

2 Profit attributable to equity shareholders

As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented for Synthomer plc.

The Company reported a profit of £30.2m for the year ended 31 December 2024 (2023: profit of £119.7m). Auditor remuneration for audit and other services is disclosed in note 7 to the consolidated financial statements. The Company had no employees during the current or prior year.

3 Investments in subsidiaries and joint ventures

	2024			2023		
	Subsidiaries £m	**Joint ventures £m**	**Total £m**	Subsidiaries £m	Joint ventures £m	Total £m
Cost						
At 1 January	**737.2**	**0.5**	**737.7**	733.1	0.5	733.6
Additions	**161.0**	**–**	**161.0**	4.1	–	4.1
Impairment	**(2.0)**	**–**	**(2.0)**	–	–	–
At 31 December	**896.2**	**0.5**	**896.7**	737.2	0.5	737.7
Provisions						
At 1 January and 31 December	**–**	**(0.2)**	**(0.2)**	–	(0.2)	(0.2)
Net book value						
At 31 December	**896.2**	**0.3**	**896.5**	737.2	0.3	737.5

Details of the Group's subsidiaries and joint ventures are included in note 12 on pages 187 and 189.

4 Property, plant and equipment

Land and buildings

	2024				2023			
	Right of use buildings £m	**Freehold land and buildings £m**	**Plant and equipment £m**	**Total £m**	Right of use buildings £m	Freehold land and buildings £m	Plant and equipment £m	Total £m
Cost								
At 1 January	**4.1**	**3.0**	**0.1**	**7.2**	4.1	3.0	0.1	7.2
Additions	**5.2**	**–**	**–**	**5.2**	–	–	–	–
Disposals	**(0.5)**	**(0.3)**	**–**	**(0.8)**				
At 31 December	**8.8**	**2.7**	**0.1**	**11.6**	4.1	3.0	0.1	7.2
Accumulated depreciation								
At 1 January	**3.1**	**1.0**	**0.1**	**4.2**	2.5	1.0	–	3.5
Charge for the year	**0.8**	**–**	**–**	**0.8**	0.6	–	0.1	0.7
Disposals	**(0.4)**	**–**	**–**	**(0.4)**				
At 31 December	**3.5**	**1.0**	**0.1**	**4.6**	3.1	1.0	0.1	4.2
Net book value								
At 31 December	**5.3**	**1.7**	**–**	**7.0**	1.0	2.0	–	3.0

Freehold land amounting to £1.5m (2023: £1.8m) has not been depreciated.

5 Other intangible assets

	2024 £m	2023 £m
Cost		
At 1 January	**74.1**	63.0
Additions	**0.9**	4.2
Transfers from Group undertakings	**7.7**	6.9
At 31 December	**82.7**	74.1
Accumulated depreciation		
At 1 January	**13.7**	7.3
Charge for the year	**9.1**	6.4
At 31 December	**22.8**	13.7
Net book value		
At 31 December	**59.9**	60.4

6 Debtors

	2024 £m	2023 £m
Amounts owed by Group undertakings: amounts falling due within one year	**689.0**	77.6
Amounts owed by Group undertakings: amounts falling due after more than one year	**1,567.2**	1,913.5
Other debtors	**1.2**	2.3
Prepayments and accrued income	**3.2**	1.9
	2,260.6	1,995.3

Amounts owed by Group undertakings are unsecured and valued at fair value at inception. Interest is charged at arm's length and receivable per the agreement in place. Of the Company's amounts owed by Group undertakings, £162.4m is impaired (2023: £162.4m). Future expected credit losses on amounts receivable from subsidiaries are immaterial.

7 Other payables

	2024 £m	2023 £m
Amount due within one year		
Amounts owed to Group undertakings	**829.6**	450.5
Other creditors	**6.9**	43.4
Accruals and deferred income	**17.0**	20.7
	853.5	514.6

Amounts owed to Group undertakings are unsecured and valued at fair value at inception and are repayable on demand. Interest is charged at arm's length and payable per the agreement in place.

8 Guarantees and other financial commitments

The Company has given guarantees amounting to £nil (2023: £nil) in respect of bank and other facilities of subsidiaries and joint ventures.

9 Borrowings

	2024 £m	2023 £m
Current borrowings		
Bank loans		
€520m 3.875% senior unsecured loan notes due 2025	123.9	–
Current borrowings	**–**	–
	123.9	–
Non-current borrowings		
Bank loans		
Bank loans	**414.2**	421.9
€520m 3.875% senior unsecured loan notes due 2025	**–**	448.4
€350m 3.875% senior unsecured loan notes due 2029	**284.4**	–
	698.6	870.3

Details of borrowings are provided in note 21 to the consolidated financial statements.

10 Financial instruments

The fair value of financial instruments has been disclosed in the Company's statement of financial position as:

	Valuation category in accordance with IFRS 9[1]	Fair value hierarchy level	2024 Carrying amount £m	2024 Carrying amount within scope of IFRS 7 £m	2024 Fair value £m	2023 Carrying amount £m	2023 Carrying amount within scope of IFRS 7 £m	2023 Fair value £m
Other receivables	**AC**	**Level 2**	**2,260.6**	**2,257.4**	**2,257.4**	1,995.3	1,993.4	1,993.4
Cash and cash equivalents	**AC**	**Level 2**	**129.0**	**129.0**	**129.0**	228.5	228.5	228.5
Derivatives	**FVTOCI**	**Level 2**	**6.3**	**6.3**	**6.3**	9.8	5.5	5.5
Total assets			**2,395.9**	**2,392.7**	**2,392.7**	2,233.6	2,227.4	2,227.4
Borrowings	**AC**	**Level 2**	**(822.5)**	**(822.5)**	**(835.3)**	(870.3)	(870.3)	(884.5)
Trade and other payables	**AC**	**Level 2**	**(853.5)**	**(853.4)**	**(853.4)**	(514.6)	(514.5)	(514.5)
Derivatives	**FVTOCI**	**Level 2**	**(1.6)**	**(1.6)**	**(1.6)**	–	–	–
Total liabilities			**(1,677.6)**	**(1,677.5)**	**(1,690.3)**	(1,384.9)	(1,384.8)	(1,399.0)

1 AC: amortised cost; FVTOCI: fair value through other comprehensive income; FVTPL: fair value through profit or loss.

A fuller description of financial instruments is included in note 22 of the consolidated financial statements on page 160.

11 Share capital

Details of the Company's share capital and outstanding share options are shown in note 27 of the consolidated financial statements on page 174.

12 Subsidiaries and joint ventures

Country of incorporation and registered address	Principal activity	Ownership %
United Kingdom		
Central Road, Harlow, Essex, CM20 2BH		
Dimex Limited	Holding Company	100
Ecatto Limited	Holding Company	100[3]
Harlow Chemical Company Limited	Holding Company	100[2]
PolymerLatex Limited	Holding Company	100
Revertex Limited	Dormant	100[3]
Super Sky Limited	Holding Company	50[1,3]
Synthomer Adhesive Technology Limited	Non-Trading	100
Synthomer (UK) Limited	Trading	100
Synthomer Holdings Limited	Holding Company	100[3]
Synthomer Holdings Thailand Limited	Non-Trading	100
Synthomer Overseas Limited	Holding Company	100[3]
Temple Fields 514 Limited	Holding Company	100[3]
Temple Fields 515 Limited	Non-Trading	100
Temple Fields 522 Limited	Holding Company	100[3]
Temple Fields 523 Limited	Non-Trading	100[3]
Temple Fields 530 Limited	Non-Trading	100
William Blythe Limited	Trading	100
45 Pall Mall, London, SW1Y 5JG		
Synthomer Trading Limited	Trading	100
44 Esplanade, St Helier, Jersey, JE4 9WG		
Synthomer Jersey Limited	Non-Trading	100[3]
Austria		
Industriepark, Pischelsdorf, 3435		
Synthomer Austria GmbH	Trading	100

Country of incorporation and registered address	Principal activity	Ownership %
China		
Building 53-55, 1000 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong, Shanghai, 201203		
Shanghai Synthomer Chemicals Co Ltd	Trading	100
210 Zhou Gong Road, Shanghai Chemical Industry Park, Shanghai 201507		
Synthomer Fine Chemicals (Shanghai) Co Ltd	Trading	100
308 Jiangbin Road, Xiaogang United Development Zone, Ningbo Economic & Technical Development Zone, Ningbo, 315803		
Synthomer Fine Chemicals (Ningbo) Co Ltd	Trading	100
55 Xi Li Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, 200131		
Eliokem Trading (Shanghai) Co Ltd	Trading	100
No1 Yanhe Road, Nanjing Chemical park, Nanjing		
Nanjing Yangzi Eastman Chemical Ltd	Trading	50[1]
Czech Republic		
Tovární 2093, Sokolov, 356 01		
Synthomer AS	Trading	100
V Celnici 1031/4, Prague, 110 00		
Synthomer Czech s.r.o	Holding	100
France		
21 Rue Jean Rostand, Orsay, 91400		
Synthomer Holdings France SAS	Holding Company	100
Synthomer International SAS	Holding Company	100
Synthomer Speciality Chemicals SAS	Trading	100
704 Rue Pierre et Marie Curie, Ribécourt-Dreslincourt, 60170		
Synthomer France SAS	Trading	100

Notes

1 Joint ventures.
2 Harlow Chemical Company Limited is incorporated in the UK but is resident in the Netherlands.
3 Shares directly held by Synthomer plc.

12 Subsidiaries and joint ventures continued

Country of incorporation and registered address	Principal activity	Ownership %
Germany		
Werrastrasse 10, Marl, 45768		
Synthomer Deutschland GmbH	Trading	100
Temple Fields GmbH	Non-Trading	100
Yule Catto Holdings GmbH	Holding Company	100
India		
1001, Meadows, Sahar Plaza, Andheri-Kurla Road, Andheri East, Mumbai 400059		
Synthomer India Trading LLP	Trading	100
Italy		
Via delle Industrie 9, Filago, BG, 24040		
Synthomer S.r.l.	Trading	100
Via Morozzo 27, Sant'Albano Stura, CN, 12040		
Synthomer Specialty Resins S.r.l.	Trading	100
Malaysia		
Unit 16-2, Wisma Uoa Damansara II, 6 Changkat Semantan, Damansara Heights, Kuala Lumpur, 50490		
Kind Action (M) Sdn Bhd	Trading	70
PolymerLatex Sdn Bhd	Trading	100
Quality Polymer Sdn Bhd	Non-Trading	70
Revertex (Malaysia) Sdn Bhd	Trading	70
Synthomer Sdn Bhd	Trading	100
Terra Simfoni Sdn Bhd	Holding Company	100

Country of incorporation and registered address	Principal activity	Ownership %
Mauritius		
c/o Citco (Mauritius) Limited, Tower A, 1 Exchange Square, Wall Street, Ebene		
Synthomer Asia Pacific Corp	Holding Company	100
Standard Charted Tower, 19 Cybercity, Ebene		
Synthomer China Holdings Limited	Holding Company	100
Mexico		
Blvd. Paseo General Lazaro Cardenas No. 844 Col. La Magdalena, Uruapan, Michoacan, Mexico C.P. 60080		
Synthomer Mexico, S.A. de C.V.	Trading	100
Netherlands		
Ijsselstraat 41, Oss, 5347 KG		
Yule Catto BV	Non-Trading	100
Yule Catto Nederland BV	Holding Company	100
Herculesweg 35, 4338 PL Middelburg		
Synthomer Middelburg B.V.	Trading	100
Portugal		
Rua Francisco Lyon de Castro, 28, 2725-397 Mem Martins		
Synthomer (Portugal) SA	Trading	100
Lyon28 – Imobiliario SA	Property Letting	100
Saudi Arabia		
27 Street, 2nd Industrial City, Dammam, 31472		
Synthomer Middle East Company Ltd	Trading	49[1]

12 Subsidiaries and joint ventures continued

Country of incorporation and registered address	Principal activity	Ownership %
Spain		
Camino de Sangroniz 8, Sondika, 48150		
Synthomer Asua SL	Trading	100
Rambla de Catalunya 53, Barcelona, 08007		
Yule Catto Spain SL	Non-Trading	100
Sweden		
Tostarpsvagen 11, Kavlinge, 244 32		
Synthomer Speciality Additives AB	Trading	100
UAE		
Building 2101, Office S10122A2, Jabel Ali Free Zone, Dubai		
Synthomer Functional Solutions FZCO	Trading	49[1]
East Wing 2, Office 201, Po Box 54645, Dubai Airport Free Zone, Dubai		
Synthomer FZCO	Trading	49[1]
USA		
1201 Peachtree Street NE, Atlanta, GA, 30361		
Synthomer LLC	Trading	100
Yule Catto Inc	Holding Company	100
160 Greentree Drive, Suite 101, Dover, DE, 19904		
Synthomer USA LLC	Trading	100
25435 Harvard Road, Beachwood, Ohio 44122-6201		
Synthomer Inc	Trading	100
Synthomer Adhesive Technologies LLC	Trading	100
Synthomer Jefferson Hills LLC	Trading	100
Synthomer NBR Solutions LLC	Dormant	100
Vietnam		
8, 6th Street, Song Than Industrial Park, Di An		
Synthomer Vietnam Co Ltd	Trading	60

Notes

1 Joint ventures.
2 Harlow Chemical Company Limited is incorporated in the UK but is resident in the Netherlands.
3 Shares directly held by Synthomer plc.

Other information

Building

Revenue increased by 5.1% and continuing EBITDA by 9.2% in constant currency in 2024, despite mixed end-market demand trends.

Environmental performance summary

	2024[a]	2023[a]	2022[a]	2021[b]	2020[b]	Baseline year 2019[a]	Variance 2024 vs 2023	Variance 2024 vs 2019
Energy Consumption – GJ								
Absolute energy consumption[1]								
Group	**5,692,630**	5,681,673	6,194,661	5,035,920	4,919,295	4,964,234	0.2%	14.7%
UK only	**285,722**	282,461	321,034	339,579	340,477	329,741	1.2%	-13.3%
Group energy consumption by source								
Natural gas	**3,346,534**	3,297,460	3,374,052	2,146,659	2,047,624	2,075,657	1.5%	61.2%
Light and heavy oils and GLP	**297,937**	278,152	336,728	24,782	28,310	32,997	7.1%	802.9%
Steam and hot water (metered)	**726,932**	835,579	873,923	892,030	883,941	999,288	-13.0%	-27.3%
Electricity (metered)	**1,321,228**	1,270,481	1,329,683	1,222,002	1,263,276	1,253,575	4.0%	5.4%
Coal	**0**	0	280,275	750,448	696,145	602,716	n/a	-100.0%
Specific energy consumption (GJ/tonne production)								
Group	**4.21**	4.06	3.95	2.89	2.79	2.73	3.6%	54.0%
UK only	**3.85**	4.64	5.05	4.32	3.95	4.22	-17.0%	-8.8%
Group refrigerant releases – HCFC and others – kg								
Absolute	**1,682**	3,099	2,442	1,783	1,670	2,000	-45.7%	-15.9%
Specific (kg/tonne production)	**0.00**	0.0022	0.0016	0.001	0.0009	0.0011	-45.5%	9.1%
Greenhouse gas (GHG) emissions - tonnes CO_2e[2, 3, 4, 5, 6]								
Absolute Scope 1 GHG emissions								
Group	**241,151**	230,798	270,849	225,949	219,564	309,645	4.5%	-22.1%
UK only	**10,389**	10,223	11,963	12,721	12,867	12,429	1.6%	-16.4%
Absolute Scope 2 GHG emissions – Market based								
Group	**64,086**	97,984	105,942	83,857	183,429	259,040	-34.6%	-75.3%
UK only	**8,171**	6,443	5,815	5,893	6,266	5,308	26.8%	53.9%
Absolute Scope 2 GHG emissions – Location based								
Group	**174,605**	207,957	209,500	210,899	226,537	263,745	-16.0%	-33.8%
UK only	**9,669**	7,682	7,545	7,887	8,785	8,367	25.9%	15.6%
Absolute Scope 1&2 GHG emissions – Market based								
Group	**305,237**	328,782	376,791	309,806	402,993	568,685	-7.2%	-46.3%
UK only	**18,560**	16,666	17,778	18,613	19,133	17,737	11.4%	4.6%

	2024[a]	2023[a]	2022[a]	2021[b]	2020[b]	Baseline year 2019[a]	Variance 2024 vs 2023	Variance 2024 vs 2019
Specific Scope 1 and 2 GHG emissions								
Group (tonnes CO_2e/tonne production)	**0.23**	0.24	0.24	0.178	0.228	0.289	-4.3%	-22.1%
UK only (tonnes CO_2e/tonne production)	**0.25**	0.274	0.28	0.237	0.222	0.227	-8.8%	10.1%
Absolute Group Scope 1 and 2 GHG emissions by source (tonnes CO_2e)								
From energy[3]	**252,599**	289,190	326,992	270,097	362,222	513,994	-12.7%	-50.9%
From process emissions	**50,195**	41,454	43,807	34,724	35,916	47,164	21.1%	6.4%
From refrigerant releases	**2,443**	4,138	5,992	4,985	4,855	7,527	-41.0%	-67.5%
Absolute Scope 3 GHG emissions (tonnes CO_2e)[7]								
Group	**2,629,696**	2,568,929	2,550,967	2,318,828	n/a	3,204,702	2.4%	-17.9%
Specific Scope 3 GHG emissions								
Group (tonnes CO_2e/tonne production)	**1.94**	1.83	1.56	1.33	n/a	1.41	5.9%	37.6%
Other emissions to air								
Other emissions to air – absolute (tonnes)								
Sulphur dioxide (SO_2)	**23.42**	14.08	44.61	122.13	132.24	126.28	66.3%	-81.5%
Nitrous oxides (NO_x)[8]	**195.16**	162.92	164.89	230.67	229.51	201.98	19.8%	-3.4%
Particulate matter (PM)	**48.53**	24.68	29.66	n/a	n/a	n/a	96.6%	n/a
Volatile organic compounds (VOCs)	**475.56**	298.67	529.78	268.08	246.79	231.34	59.2%	105.6%
Other emissions to air – specific (kg/tonne production)								
Sulphur dioxide (SO_2)	**0.02**	0.01	0.03	0.07	0.08	0.07	70.0%	-75.7%
Nitrous oxides (NO_x)[8]	**0.14**	0.12	0.11	0.13	0.13	0.11	22.4%	27.9%
Particulate matter (PM)	**0.04**	0.02	0.02	n/a	n/a	n/a	94.4%	n/a
Volatile organic compounds (VOCs)	**0.35**	0.21	0.34	0.15	0.14	0.13	62.1%	173.2%
Group water usage – m^3[9]								
Total water withdrawal	**7,131,716**	7,066,045	8,090,588	7,747,617	7,202,458	7,142,707	0.9%	-0.2%
Specific water withdrawal (m^3/tonne production)	**5.27**	5.05	5.16	4.45	4.08	3.93	4.4%	34.1%
Total water withdrawal by source								
Public potable supply	**2,248,948**	2,105,024	2,225,772	1,664,140	1,639,818	1,755,650	6.8%	28.1%
Raw water from river	**2,696,248**	2,681,342	3,231,223	3,357,138	2,992,894	2,810,402	0.6%	-4.1%
Raw water from borehole	**771,770**	782,757	1,058,105	1,327,913	1,158,464	1,192,088	-1.4%	-35.3%
Raw water from canal	**41,232**	38,932	54,018	80,039	70,609	65,012	5.9%	-36.6%
Raw water from other	**1,373,518**	1,457,990	1,521,470	1,318,387	1,340,673	1,319,556	-5.8%	4.1%

	2024[a]	2023[a]	2022[a]	2021[b]	2020[b]	Baseline year 2019[a]	Variance 2024 vs 2023	Variance 2024 vs 2019
Total water consumption[9]	**1,972,144**	2,020,273	2,565,882	n/a	n/a	n/a	-2.4%	n/a
Specific water consumption (m^3/tonne production)	**1.46**	1.44	1.64	n/a	n/a	n/a	1.4%	n/a
Group waste management – tonnes								
Group waste (total)								
Absolute	**50,382**	50,358	62,454	39,708	39,852	49,364	0.0%	2.1%
Specific (kg/tonne production)	**37.21**	36.01	39.83	22.81	22.58	27.19	3.0%	36.4%
Group waste (landfill)								
Absolute	**12,332**	12,772	17,298	9,345	9,487	12,353	-3.4%	-0.2%
Specific (kg/tonne production)	**9.10**	9.13	11.03	5.37	5.38	6.8	-0.3%	33.8%
Group waste (hazardous)								
Absolute	**28,865**	27,367	35,591	22,674	21,402	23,128	5.5%	24.8%
Specific (kg/tonne production)	**21.32**	19.57	22.7	13.03	12.13	12.74	8.9%	67.3%
Group waste (non-hazardous)								
Absolute	**21,517**	22,991	26,863	17,034	18,450	26,236	-6.4%	-18.0%
Specific (kg/tonne production)	**15.89**	16.44	17.13	9.79	10.45	14.45	-3.3%	10.0%
Hazardous waste by source								
Recycled – energy recovery	**7,020**	8,677	10,684	2,931	3,244	3,777	-19.1%	85.9%
Recycled – separated – reprocessed	**9,548**	7,222	7,914	5,065	6,418	5,959	32.2%	60.2%
Incinerated – no energy recovery	**3,681**	4,126	5,392	2,738	1,611	1,430	-10.8%	157.4%
Disposed by landfill	**1,876**	1,565	2,755	3,235	2,276	1,643	19.9%	14.2%
Other	**6,740**	5,777	8,845	10,141	8,567	11,100	16.7%	-39.3%
Non-hazardous waste by source								
Recycled – energy recovery	**3,292**	3,232	3,714	4,278	4,475	8,176	1.9%	-59.7%
Recycled – separated – reprocessed	**3,879**	3,006	3,503	2,836	2,377	2,275	29.0%	70.5%
Incinerated – no energy recovery	**87**	75	124	22.31	17.03	186	16.0%	-53.2%
Disposed by landfill	**10,447**	11,206	14,544	8,011	8,170	11,808	-6.8%	-11.5%
Other – municipality	**3,813**	5,471	4,977	1,887	3,411	3,791	-30.3%	0.6%
Sites that are zero production waste to landfill								
Number	**11.00**	10	n/a	n/a	n/a	n/a	n/a	n/a
Proportion of Group revenue	**17.00**	26.5	n/a	n/a	n/a	n/a	n/a	
Proportion of Group production volume	**22.50**	36	n/a	n/a	n/a	n/a	n/a	n/a

Environmental performance summary continued

	2024[a]	2023[a]	2022[a]	2021[b]	2020[b]	Baseline year 2019[a]	Variance 2024 vs 2023	Variance 2024 vs 2019
Production sales volume								
Group	**1,353,915.0**	1,398,480	1,567,931	1,740,475	1,764,768	1,968,264	-3.2%	-31.2%
UK only	**74,214.0**	60,901	63,583	78,612	86,170	78,196	21.9%	-5.1%
Additional TCFD Metrics[10]								
Financial intensity (tonnes CO_2e/£m)								
Scope 1 and 2 GHG emissions (revenue)	**154**	167	137	121	245	390	-7.8%	-60.5%
Scope 1 and 2 GHG emissions (EBITDA)	**2,076**	2,411	1,421	593	1,554	3,197	-13.9%	-35.1%
Scope 3 GHG emissions (revenue)	**1,169**	1,268	944	995	n/a	2,051	-7.8%	-43.0%
Scope 3 GHG emissions (EBITDA)	**15,794**	18,422	9,209	4,440	n/a	16,821	-14.3%	-6.1%
Scope 1, 2 and 3 GHG emissions (revenue)	**1,323**	1,434	1,090	1,128	n/a	2,441	-7.7%	-45.8%
Scope 1, 2 and 3 GHG emissions (EBITDA)	**17,871**	20,833	10,631	5,034	n/a	20,017	-14.2%	-10.7%
Sites with an ETS or equivalent – %								
Proportion of Group Scope 1 GHG emissions	**62.0**	57.7	59.6	62.3	61.6	60.7	7.5%	2.14%
Proportion of Group production volume	**15.0**	13.6	n/a	n/a	n/a	n/a	10.3%	n/a
Proportion of Group revenue	**16.0**	19.2	n/a	n/a	n/a	n/a	-16.7%	n/a
Capex for sustainability projects (%)	**9**	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Sites in extremely high-risk location for water stress[11]								
Number	**3**	3	n/a	n/a	n/a	n/a	0.0%	n/a
Proportion of Group water use	**11.8**	10.9	n/a	n/a	n/a	n/a	8.3%	n/a
Proportion of Group revenue	**12.5**	12.4	n/a	n/a	n/a	n/a	0.8%	n/a

Environmental performance metrics and KPI data covers all manufacturing operations and major office/technical centres under Synthomer operational control for the calendar years stated. Data in these tables excludes all non-trading and office/sales-related subsidiaries and joint ventures. Scope 1, 2 and 3 GHG results have third-party assurance.

GHG emission calculations follow GHG protocol rules for Scopes 1, 2 and 3, with Scope 1 and 2 reporting reflecting operational control boundaries. Details on Scope 3 calculations can be found on Synthomer's 2024 Scope 3 report.

a Data here refers to Group composition as of end 2024. 2019 GHG data has been re-calculated to reflect all acquisitions and divestments as this is the baseline year for our Scope 1-3 emissions targets. 2019, 2022 & 2023 have been re-baselined for updated GWP emission factors.

b Data here reflects the composition of the Group at the time.

1 Data relates to site usage of all fuels, excluding transport of goods to and from site and the movement of these vehicles on site. Internal transport on site is included.

2 Scope 1 and 2 GHG emissions have been calculated from the usage of all fuels, excluding third-party transport fuel. Includes both direct emissions and indirect emissions related to imported electricity, steam, compressed air, cooling water etc., with the exception of transmission and distribution losses for electricity, which are considered as Scope 3 and have not been estimated. Scope 1 process emissions are now included for two specific processes on two sites.

3 CO_2 equivalent emissions include contributions from CH_4 and N_2O associated with combustion.

4 All direct energy production from fossil fuels has been aggregated on a Group-wide basis and converted to CO_2e by using the appropriate emissions factors. Scope 2 emissions associated with electricity have been calculated using two different methods as per GHG Protocol requirements:

Market based: using market-based emissions factors for electricity from suppliers of standard grid fuel mix tariffs, and emission factors of zero where verifiable renewable tariffs or renewable certificates with guarantees of origin have been purchased. In cases where supplier emissions factors were not available, the residual mix factor was used for EU and UK sites and the Location Base approach for non-EU sites.

Location based: using emissions factors from DEFRA (dataset published in June 2024) for UK grid electricity, US EPA Inventory eGRID sub-region factors for US sites (January 2024 dataset) and, for other countries, grid electricity from the relevant IEA (International Energy Authority) 'World CO_2 Emissions from Fuel Combustion' databases. In accordance with UK Government guidance, factors used for 2024 reporting are based on 2021 validated data.

Scope 2 emissions associated with imported steam have been estimated using verified emission factors provided by the suppliers where available. Where not available, the UK DEFRA heat and steam factor has been used.

5 The total Scope 1 and 2 GHG figure is the total of the CO_2 equivalent emissions associated with energy, refrigerant release and relevant process emission contributions.

6 Our Stallingborough site in the UK is supplied with most of its electricity from an adjacent municipal waste incinerator. But since the waste is both renewable and non-renewable, the site has some associated emissions. In 2024, the emissions from this electricity were 0.427kg CO_2e per kWh, based on our determination of the factors used for the Climate Change Agreement submission.

7 Scope 3 GHG emissions have been calculated following the GHG protocol. Details can be found in our Climate action insight paper.

8 NO_x emissions are predominantly those from combustion processes. The CO_2 equivalent Global Warming Potential contribution from these releases is already included in the CO_2 from the energy figure above.

9 Since adopting a more accurate and holistic water mass balance approach in 2022, we are not reporting water consumption for earlier years.

10 TCFD metrics are calculated using GHG data stated in this table and revenue figures stated in the Annual Report 2024.

11 Priority sites for water stress have been identified by combining local risk factors using WRI Aqueduct tool and relative water demand.

Global reporting initiative (GRI) content index

Statement of use

Synthomer plc has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
This table references the GRI Universal Standards 2021 and identifies where Synthomer addresses each disclosure topic – the 2024 Annual Report, the separate 2024 ESG Datapack, and our **website**.

GRI Standards used

GRI Universal Standards 2021 (GRI 1: Foundation 2021, GRI 2: General Disclosures 2021, GRI 3: Material Topics 2021) and material GRI Topic Standards.

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	1-4, 135, 144-146, back cover
	2-2 Entities included in the organisation's sustainability reporting	194
	2-3 Reporting period, frequency and contact point	26, 195
	2-4 Restatements of information	195
	2-5 External assurance	**Synthomer ESG Datapack**
	2-6 Activities, value chain and other business relationships	1-4, 20-40
	2-7 Employees	36-40, 43, **Synthomer ESG Datapack**
	2-9 Governance structure and composition	45-48, 58-59, 70-73, 75
	2-10 Nomination and selection of the highest governance body	95-97
	2-11 Chair of the highest governance body	70
	2-12 Role of the highest governance body in overseeing the management of impacts	45-48, 58-62, 75
	2-13 Delegation of responsibility for managing impacts	75
	2-14 Role of the highest governance body in sustainability reporting	75, 87-94
	2-15 Conflicts of interest	55, 82-86
	2-16 Communication of critical concerns	55, 76-86, **ESG Datapack**
	2-17 Collective knowledge of the highest governance body	69-73
	2-18 Review of the performance of the highest governance body	68
	2-19 Remuneration policies	86, 98-102
	2-20 Process to determine remuneration	86, 98-102
	2-21 Annual total compensation ratio	114
	2-22 Statement on sustainable development strategy	5-6, 8-9, 65-68
	2-23 Policy commitments	63
	2-24 Embedding policy commitments	63
	2-25 Processes to remediate negative impacts	45-56, 63
	2-26 Mechanisms for seeking advice and raising concerns	55, 83

GRI content index continued

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021 continued	2-27 Compliance with laws and regulations	55, 62, 63
	2-28 Membership associations	29, 31
	2-29 Approach to stakeholder engagement	26-31, 36, 76-81
	2-30 Collective bargaining agreements	Synthomer ESG Datapack
GRI 3: Material Topics 2021	3-1 Process to determine material topics	30
	3-2 List of material topics	30, 49-56
	3-3 Management of material topics	30-31, 45-48
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	129-134
	201-2 Financial implications and other risks and opportunities due to climate change	58-61, 124
	201-3 Defined benefit plan obligations and other retirement plans	168-173
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	55, 63
	205-2 Communication and training about anti-corruption policies and procedures	55
	205-3 Confirmed incidents of corruption and actions taken	55
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	55
GRI 207: Tax 2019	207-1 Approach to tax	137-138, 148-150, Synthomer Group Policies
	207-2 Tax governance, control, and risk management	137-138
	207-3 Stakeholder engagement and management of concerns related to tax	76-86
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	191, Sustainability Insights
	302-3 Energy intensity	191
	302-4 Reduction of energy consumption	42
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	31, 42, Sustainability Insights
	303-3 Water withdrawal	42, 192
	303-5 Water consumption	193
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	42, 191, Sustainability Insights
	305-2 Energy indirect (Scope 2) GHG emissions	42, 191, Sustainability Insights
	305-3 Other indirect (Scope 3) GHG emissions	42, 192, 194, Sustainability Insights
	305-4 GHG emissions intensity	192, 194
	305-5 Reduction of GHG emissions	42, Sustainability Insights
	305-6 Emissions of ozone-depleting substances (ODS)	192
	305-7 Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	192
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	42, 193, Sustainability Insights
	306-2 Management of significant waste-related impacts	42
	306-3 Waste generated	193
	306-4 Waste diverted from disposal	193
	306-5 Waste directed to disposal	193

GRI standard	Disclosure	Location
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Synthomer ESG Datapack
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Synthomer ESG Datapack
	401-3 Parental leave	36-39
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	40, Sustainability Insights
	403-2 Hazard identification, risk assessment, and incident investigation	40, 43, 53
	403-4 Worker participation, consultation, and communication on occupational health and safety	40, 43, 53
	403-5 Worker training on occupational health and safety	40, 43, 53
	403-6 Promotion of worker health	37
	403-8 Workers covered by an occupational health and safety management system	Synthomer ESG Datapack
	403-9 Work-related injuries	40, Synthomer ESG Datapack
	403-10 Work-related ill health	Synthomer ESG Datapack
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Synthomer ESG Datapack
	404-2 Programs for upgrading employee skills and transition assistance programs	39
	404-3 Percentage of employees receiving regular performance and career development reviews	37
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	37, 69, 97
	405-2 Ratio of basic salary and remuneration of women to men	36-39
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Synthomer modern slavery statement
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Synthomer modern slavery statement
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Synthomer modern slavery statement
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Sustainability Insights
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Synthomer ESG Data Pack
GRI 415: Public Policy 2016	415-1 Political contributions	118
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Sustainability Insights
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Insights
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Sustainability Insights
	417-2 Incidents of non-compliance concerning product and service information and labeling	Sustainability Insights
	417-3 Incidents of non-compliance concerning marketing communications	Sustainability Insights

Glossary of terms

AC	Amortised Cost
AGM	Annual General Meeting
AIMS	Accident and Incident Management System
AM	Acrylate Monomers
APMs	Alternative Performance Measures
APO	Amorphous polyolefins
AS	Adhesive Solutions division
CCS	Coatings & Construction Solutions division
CDP	Carbon Disclosure Project
CGU	Cash Generating Unit
CH_4	Methane
CO_2	Carbon Dioxide
CO_2e	Carbon Dioxide equivalent
Constant currency	Reflects current year results for existing business translated at the prior year's average exchange rates, and includes the impact of acquisitions
CSRD	Corporate Sustainability Reporting Directive
DE&I	Diversity, equity and inclusion
DEFRA	Department for Environment, Food and Rural Affairs
EBITDA	EBITDA is calculated as operating profit before depreciation, amortisation and Special Items
EMEA	Europe, Middle East, Africa and Americas
EPS	Earnings Per Share
ERC	Executive Risk Committee
ESG	Environmental, Social and Governance
FRC	Financial Reporting Council
Free Cash Flow	The movement in net debt before financing activities, foreign exchange and the cash impact of Special Items, asset disposals and business combinations
FRS	Financial Reporting Standard
FVTOCI	Fair Value Through Other Comprehensive Income
FVTPL	Fair Value Through Profit or Loss
GDP	Gross Domestic Product

GHGs	Greenhouse Gases
GJ	Gigajoule
GLT	Global Leadership Team
GRI	Global Reporting Initiative
H&P	Health & Protection business unit
HPPM	Health & Protection and Performance Materials division
IFRS	International Financial Reporting Standards
ISA	International Standards of Auditing
ISCC PLUS	International Sustainability & Carbon Certification PLUS
KPIs	Key Performance Indicators
kt	Kilotonne or 1,000 tonnes (metric)
LTA	Lost Time Accident
LTIP	Long-Term Incentive Plan
M&A	Mergers and Acquisitions
MYR	Malaysian Ringgits
N_2O	Nitrous Oxide
NBR	Nitrile butadiene latex
NED	Non-Executive Director
Net debt	Cash and cash equivalents together with short- and long-term borrowings
n/m	Not meaningful
NO_x	Nitrogen Oxides
OECD	Organisation for Economic Co-operation and Development
Operating profit	Operating profit represents profit from continuing activities before finance costs and taxation (sometimes also known as EBIT or earnings before interest and tax)
Operating Cash Flow	Operating Cash Flow is defined as Total Group EBITDA plus/minus net working capital movement less capital expenditure
OSHA	Occupational Safety and Health Administration
PPE	Property, Plant and Equipment
PSER	Process safety event rate
PSP	Performance Share Plan

R&D	Research and Development
RCF	Revolving credit facility
RCR	Recordable injury case rate
ROIC	Return on Invested Capital, calculated as underlying operating profit after tax divided by average invested capital at start and end of year (comprising equity, net debt, post-retirement benefit obligations and lease liabilities)
SBR	Styrene Butadiene Rubber
SDG	Sustainable Development Goals
SHE	Safety, Health and Environment
SHEMS	Safety, Health and Environment Management System
TCFD	Task Force on Climate-related Financial Disclosures
The Code	The UK Corporate Governance Code
TSR	Total Shareholder Return
UKEF	United Kingdom Export Finance
Underlying performance	Underlying performance represents the statutory performance of the Group under IFRS, excluding Special Items
VOCs	Volatile Organic Compounds

Historical financial summary

		2024 £m	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Revenue		**1,996.6**	2,021.2	2,585.1	2,329.5	1,644.2	1,459.1
Underlying performance	(a)						
EBITDA	(b)	**149.2**	139.1	265.1	522.2	259.4	177.9
Operating profit	(c)	**52.8**	33.8	171.2	450.9	189.6	125.8
Finance costs		**(60.0)**	(64.9)	(46.2)	(30.8)	(29.6)	(9.6)
Profit before taxation		**(7.2)**	(31.1)	125.0	420.1	160.0	116.2
Basic earnings per share	(f)	**(2.5)p**	(35.1)p	152.0p	554.0p	212.9p	186.4p
Dividends per share	(f)	**–**	–	–	221.0p	85.4p	29.5p
Dividend cover		**–**	–	–	2.5	2.5	6.3
IFRS							
Operating profit	(c)	**(25.9)**	17.7	(26.5)	308.5	58.4	110.6
Finance costs		**(61.4)**	(71.4)	(21.1)	(24.6)	(38.1)	(10.1)
Profit before taxation		**(87.3)**	(53.7)	(47.6)	283.9	20.3	100.5
Basic earnings per share	(f)	**(44.4)p**	(78.5)p	(51.2)p	355.8p	5.2p	158.4p
Dividends per share	(f)	**–**	–	–	221.0p	85.4p	29.5p
Dividend cover		**–**	–	–	1.6	0.1	5.4
Net debt	(d)	**(597.0)**	(499.7)	(1,024.9)	(114.2)	(462.2)	20.7
Capital expenditure	(e)	**90.6**	84.0	90.8	82.2	53.8	69.1

(a) Total of continuing and discontinued operations for the Group.
(b) As defined in the accounting policies at note 2 and reconciled in note 5.
(c) As defined in note 2 to the financial statements on page 137.
(d) As reconciled in note 21.
(e) As disclosed on the consolidated cash flow statement.
(f) Dividends and earnings per share figures for 2022 and prior have been adjusted for the 20 to 1 share consolidation and rights issue adjustment factor of 2.715.

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