Environment & Climate Report 2024

Focusrite Group

Report Contents

We are not your average audio technology group. We're a *passionate* bunch united by a single objective: **to smash through barriers** and **unleash boundless *creativity*** in the **world of sound**. **From bedroom beat making to *uniting* festival crowds,** we support our customers at every step of their music-making journeys.

To make it easier to find relevant information, we have split this report into three sections, which build on the content in our Annual Report.

Environment

We are doing far more than just reporting our greenhouse gas emissions. This section goes into detail on the work we are doing to ultimately reach net-zero.

Products

Given their significant footprint, we have separated hardware products into their own section this year. This section shows a deeper dive into some of the engineering challenges we are working through.

Climate

This is the second year the CFD is mandatory for us, and we have included an extended report here with additional commentary, detail and context to the disclosure, including our first look at the recently published net-zero Transition Plan Taskforce framework.

Introduction

Andy Land
Global Head of Sustainability

2023 was the hottest year on record, with month after month setting record highs. This is against a mixed picture of climate action; moderate progress at COP28, and impressive implementation of renewable energy in the EU, but with global greenhouse gas emissions still increasing.

The Group is in a fortunate position, last year we assessed our risk from climate change at low-medium in the short-medium term time frame, but to assume we can continue as normal is a mistake and we will be reducing our emissions by committing to science-based targets.

To achieve the decarbonisation targets we are developing, we have made significant progress through the year with 48 products updated in mass production with some form of sustainability initiative, and we plan to continue adding new products in rapidly.

Sally McKone
Chief Financial Officer

It was four years ago that we set out the goal to become industry leaders in environmental sustainability, and we believe this report continues to make the strong case for this.

However, our aims go beyond just this statement, we believe this work is essential to the Group's long term success, which is why we are already focusing on the future disclosure requirements so we can remain at the forefront, not only so we can lower our impact but also inspire others to follow.

We look forward to sharing updates next year on our science-based targets application, and integrating these into our strategy moving forward and we are confident in our transition to become a low carbon business.

Executive Summary

This report represents a refinement of our ongoing commitment to provide increasingly detailed disclosures as we aim to reduce our environmental footprint.

This year we do not have any new mandatory reporting standards, however we have chosen to report our initial work against the Transition Plan Taskforce framework, and have also submitted our first CDP questionnaire based on last year's data. Both efforts support our commitment to set science-based targets for decarbonisation, which we are working on in 2025.

Click to view our **2024 Annual Report**

Key Numbers

531
Intensity: tCO_2e per £M Revenue
+2% ▲

0
Scope 1 and 2 tCO_2e Emissions (Net)
0%

83,800
Scope 3 tCO_2e Emissions (Gross)
-9% ▼

86
Lifecycle Assessments Completed
+43% ▲

Change vs Prior Year

Environment

Our environmental strategy is divided into three pillars; our internal operations, our products and the wider music technology industry.

Internal Operations
Our offices contribute less than 1% of our total carbon footprint. We have already transitioned to renewable energy, and significantly achieved a 35% reduction in Scope 1 and 2 gross emissions per employee in 2024 following the move of our HQ to a more efficient building. Our residual Scope 1 and 2 emissions have been offset for the 3rd year running.

Focus on Products
Hardware products contribute approximately 99% of our total greenhouse gas emissions. Of these, two categories stand out at approximately 45% each: **Raw Materials** and **Product Usage**. Raw Materials are the area that will not reduce significantly with more renewable energy generation globally, so this remains our priority and we have included case studies in this report.

To support research here we have made significant progress with in-house product lifecycle assessments ('LCAs'), increasing our total to 86 this year. The data these provide is essential for engineers to make the right decisions that reduce our emissions.

Despite our gross emissions falling in 2024, emissions intensity per £m revenue is up marginally to 531tCO_2e/£m due to greater demand for larger audio reproduction products which require more raw materials to build and then consume more power through their lifecycle. This shift in emissions is further highlighted by our content creation division (which makes smaller, lower power products) seeing softer demand.

However, the underlying work to implement recycled materials into more products is showing progress, with the upstream production impact per product only increasing by 5% (against a 17% increase for downstream power consumption), showing that our lower carbon materials are starting to have an effect.

Fundamentally, changes in our emissions are still primarily driven by the mix of products sold, and the work we are doing to reduce emissions will have an effect over a longer time frame, particularly when combined with an increase in renewable energy in electricity grids.

Lead the Industry
We are committed to becoming leaders in environmental sustainability within our industry, and this marks our second annual Environment & Climate Report. This report strives for transparency in outlining our environmental initiatives and provides detail on how we will transition to reach net-zero, a pathway we will ultimately define in detail through our science-based targets.

While our total footprint is relatively small compared to global emissions, our potential reach is significant, given the diverse applications of our products for a global audience. To this end, we are an active founder of the Greening Music Tech working group, uniting over 100 individuals across our industry to collaboratively address environmental issues.

Climate

In the short-term, our exposure to climate-related risk remains low, but future scenarios determine how risks from regulation and carbon taxes could impact us, as well as bringing increased risk of physical impacts from climate change.

In our second year engaging with the TCFD ('taskforce on climate-related financial disclosures'), interchangeable with the UK's CFD ('climate-related financial disclosures'), we have identified opportunities in most areas, and primarily focused on improving our understanding of the physical risks linked to climate change. The Group is currently shielded from many of these risks, but we remain vigilant in monitoring and adapting to changing conditions.

There remains a high level trend of higher physical risks in higher warming scenarios, and higher transition risks in lower warming scenarios. Our transition opportunities remain promising but may require greater focus to comply with new legislation if climate change mitigation efforts accelerate.

We are dependent on material science advancements to replace crucial rare earth elements in our products, closely tracking developments to ensure supply chain resilience.

This report containing an extended look at the TCFD underscores our commitment to transparency, sustainability, and responsible business practices in addressing climate challenges and capitalising on opportunities.

Environment vs Climate

"Environment" and "Climate Change" are often used interchangeably, and while they are closely linked they are distinct topics. Environment is wider reaching, encompassing a broad range of topics such as greenhouse gas emissions, pollution and biodiversity loss. Climate Change however is best thought of as a business risk, and includes the Physical effects (localised and chronic high temperatures, increased storms, drought, flooding etc.) and Transition effects (regulation, carbon taxes, changing consumer behaviour, climate-induced conflict etc.).

Environment & Climate Timeline

We have been building on our foundation from last year, and now have a clear picture of the key milestones on the path to achieving net-zero.

2023

Establishing the foundations of our reporting.

- First year of mandatory Climate-related Financial Disclosures ('CFD') reporting.
- Utilising lifecycle assessment based calculations for scope 3 greenhouse gas ('GHG') emissions for the first time.
- Carbon neutral scope 1 and 2 by purchasing carbon credits for residual emissions.

2024

Starting to develop long term actions and commitments.

- 2nd Year or CFD Reporting.
- Refinement of scope 3 GHG Emissions.
- First Carbon Disclosure Project ('CDP') questionnaire completed.
- First net-zero transition plan shared.
- Commitment letter sent to science-based targets ('SBTi') for decarbonisation - we now have two years to submit our targets.

2025

Formalise our long term commitments.

- Develop and submit our SBTi targets in line with our industry pillar strategy target.
- Continue to report against CDP and aim to improve score.

2026

Start looking to the next phase of big environment and climate compliance frameworks.

- Pending approval from the SBTi, publish our targets in full and continue making reductions to the carbon footprint of our products.
- EU's Corporate Sustainability Reporting Directive ('CSRD') and International Financial Reporting Standards ('IFRS') S1 & S2 work likely to begin across the Group.

2027+

Continue momentum to decarbonise as we approach 2031.

- Publish annual updates against our science-based targets and focus on rapid and repeated reductions in emissions.

2031

Keep our commitment to near-term decarbonisation.

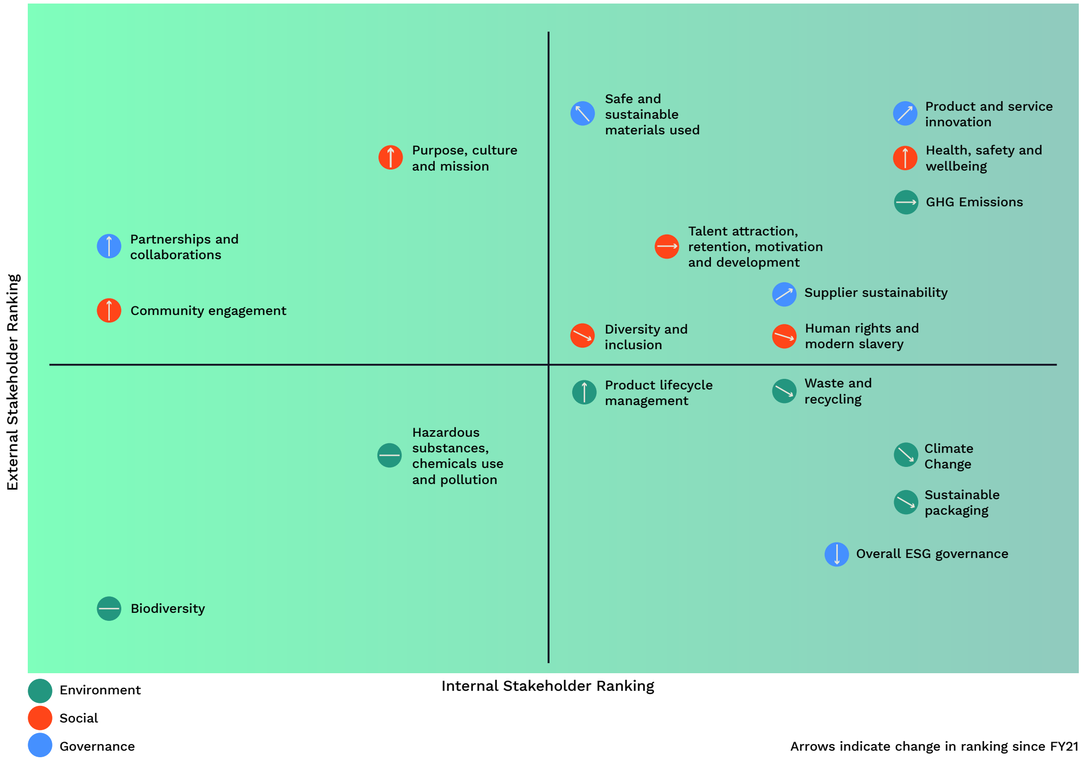
- Our likely near-term science-based decarbonisation target.

2049

Achieve our long term Environmental goals.

- Our likely net-zero science-based decarbonisation target.

2024 ESG Materiality Matrix



Click to view our 2024 Annual Report

Our updated matrix highlights that environmental issues remain critical, with Climate Change and GHG Emissions continuing to be top priorities. It also indicates the growing significance of social inclusion issues. Our revised matrix demonstrates that Environmental issues remain significant to the Group, with Climate Change, GHG Emissions, and Sustainable Packaging being the most significant internally. However, externally, the primary environmental focus is on GHG Emissions, highlighting how the Group is at a different stage in this journey.

Notably, many more of our peers are now taking action across these areas, which is a positive development as collective action is essential.

For further details on our social and governance efforts and how they align with the updated ESG Materiality Matrix, please refer to our 2024 Annual Report.

	Internal Shift vs 2021		External Shift vs 2021	
Biodiversity		New issue		New issue
Climate change	▲	Increase	▼	Decrease
GHG emissions	▲	Increase	▲	Increase
Hazardous substances, chemicals use and pollution	▼	Decrease	-	Unchanged
Product Life-Cycle Management	▼	Decrease	▲	Increase
Safe and sustainable materials used	▼	Decrease	▲	Increase
Sustainable Packaging	▲	Increase	-	Unchanged
Waste and recycling	▲	Increase	▼	Decrease
Community engagement	-	Unchanged	▲	Increase
Employee diversity and inclusion	-	Unchanged	▼	Decrease
Health, safety and well-being	-	Unchanged	▲	Increase
Human rights and modern slavery	-	Unchanged	▼	Decrease
Purpose, culture and mission	▲	Increase	▲	Increase
Talent attraction, retention, motivation & development	▲	Increase	-	Unchanged
Overall ESG governance	-	Unchanged	▼	Decrease
Partnerships & collaborations	-	Unchanged	▲	Increase
Product and service innovation	▲	Increase	▲	Increase
Supplier sustainability	▲	Increase	▲	Increase

Environment

Our approach to reducing our environmental footprint.

Highlights from 2024

Rolling out Sustainability Initiatives at Scale

The Group has made significant progress rolling out sustainability initiatives this year, with at least one initiative in 15 new and 33 existing products. In our Content Creation division, the full Focusrite Scarlett Gen 4 range and ADAM Audio H200 use recycled plastic now. These products have also seen a series of improvements to packaging design to remove unnecessary plastic and reduce volume for more efficient shipping.

The Group's Sound Reproduction division has had similar success, with Martin Audio switching to recycled plastic for 10 existing products so far, and Optimal Audio's Cuboid speakers also benefiting from the same roll-out.

Initiatives like these are now becoming standard practice, a cultural shift from previous years and this cultural shift has empowered engineering teams to actively pursue their own decarbonisation opportunities.

Maturing Reporting Standards

This is the second year that the UK's **Climate-related Financial Disclosures** ('CFD') applies to the Group, aligned with the **Taskforce on Climate-related Financial Disclosures** ('TCFD'). Fundamentally, we believe our disclosure last year is still applicable, so have not made significant changes to the disclosure contents in this report.

This year, with the aim to further demonstrate we are industry leaders, we have made a shift towards optional non-mandatory disclosures. We have completed our first report with the **Carbon Disclosure Project** ('CDP'), Committed to set **science-based targets** ('SBTs'), and are sharing our in progress work on a **net-zero transition plan** following the release of the **Transition Plan Taskforce** ('TPT') guidance.

These disclosures simplify future mandatory reporting, as CDP, SBTs, and TPT cover a broad range of important environmental and climate-related issues. This will help us prepare for the EU's **Corporate Sustainability Reporting Directive** ('CSRD') and other emerging standards that will eventually apply to the Group.

Fundamentally, we believe these standards are pushing businesses in the right direction towards decarbonisation, and have been working to make the compliance side as scalable as possible to leave time for us to focus on decarbonisation initiatives.

"2024 has been an exciting transition year for the Group as our Environmental Sustainability program matures. Our products are now incorporating sustainable principles by default, and in some cases we are now looking to move on from first to second generation steps to decarbonise."

Andy Land
Global Head of Sustainability

Click to see our 2024 GHG Emissions

Our Environmental Strategy

Originally launched in 2022 and updated this year, our Environmental Strategy has 3 pillars

Efficient Internal Operations

Focus on our Internal Operations and our offices.

Target: Maintain current sourcing levels of renewable energy in all offices where available.

We are already sourcing renewable energy where available, and will likely set one of our Science-based targets to maintain or increase this procurement level.

Focus on Products

Our External Operations and what we send out into the world.

Target: Achieve our Near-Term decarbonisation Science-based target (still to be finalised and approved).

We have updated our previous 2030 carbon neutral products target to align with our near-term Science-based target once approved. This will require significant carbon reductions to our products, likely around 55% by 2031 with a 2021 baseline.

Lead the Industry

The wider Music Technology Industry.

Target: Set SBTs for decarbonisation including near-term and net-zero Targets by 2026 at the latest.

We have now committed to set near-term and net-zero SBTs, one year ahead of our 2025 deadline. Our focus now shifts to develop targets and get these approved by the SBTi, as well as engaging with the CDP.

Committed

to science-based targets (SBTs)

In March 2024, we sent our commitment letter to the science-based targets initiative (SBTi), outlining our intention to set both near-term and net-zero targets. This commitment is central to our strategy and aims to set a benchmark for best practices within our industry.

This commitment impacts all areas of our strategy and is crucial for our industry, as we look to demonstrate best practice and encourage others to also take steps to set their own decarbonisation targets.

We are currently preparing our targets submissions package for the SBTi and aim to have it submitted by the end of next financial year.

SBTs Info

Science-based targets are emissions reduction goals set by companies to align with the latest climate science. They provide a pathway for businesses to cut greenhouse gases in line with the Paris Agreement's goal of limiting global warming to 1.5°C.

The science-based targets initiative is a key organization guiding companies through this process. Over 4,000 companies worldwide are already using SBTi to set ambitious climate targets. These targets typically involve cutting emissions in half by 2030 and reaching net-zero by 2050. By setting SBTs, companies are taking a major step towards decarbonisation and demonstrating their commitment to tackling climate change.

Greening Music Tech

SUPERBOOTH Berlin greening music tech community meet up.

GearFest UK panel discussion on sustainability, hosted by Sound on Sound Magazine.

We believe that widespread participation in sustainability practices is essential for the industry's long-term success of our industry. This goal is aligned with the science-based targets initiative, actively supports and promotes such efforts.

Since 2022, we have collaborated with industry peers to launch Greening Music Tech, reinforcing our commitment to sustainability across the music technology sector. This group continues to grow well, exceeding 100 members as of September 2024.

The working group has not only grown its membership but also hosted events throughout the year, including successful meet-ups at SUPERBOOTH Berlin and GearFest UK.

To find out more about Greening Music Tech, you can find us on LinkedIn, or by emailing directly to Andy.land@focusritegroup.com.

Greening Music Tech on LinkedIn

Email Andy Land

Supporting Nature-Based & Carbon Credit Projects

We actively seek high-quality projects that help mitigate emissions beyond our value chain, this effort addresses not only greenhouse gas emissions but also the consumption of wood in our products.

Offsets and Nature-based Solutions

Going Beyond our Value Chain

We consider carbon credits—now known as 'beyond value chain mitigations' (BVCMs)—to be essential tools for mitigating the severe impacts of climate change. However, companies should not rely solely on these credits to achieve net-zero emissions.

We are currently funding two specific areas:
- Offsets against residual market-based greenhouse gas emissions in Scopes 1 and 2.
- Linking tree planting to sales of products containing wood.

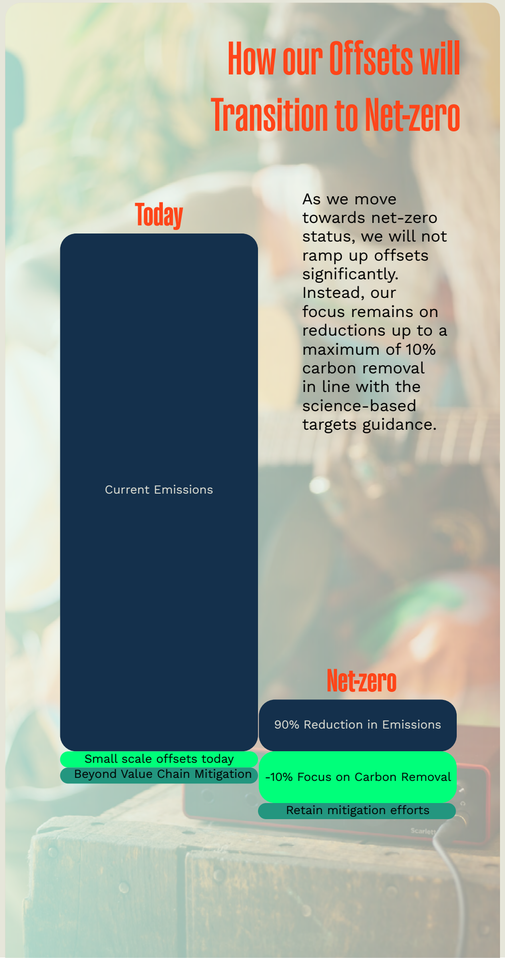
Our plan is to continue with this strategy for now, and in line with the science-based targets guidance, we are starting to shift the types of carbon projects we support from carbon avoidance, to carbon removal.
We also prioritise projects with additional social benefits, also known as additionality.

(153)
tCO_2e Carbon Credits purchased in 2024

92,980
Total number of trees planted

"The attitude towards offsets, or beyond value chain mitigations as they're now known, is changing. They will continue to be a part of climate action, but they have to be handled properly and focus on the right outcomes."

Andy Land
Global Head of Sustainability



How we select projects

The projects we have been supporting have always considered these questions:
- Could the project be undersold/can this potentially over deliver?
- Durability: Is there the potential for the carbon to be re-released quickly?
- Does this method have a proven track record of working?
- Are there additional social benefits?
- Would our employees be happy we are supporting this project?

This criteria has lead us supporting to a few key project types:

Renewable Energy	Social Benefit Projects	Afforestation
Wind and solar projects provide clean and low cost energy in places where investment is needed to avoid fossil fuel emissions.	Providing clean water, biogas and solar lighting has huge social benefits as well as preventing deforestation from wood fires.	When correctly planted in the right areas, and managed appropriately, afforestation can be an effective method to capture carbon.

Scaling Impact with Sales

Previously, we purchased afforestation carbon offsets; however, these did not directly address our product emissions. We aimed to take high impact steps to improve the long-term health of the planet and ensure our actions scaled with our product sales. In 2022, we partnered with Ecologi to fund global tree planting initiatives. This new approach aligns with our goal of enhancing the planet's long-term health and scaling our efforts in line with product sales.

These trees are not carbon offsets (and they are not classed as such), they are native species grown from seed and planted in areas that have been degraded by human activity, re-wilding an area back to its natural state. We chose to start this partnership because we rely on nature to make our speaker cabinets or the chassis of our synthesisers, and while we source our wood from sustainable sources, we want to ensure we were leaving nature in a better condition long-term.

To date, we have planted approximately 92,980 new trees through these efforts, re-wilding an area of forest approximately 186km² in size (assuming a tree density of 500/km²), and we have linked the usage of wood in ADAM Audio, Martin Audio, Novation, Oberheim and Sequential products now to ongoing tree planting.

Ecologi's *'For Our Planet'* Award

For many years we have worked with the team at Ecologi to source small scale offsets and beyond value chain mitigations in the form of Tree Planting projects.

This year we entered their 'For Our Planet' awards, and were proud to receive their highest award of Gold!

We were award this for achieving these steps:
- Calculated our Environmental Footprint
- Reduction Targets Set
- Reduced Emissions Achieved
- Funded Climate Action

"We are thrilled to collaborate with Focusrite Group as one of their sustainability partners, aiding their support for a portfolio of high-quality, validated climate projects from around the world. Additionally, it is our pleasure to honour them with a gold award in the 'For Our Planet' awards. Focusrite Group is advancing impressively towards net-zero through ambitious emissions reduction goals and a robust net-zero strategy."

Joshua Price
Key Account Manager at Ecologi

Community and Employee Engagement

To encourage employees to engage with Environmental Sustainability, we have a program of additional activities within the group that have benefits for employees and our community. There is more content in our Annual Report, and these three examples tie in with Environmental Sustainability.

Litter Picking

This year, our team participated in two local litter picks, reflecting our commitment to community engagement and environmental responsibility. Employees volunteered to clean up public areas around our head office in High Wycombe, reinforcing our dedication to sustainability and strengthening our connection with the local community.

Low Carbon Transport

In 2024, it is common for UK businesses to offer a cycle-to-work scheme covering regular bikes and e-bikes, with many of our employees take this option up. This is further supported through initiatives such as ad-hoc bike servicing and webinars for employees on how to maintain their bicycles, as well as providing provisions such as bike pumps in offices in case of emergencies.

For those employees that cannot cycle to work we also offer a salary sacrifice scheme for electric vehicles in the UK, which has been taken up by 18 employees to date. To support this we have also installed permanent electric vehicle at all of our main UK offices outside of central London, with subsidised charging available to every employee.

Refresh Wycombe

Employees at our company actively participate in various community engagement activities. One charity we have consistently supported is **Refresh Wycombe**, which operates a local reuse shop near our head office and hosts regular repair cafés. Our contributions to their mission have included:

- Providing excess raw materials for resale in the reuse shop, promoting sustainability and reducing waste.
- Installing an Optimal Audio sound system in the shop to enhance the customer experience and support their community events.
- Offering the use of our meeting rooms to facilitate their board meetings, workshops and community gatherings.

"Wycombe Environment Centre are so grateful to Focusrite who have long supported us with donations of waste materials for re-use in crafting projects, and more recently with the use of their meeting rooms as well as an audio system for the Refresh Shop. The audio system has been game-changing in relation to the customer experience, as well as that of our Volunteers working in the shop. It's amazing what music has done to the ambience of our little shop!"

Karen Prendergast
Refresh Wycombe

Products

How we Design for Sustainability

Embedding Sustainability in *Product Design*

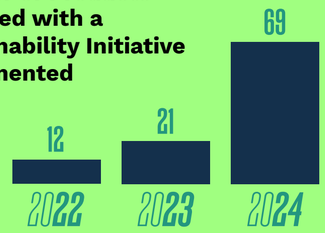
Sustainability workshops are now a standard feature before launching new projects in our product design process. These workshops help identify the biggest opportunities early on.

For a process like this to be effective, a strong governance structure must be in place. This is where our Green Team of key stakeholders within the Group comes in, headed up by Andy Land, our Global Head of Sustainability.

Through regular meetings with each Green Team member, updates on new projects are shared and in turn, research and recommendations are shared back to engineers who then research and implement the biggest opportunities.

This approach is starting to scale up, and now at the end of 2024 we have 69 products that have at least one sustainability initiative applied to them, and encouragingly different engineering teams are starting to share research and solutions, further increasing the speed with which we can roll out initiatives.

Number of Products Released with a Sustainability Initiative Implemented



Click to see the H200 Headphones Case Study

"When designing our new headphones we spoke with Andy early about the opportunities. Building on lifecycle assessments he had previously done, we identified a number of priorities for this new range:

- *Using Recycled Plastic for the headphones.*
- *Designing the headphones for easy servicing.*
- *Eliminating unnecessary single use plastics in the packaging.*

This approach of identifying opportunities early, and using our in-house tools to design out potential carbon emissions has been invaluable."

Jesús Valencia Novelle
Senior Mechanical Design Engineer, ADAM Audio

Lifecycle Assessments (LCAs)

Our Essential Tool

To effectively decarbonise, we are focusing on LCAs as a tool to evaluate the environmental impact of our products.

These provide a comprehensive and standardised methodology to assess the entire lifecycle of a product, from the extraction of raw materials to its disposal at the end of its useful life. This method enables us to identify environmental hotspots within our products, allowing us to prioritise actions. The insights gained help us develop and implement specific measures to improve the environmental performance of our products. All of this forms the basis for developing and submitting science-based targets for decarbonisation, ultimately leading to our goal of achieving net-zero.

In 2024, we further refined our bespoke in-house LCA database to enhance its functionality beyond total emissions reporting. The updated database now allows us to break down our total footprint by raw material types and to analyse electricity grid data by year, providing a more representative view of our footprint.

Physical Analysis of Hardware Products → **Creation of Environmental Inventory and Environmental Impacts using the Ecoinvent Database, and the EU EF 3.1 Environmental Impacts Standard** → **Combination with Sales Data to create GHG Emissions Reporting**

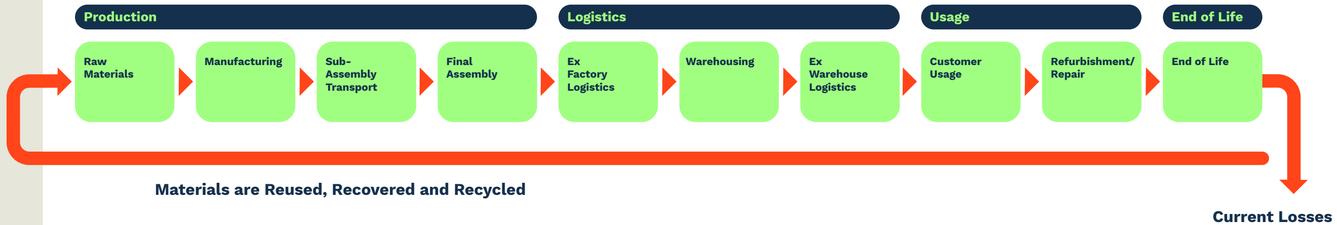
How one LCA Scales Up

Starting out: Creating a 'Detailed Profile'

With any LCA, the first step is to conduct a physical disassembly of a product, followed by a process of categorising the components. This is most efficient in-house as we have all the necessary product data already and the expertise to know exactly how we build our products. Additionally, because we design for efficiency and share components where possible, closely related products often do not require a full disassembly.

This disassembly data on raw materials is combined with other lifecycle information such as manufacturing location, warehouse location, country sold into, power consumption and product usage data. This forms the basis for a series of bespoke calculations to work out all the lifecycle stages relevant to our products, creating what we call the 'Detailed Profile', which retains the full environmental inventory comprising 1,000s of lines of data for each component.

Our 10 Lifecycle Stages:



Linking to the rest of the business: Automating 'Dynamic Profiles'

The Detailed Profiles represent a specific product scenario—manufactured in one year and sold in one country—while providing extensive data granularity. By tapping into our existing data sets we can modify parameters of a profile to update dynamically with changes in year and geography, adjusting key variables such as electricity grid emissions intensity and the distance travelled to reach customers. At the same time, we can summarise the highly detailed environmental inventory data, retaining the environmental impacts such as Global Warming Potential (commonly known as 'carbon footprint'). As an example, the one Detailed Profile for a Scarlett 2i2 (3rd Gen) creates 542 unique Dynamic LCA Profiles, with new profiles created automatically each new calendar year and country sold to.

The Dynamic Profiles are used to calculate our Scope 3 GHG Product Emissions, showing our environmental impact in real-time.

Where this leads: Virtual environmental footprints

Having data to this level in-house is useful for creating our annual GHG Emissions report, but there are three ultimate goals:

- The ability to virtually make changes to existing products and view real-time changes to our environmental impact.
- Bespoke Parametric Design tools that allow us to view environmental impacts of products not built yet.
- Emissions forecasting, both for existing products sold and for new unreleased assumed designs, accounting for future improvements in supply chains and electricity grids.

All of these use cases rely on a solid foundation of standard and custom data and will be an essential part of our approach to science-based targets.

Our Long-Term Priority: Circular Production

Lifecycle Assessments have been the short-term focus, but looking long-term towards achieving net-zero, our priorities are clear. We need to systemically reduce the impact of building our products.

High Level Stage	Emissions Proportion	Lifecycle Stage	Description	Actions to Reach net-zero and eliminate losses	Conclusion
Production	**~45%**	**Raw Materials**	Impacts associated with raw material production, either virgin, recycled or re-purposed prepared so we can manufacture our products.	We are continually looking at recycled, low carbon and bio-based alternatives to our current materials. These have the potential to reduce the environmental impact significantly, but some materials currently have no alternative and will rely on developing material science.	We will have to actively switch to new materials as they become available to reduce our footprint here.
	~1%	Sub Assembly Manufacturing	Converting raw materials into components we use to build our products.	There are various manufacturing processes, but we generally consider three key factors: power consumption, toxicity, and wastage. In the long term, power consumption is expected to decrease as we transition to renewable electricity. Wastage is already closely monitored, as low-waste processes are inherently more cost-effective. While we do not primarily use highly toxic processes, we now track this through our lifecycle assessments.	There are factors pushing efficiency here already, and a tailwind from renewable energy.
	<1%	Final Assembly	The last step of production, assembling components into a finished working product.	We are already moving towards highly automated production which reduces errors and significantly speeds up manufacturing. Electricity is the only major resource which will decrease with renewable electricity.	Renewable energy will reduce the already small amount of power required here.
Logistics	~3%	Upstream and Downstream	Upstream logistics ex-factory, warehousing and downstream logistics to our customers.	We work closely with 3rd party logistics providers that have strong environmental targets already. We believe this sector, while hard to abate will ultimately decarbonise so are focusing on avoiding air freight, reducing our packaging size and weight to reduce the logistics footprint, as these factors are within our control.	This sector will steadily decarbonise, and steps taken in house will help make efficient use of logistics routes.
Product Usage	**~45%**	**Customer Usage**	The footprint of the electricity required to power our products.	Power is the second most significant category of emissions for us, a result of a series of factors: • Our products are generally lightweight and do not use exotic materials with abnormally high environmental footprints. • Our products have a long lifecycle of many years. • Despite efficiency being fundamental to our designs, there are some use cases where a high level of power will always be necessary (e.g. live sound). There are steps we can take, such as continually look for improved efficiency and implementing low power modes, but these will have a limited effect on the total footprint.	Increased renewable energy will reduce the footprint here as electricity grids reach net-zero.
	<1%	Product Servicing	All activities associated with fixing and refurbishing products.	Reliability is a metric we are always looking to improve, which is the best way to eliminate the footprint here. However, some servicing will always be required, so our approach here is to be flexible for consumers, making spare parts available, and options for servicing by engineers. For refurbished products that we resell, we are in the process of deploying the same factory test process used in production.	There will always be some level of servicing and refurbishment, and this is beneficial to our footprint as it extends product lifespans.
End Of Life	~1%	General Waste/ Recycling Treatment	All end-of-life treatment, as a mixture of general waste and full recycling to recover useful materials.	To achieve a truly circular product it should be recycled completely. Our products in general do not permanently bond materials together, allowing for the materials to be recovered with basic tools. This year we have also marked our packaging with recycling instructions which includes recommendations that our products are recycled with electronics waste. However, our products often have a very long 2nd hand life, with an active resale market that we encourage through resale of our own refurbished products, extending the end of life.	There is still more we can do to share detailed recycling instructions. However, in some countries, the electronics recycling chain needs further development to ensure effective recycling practices.

Material Update

Metal is integral to nearly every product we manufacture and will continue to be essential for our net-zero future. It can also be infinitely recycled, and assuming supply chains catch up, in the future we should be able to source fully sustainable metal forged with renewable energy.

We are currently facing challenges in sourcing the net-zero compatible materials we need: 100% post-consumer recycled materials produced using 100% renewable energy. Although there is no technical reason these materials cannot exist, supply chains have not yet advanced sufficiently to support consumer electronics products. Nonetheless, we are ready to make purchases as soon as they become available.

Metal

	Applications	Progress to Date	Net-zero Target
Al Aluminium	Aluminium is vital for various applications, as it can be easily shaped into diverse forms while remaining lightweight.	ADAM Audio are using post consumer recycled aluminium for non-aesthetic components. There are challenges getting the right surface quality to use the same material on exterior surfaces.	100% post consumer recycled aluminium, produced with renewable energy.
Fe + C Steel	Used for rack-mounted products and high strength structural components where safety is critical. Already over 60% is recycled globally.	We are continuing to research options for steel, but are finding suppliers often do not want to supply consumer grade products.	100% green steel made from entirely recycled material, produced in electric arc furnaces powered by renewable energy.
Nd Neodymium	Rare earth elements such as neodymium are essential for high performance magnets in loudspeakers. Currently not recycled widely and the global supply chain is concentrated in China.	Recycled neodymium is not widely available. Currently the only viable alternative is to use ferrite magnets, but these are often 2-3x the physical size, which knock-on effects for other design factors.	Ferrite magnet performance is improving. If these become widely available we adopt these as they can be recycled just like steel.

Material Update

Plastic is particularly challenging to manage due to multiple environmental issues, including its carbon footprint, links to fossil fuel production, and pollution. Since we use various types of plastic, we have provided an update on three of the most common ones.

Our approach to plastic is different from metal. While plastic cannot be recycled indefinitely, various types of plastic can perform similar functions. Our aim with plastic is to ultimately use a either fully bio-based and biodegradable polymer, or 100% post consumer recycled and recyclable polymer. Although current technology does not yet support these options, achieving them would greatly mitigate the issues associated with virgin plastic production and pollution.

Plastic

	Plastic Today	Interim Solution	Net-zero Target
ABS Acrylonitrile Butadiene Styrene	ABS is a strong thermoplastic that can be recycled and is our most commonly used injection moulded material.	Post consumer recycled ABS is widely available in grades up to 85% with consistent results.	We are researching alternative materials that can be injection moulded but are 100% bio-based. There are mechanical trade-offs currently associated with these, but we expect this to improve over time.
HIPS High Impact Polystyrene	HIPS is a cheaper alternative to ABS, and again can be recycled at the end of life.	Post consumer recycled HIPS is available in grades up to 75% with consistent results. This is not as high as ABS, but HIPS has a lower carbon footprint per kg of material than ABS so achieves a similar reduction.	Ultimately we will stop using materials like HIPS, moving to bio-polymers that are entirely sustainable when technology reaches this point.
PE Polyethylene	PE is used for a range of packaging solutions where flexible plastic is required.	PE cannot be recycled like ABS or HIPS, our best strategy is elimination. Flexible PE foam can be replaced by paper/card, and we have been switching PE bags for starch or cotton.	Virgin source PE is not compatible with achieving net-zero, and we plan to eliminate this material entirely.

Addressing Electronic Waste

E-waste is a growing concern. As a manufacturer, we're committed to reducing our impact. Our products are designed for durability and repairability, aligning with right-to-repair principles. This ensures longer product lifespans and reduces waste.

Reliability First

Our products are all built to last for years. This means the majority do not break during their usable lifespan, and are likely still in the hands of customers today.

Service Options

For products that do break, our Service and Support teams operate across all brands, offering customers technical support first, and then the option of a hardware repair if necessary. We offer up to 5 years warranty on our products with no costs for customers if their product breaks.

Replacements

If a product is beyond repair, we offer customers replacements or alternatives with their old product recycled by us directly, or by one of our distributor service centres.

Trade In & Take Back

For fully functional products that customers no longer need, we are scaling up a trade-in scheme for Focusrite and Novation products. This scheme provides customers with credit in exchange for their old products, which we then recycle.

We also take back any products that customers want to return to us for recycling without charge.

Resale Market

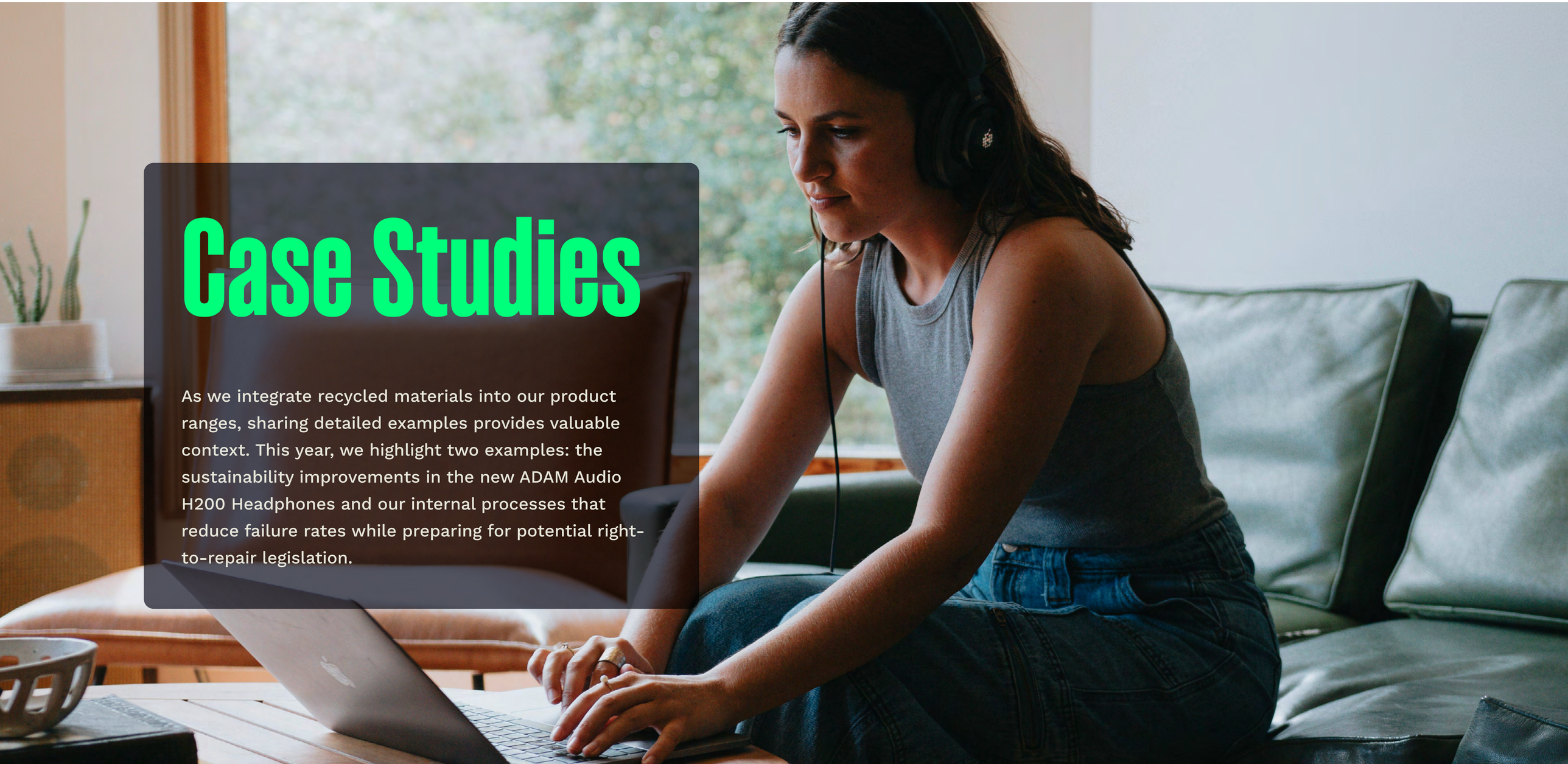
There is an active 2nd hand market for Music Tech products, with our products regularly passing between customers once they have been used, and we also resell our own fixed units as 'Refurbished'.

Recycling Guides

For products that reach the end of their life with customers, we have published guidance on our websites for how to recycle these locally to prevent them ending up in landfill.

"We are not perfect here yet, but are continuing to develop our efforts in this important area to reduce electronic waste, and despite making physically similar products to other consumer electronics, our use case is very different."

Dan Stephens
Focusrite Novation Brand Service Manager



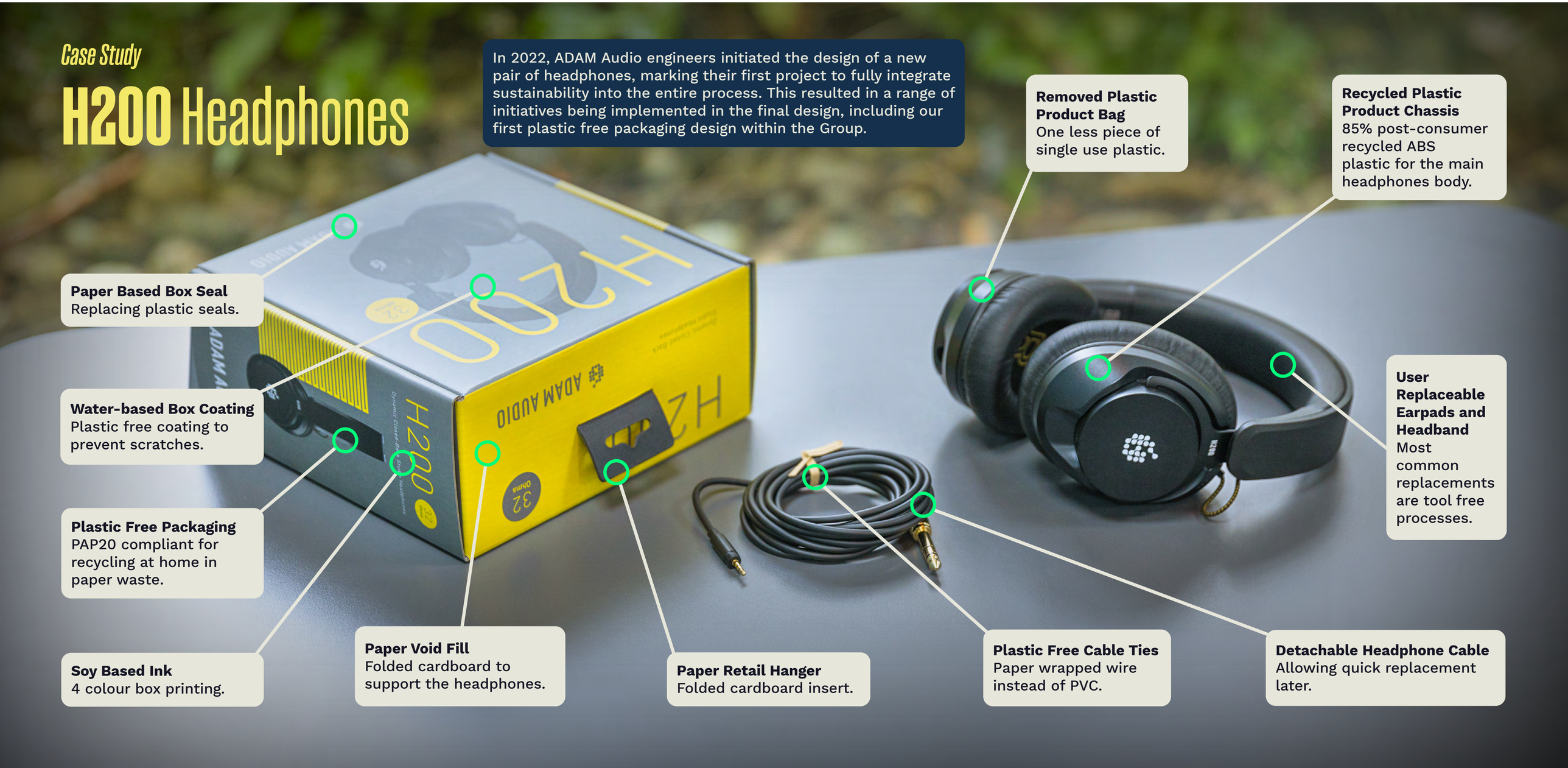
Case Studies

As we integrate recycled materials into our product ranges, sharing detailed examples provides valuable context. This year, we highlight two examples: the sustainability improvements in the new ADAM Audio H200 Headphones and our internal processes that reduce failure rates while preparing for potential right-to-repair legislation.

Case Study

H200 Headphones

In 2022, ADAM Audio engineers initiated the design of a new pair of headphones, marking their first project to fully integrate sustainability into the entire process. This resulted in a range of initiatives being implemented in the final design, including our first plastic free packaging design within the Group.



Paper Based Box Seal
Replacing plastic seals.

Water-based Box Coating
Plastic free coating to prevent scratches.

Plastic Free Packaging
PAP20 compliant for recycling at home in paper waste.

Soy Based Ink
4 colour box printing.

Paper Void Fill
Folded cardboard to support the headphones.

Paper Retail Hanger
Folded cardboard insert.

Removed Plastic Product Bag
One less piece of single use plastic.

Recycled Plastic Product Chassis
85% post-consumer recycled ABS plastic for the main headphones body.

User Replaceable Earpads and Headband
Most common replacements are tool free processes.

Plastic Free Cable Ties
Paper wrapped wire instead of PVC.

Detachable Headphone Cable
Allowing quick replacement later.

Case Study

Improving Product Reliability at Focusrite Novation

Environmental sustainability extends beyond just the raw materials; it also encompasses the reliability and serviceability of products within a circular economy.

The Focusrite and Novation brands have been at the forefront of this effort, with over a decade of improvement to product reliability. Although eliminating every potential fault is impossible, our product design pro-actively addresses a wide range of faults and user errors.

Focusrite and Novation Corrective Action Process

This process has been in place for over a decade, consistently delivering product reliability improvements.

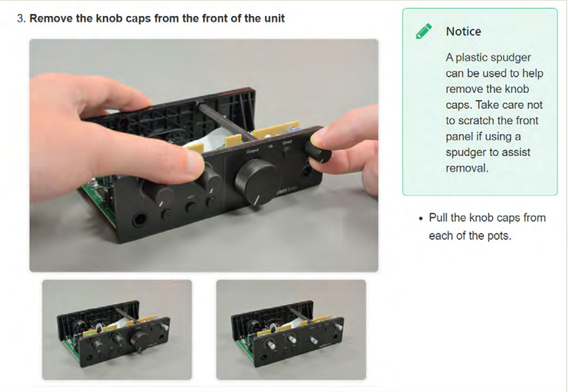
Faulty unit is received back in the workshop. → Investigation undertaken by the Service Team. → Case raised requiring corrective action. → Ongoing production is checked for similar issues. → Permanent fix is applied to all future production runs.

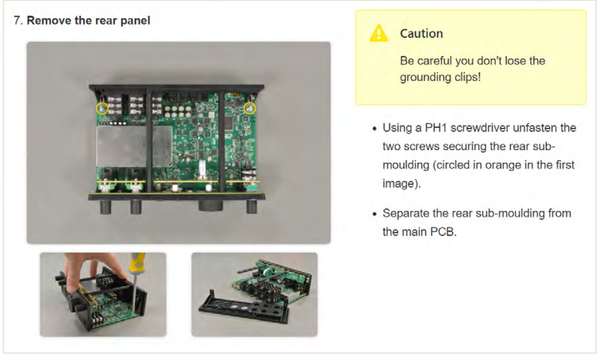
Lessons learnt: **Carried forward for new products**

Net effect: **Failure Rate Reduces**

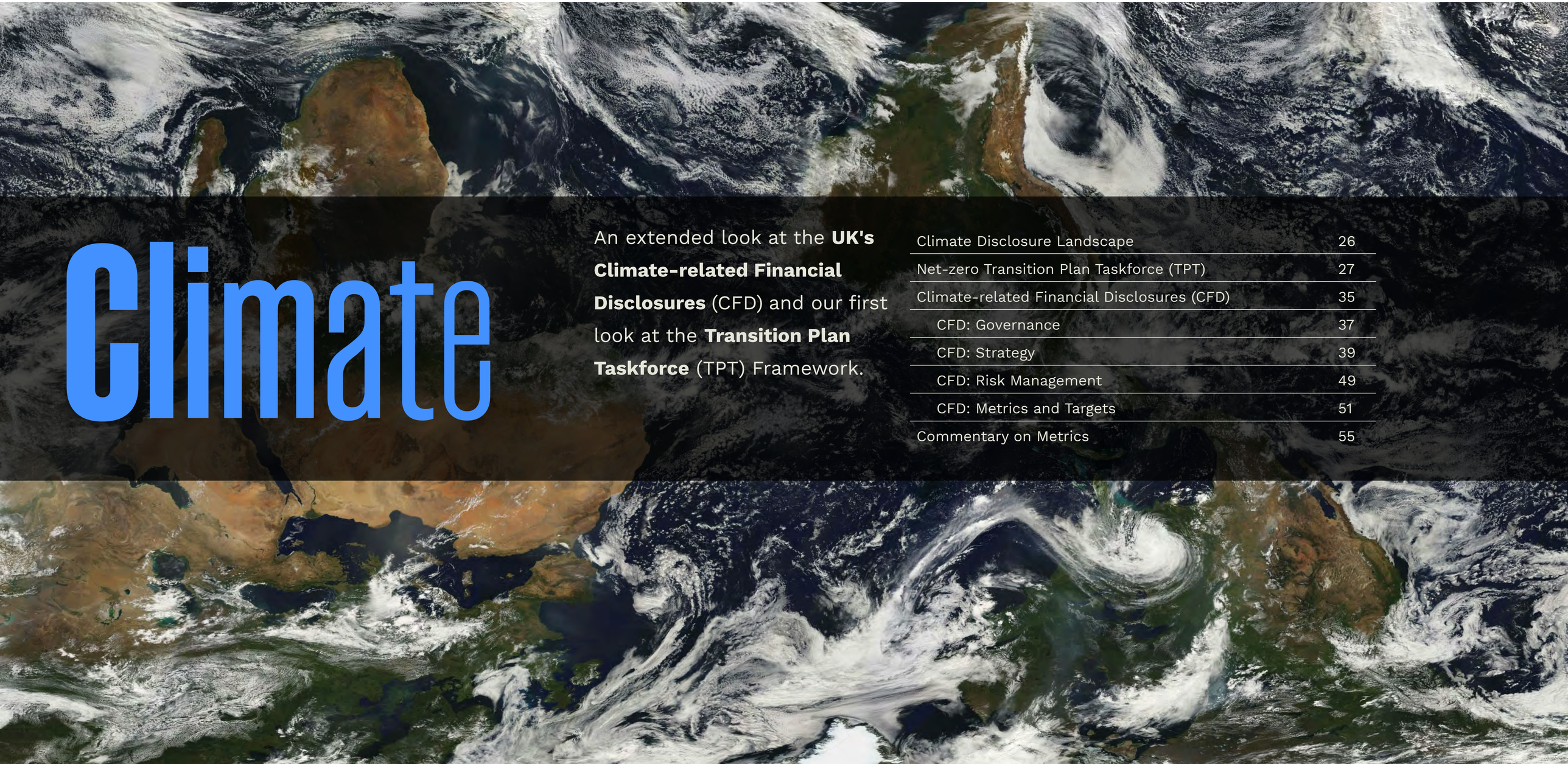
Modern Digital Service Resources

Our products must be both repairable and reliable. Throughout the Group, we minimise the use of glues and other permanent fixings, limiting them to essential cases only. This approach ensures assembly is simple, and a simple to assemble product is also simple to disassemble - a key requirement for a repairable product.





The Focusrite and Novation brands have significantly are leading the way with service resources, now offering interactive guides for every new product. This simplifies the repair process for service engineers to work on products, and puts us in a strong position to handle any future right-to-repair legislation.



Climate

An extended look at the **UK's Climate-related Financial Disclosures** (CFD) and our first look at the **Transition Plan Taskforce** (TPT) Framework.

Our Climate Disclosure Landscape

> "We have taken another step forward in 2024, including multiple new disclosure frameworks that ultimately will feed into our science-based targets application."
>
> **Sally McKone**
> CFO

We are increasingly subject to multiple climate-related reporting requirements. Through this section we provide a deep dive into each element, as well as cross referencing common themes.

In 2024, we chose to leave our CFD update largely unchanged from last year, as the risk levels remain similar. Instead, we focused on presenting our first look at the net-zero **Transition Plan Taskforce** framework, reaffirming our commitment to **science-based targets** for decarbonisation, and our debut **CDP** disclosure.

Disclosure Frameworks

		Page References	Climate-related Risk	Metrics and Targets	Governance	Strategy and net-zero Transition	Supply Chain Engagement
SECR: Streamlined Energy and Carbon Reporting	SECR has applied to the group since 2020, and involved disclosure of our Scope 1 and 2 GHG Emissions.	53		●	●		
CDP: Carbon Disclosure Project	CDP is an optional reporting framework that involves submitting an annual questionnaire. Results are then graded against a number of categories. This is our first year submitting data to CDP.	Results due December 2024	●	●	●	●	●
SBTi: Science-based targets initiative	SBTs are a new initiative we have now committed to. Seen as the gold standard for setting decarbonisation targets,	18	●	●	●	●	
TPT: Transition Plan Taskforce	The TPT is a new framework from October 2023, that is optional currently. It involves outlining a plan to reach net-zero and closely links with the SBT framework. We have chosen to share our work in progress this year.	27-34			●	●	●
CFD: Climate-related Financial Disclosures (aka TCFD)	CFD was mandatory for us in 2023, and we are now going into our 2nd year reporting against this framework. Closely aligned with the TCFD (Taskforce on Climate-related Financial Disclosures), this framework covers Governance, Strategy, Risk Management and Metrics & Targets.	35-53	●	●	●	●	

Our CFD Journey in 2024

We are expecting in future years for CFD to develop and ultimately be superseded by future regulations. Last year we aimed to improve the minimum alignment level against each area of the CFD and this year we have started covering new elements which will be necessary parts of CSRD and IFRS S1 and S2. We remain committed to a gold standard CFD disclosure by 2027, but this could be renamed by this date.

2022
Initial Non-Mandatory Disclosure
Achieved an initial minimum alignment level of 2 for all categories. Qualitative assessment only.

2023
Mandatory Disclosure
Increased alignment levels to a minimum of 3 for all categories. Conducted first quantitative analysis of impacts from increased storm intensity.

2024-26
Improvement Period
Aiming for steady improvements each year to reach alignment levels of 4 in all areas. Add quantitative analysis of remaining climate-related risks and opportunities.

2027
Gold Standard Disclosure
Achieve level 4 for all areas with full quantitative assessment where possible.

Planning an *effective* Transition to reach Net-Zero

While not mandatory for the group, planning to achieve net-zero is a key part of our existing strategy, and will feed into our future work with the science-based targets initiative as we look to set near-term and net-zero targets.

About the TPT

The UK's Transition Plan Taskforce (TPT), launched in 2022, aims to guide businesses on creating "gold standard" climate transition plans. This helps companies achieve net-zero goals and supports the UK's 2050 target.

The TPT emphasizes ambition, action, and accountability. Companies should set ambitious emissions reduction targets and translate them into actionable plans with clear time lines. Strong governance with board-level oversight is crucial for delivering on these plans.

In October 2023, the TPT released a Disclosure Framework to help businesses develop and disclose these plans. This framework aligns with international efforts and is expected to influence future regulations for companies and financial institutions.

An Introduction to our *Net-zero Transition Plan*

The Group has pro-actively adopted the TPT Framework before it becomes a requirement in future regulations. Similar to our approach with the TCFD work shared in 2022, we are now sharing our transition plan progress for 2024.

Our plan outlines the high-level steps we are taking to achieve net-zero emissions by 2050 at the latest. It focuses on resource efficiency, the use of recycled materials, and collaboration within the industry to foster a sustainable future in music technology. We have also included time frames aligned with our CFD report: Short-term (2030), Medium-term (2050), and Long-term (2080).

Our transition plan outlines six key steps that align with the Transition Plan Framework. We will continue to report on these steps in future updates.

Our six net-zero Transition steps

1. Set Ambitious Targets

2. Lead the Industry

3. Use Sustainable Raw Materials

4. Transparent, High Quality Disclosures

5. Operational Efficiency

6. Strong Governance

Our goal with this initial look at the TPT framework is to consider all areas, establishing a format we can build on in future years. The table below shows the TPT framework, and on each subsequent detail page we cross referenced each of the 19 applicable sub-elements.

The Transition Plan Taskforce Framework

Ambition	Action		Accountability	
1. Foundations	2. Implementation Strategy	3. Engagement Strategy	4. Metrics & Targets	5. Governance
1.1 Strategic Ambition	2.1 Business operations	3.1 Engagement with value chain	4.1 Governance, engagement, business and operational metrics and targets	5.1 Board oversight and reporting
1.2 Business model and value chain	2.2 Products and services	3.2 Engagement with industry	4.2 Financial metrics and targets	5.2 Management roles, responsibility and accountability
1.3 Key assumptions and external factors	2.3 Policies and conditions	3.3 Engagement with government, public sector, communities, and civil society	4.3 GHG metrics and targets	5.3 Culture
	2.4. Financial planning		4.4 Carbon credits	5.4 Incentives and remuneration
				5.5 Skills, competencies and training

1. Set Ambitious Targets | **2. Lead the Industry** | **3. Use Sustainable Raw Materials** | **4. Transparent, High Quality Disclosures** | **5. Operational Efficiency** | **6. Strong Governance**

Our six net-zero Transition steps

Setting ambitious targets and implement strong internal policies is crucial for long term success. For years now the Group has been aiming to be an environmental sustainability industry leader, and by having ambitious targets we not only demonstrate our commitment but also drive meaningful progress.

Link to the TPT Framework

Ambition	Action		Accountability	
1. Foundations	2. Implementation Strategy	3. Engagement Strategy	4. Metrics & Targets	5. Governance
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				5.5 Skills, competencies and training

We have shared our environmental sustainability targets annually, refining them as our data quality and accuracy improves. In 2024, the Group committed to science-based targets (SBTs) for decarbonisation and are now in the process of developing **near-term** and **net-zero** targets. We aim to achieve net-zero emissions by 2050 at the latest, in line with the UK's Climate Change Act. However, we plan to set an earlier net-zero target year. We believe having a credible decarbonisation plan is more important than a single target year.

Achieving this ambitious goal will necessitate a significant reduction in the use of virgin raw materials in our products. This will be dependent on a global transition to renewable electricity and sustainable logistics (factors outside of our influence account for approximately 50% of the Group's CO_2e emissions). Previously, we had a target for carbon neutral products by 2030. However, we are now focusing on setting and achieving a near-term science-based target, likely around a 2031 target year.

The Group is employing a strategy that is focused on initiatives to deliver long-term environmental benefits. This includes:

- Developing product lifecycle assessments in-house to provide relevant data to engineers designing products.
- Prioritising use of recycled materials to build products (see 'Sustainable Raw Materials' for more information).
- Research 100% bio-based and fully recyclable and circular materials for applications in the future as technology advances.
- Engage with our value chain with the goal of influencing suppliers to become more environmentally sustainable to reducing emissions beyond our own scopes.

Time frame: Medium (2050)

We have set our time frame around 2050 as this links with our goal of achieving net-zero by 2050 at the latest. As we have committed to science-based targets we will also be including a near-term target in the 2030s.

1. Set Ambitious Targets | **2. Lead the Industry** | **3. Use Sustainable Raw Materials** | **4. Transparent, High Quality Disclosures** | **5. Operational Efficiency** | **6. Strong Governance**

Our six net-zero Transition steps

We place environmental leadership at the forefront of our business, employing a data-driven strategy. Driven by a commitment to science-based targets (SBTs) for decarbonisation, we are working towards achieving net-zero emissions. SBTs offer a clear roadmap, ensuring our progress aligns with the latest climate science. By addressing our footprint, we aim to set an example for our peers to follow and are open to sharing how we are progressing to improve collaboration.

Link to the TPT Framework

Ambition	Action		Accountability	
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Continuous Improvement Through Data
Our environmental sustainability targets are included in our annual reports and becoming increasingly accurate. This year, we committed to SBTs for decarbonisation, with the development of near-term and net-zero targets ongoing. As a minimum baseline, achieving net-zero emissions by 2050 aligns with the UK's Climate Change Act. However, we are working towards setting a more ambitious target date and prioritise having a credible decarbonisation plan over meeting a specific target year.

Product Lifecycle Approach
We are focused on achieving near-term science-based targets, likely by 2031. Since products contribute significantly to our environmental footprint, our strategy targets long-term reductions through several key initiatives:

- In-house product lifecycle assessments (LCAs): Highlighting critical data to guide product design and pinpoint environmental hotspots.
- Prioritising recycled materials: Emphasising the use of recycled materials like aluminium and ABS plastic in product construction.
- Funding research to integrate 100% bio-based and fully recyclable materials in the future.
- Supplier engagement: Collaborating with the value chain to promote environmental sustainability across the industry and reduce emissions beyond the Group's direct operations.

Greening Music Tech
We are a founding member and active administrator of a cross industry working group. This group includes over 100 members across the music tech industry, and through this we are aiming to promote best environmental sustainability practice and the sharing of ideas.

See 'Greening Music Tech'

Time frame: Long (2080)
We view being leaders on climate-related action as our longest term goal. Despite many uncertainties, we expect to continue aiming to lead the industry up towards net-zero in 2050, and beyond.

1. Set Ambitious Targets
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Our six net-zero Transition steps

We are a small consumer of resources globally, but still have a duty to source responsibly - material selection is essential to be environmentally sustainable. We focus on three key areas to minimise our impact: recycled content, sustainable nature-based materials, and innovative alternatives. These efforts contribute to our goal of advancing towards a circular economy.

Link to the TPT Framework

Ambition	Action		Accountability	
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				5.5 Skills, competencies and training

We are aiming to evolve our portfolio of products over time to reduce their environmental impact by taking these steps:

Life-Cycle Assessments for Optimisation
Our internal life-cycle assessments provide valuable insights into the environmental footprint of our products down to individual component level. We use this data to prioritise opportunities for further optimisation and reducing our environmental impact.

Prioritising Recycled Content
We are now choosing recycled materials by default. By prioritising these materials we are starting to reduce the environmental impact of the 'Purchased Goods and Services' category of scope 3 emissions (approximately 45% of our total footprint).

The selection of recycled materials and associated financial costs are now incorporated into new project plans, a process that becomes more efficient with each product iteration.

Sustainable Nature-based Materials
We work closely with our suppliers to ensure they source timber from sustainably managed forests, including certifications that verify responsible forestry methods.

Monitoring of future technology
We continue exploring alternative, sustainable raw materials that offer similar performance to current, largely unsustainable options. This helps us stay prepared for developing material science in future.

Time frame: Short (2030)
We are in the process of switching multiple materials to more sustainable options. Our current expectation is that the majority of this should be complete in the short term, and we will reassess this as we approach 2030.

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Our six net-zero Transition steps

We prioritise responsible sourcing practices throughout our supply chain, especially for raw materials. We recognise the importance of transparency in achieving this goal. As this enables us to be accountable for our actions and collaborate effectively with stakeholders.

Link to the TPT Framework

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Regular Reporting and Data Disclosure
Regular reporting and data disclosure is central to our approach. This includes sharing sustainability data and insights with various stakeholders across the company. We have an existing annual reporting cycle and since 2023 have included this 'Environment and Climate Report' to provide additional context.

Empowering Teams with Data Tools
We leverage data sharing and make environmental footprint calculators readily accessible to engineers and leadership teams. This empowers them to make informed decisions that contribute to our sustainability goals.

Shifting Carbon Credits
We report annually on the carbon credits used and are transitioning away from afforestation projects towards exploring new solutions, including blue carbon initiatives.

Music Industries Association (MIA) Directorship
Starting in April 2024, our Global Head of Sustainability joined the MIA as a director, with a focus on advancing environmental sustainability within the wider UK Music Industry.

Developing a Sustainable Culture
Since initiating our environmental efforts over five years ago, we have progressively integrated these values across the organisation, including in our company values, internal communications, and job descriptions. Our goal to become environmental sustainability leaders in our industry continues as our overarching objective.

Time frame: Short (2030)
There are reporting guidelines in which we can follow and we will comply with guidance we have for now and reassess this as we approach 2030.

1. Set Ambitious Targets
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Our six net-zero Transition steps

Operations and logistics are a significant portion of our business as we manufacture the majority of products at contract manufacturers and sell them worldwide. The efficiency is influenced by various external factors beyond our control, but ensuring we operate this efficiently is essential to a successful transition.

Link to the TPT Framework

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To ensure internal alignment, our Global Head of Sustainability oversees data coordination and distribution through established governance structures. This involves implementing data-sharing tools and providing environmental footprint calculators for both employees and leadership teams

Broad Efficiency Gains

Operational efficiency for the Group does not have a fixed definition, instead being about reducing waste in any form. Currently, this is focused on Logistics and the general movement of materials and products. There are a range of strategies we can take here, examples include:

- Choosing ocean instead of air freight.
- Direct shipping to customers to bypass intermediate distributors.
- Positioning warehouses and stock effectively, including keeping appropriate stock levels.
- Selecting local suppliers where possible.
- Combining logistics routes and sharing of contract manufacturers between Group brands.

Prioritising Emissions Reduction

While carbon credits help us achieve carbon neutrality for Scopes 1 and 2 emissions, our primary focus is on reducing emissions for Scope 3. Any carbon credits we use align with science-based target (SBT) guidance and target high quality removal projects to address a small portion of our remaining Scope 3 emissions. Consistent with the Group's evolving sustainability targets, we report on carbon credits used annually.

Time frame: Short (2030)

We are continually working to eliminate inefficiencies in our supply chain and up to 2030 there are number of projects we can take to improve this.

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6. Strong Governance

Our six net-zero Transition steps

A robust governance framework is vital for facilitating a successful transition. This section, in collaboration with CFD, delineates the high-level framework that oversees our transition plan. It defines the clear roles and responsibilities assigned to our board, management, and key stakeholders. This approach not only promotes accountability but also drives a cultural shift within the Group that aligns with our strategic objectives.

Link to the TPT Framework

Ambition	Action		Accountability	
1. Foundations	2. Implementation Strategy	3. Engagement Strategy	4. Metrics & Targets	5. Governance
1.1 Strategic Ambition	2.1 Business operations	3.1 Engagement with value chain	4.1 Governance, engagement, business and operational metrics and targets	5.1 Board oversight and reporting
1.2 Business model and value chain	2.2 Products and services	**3.2 Engagement with industry**	**4.2 Financial metrics and targets**	**5.2 Management roles, responsibility and accountability**
1.3 Key assumptions and external factors	**2.3 Policies and conditions**	**3.3 Engagement with government, public sector, communities, and civil society**	4.3 GHG metrics and targets	5.3 Culture
	2.4. Financial planning		**4.4 Carbon credits**	**5.4 Incentives and remuneration**
				5.5 Skills, competencies and training

A strong environmental governance framework is essential for long term success. We have established a structure with well-defined roles and responsibilities, ensuring effective oversight and accountability throughout the organisation.

See 'CFD: Governance'

This is how we achieve this:

- Board Oversight: The PLC Board receives regular updates on overall environmental progress. This guarantees overall strategic direction and holds the company ultimately accountable for its environmental performance.
- Finance and Environment aligned: Chaired by the CFO, the ESG & Climate Change Committee integrates environmental considerations directly into financial planning and decision-making processes. This ensures that financial decisions align with our environmental goals.
- Full time resource: Our Global Head of Sustainability leads the development of our environmental strategy and reporting efforts. This role also manages the Green Team and disseminates updates to key stakeholders across the organisation.
- Engagement with key suppliers: Our contract manufacturers are essential to our decarbonisation, using their knowledge of supply chains to research and implement more sustainable options.

Financial planning will ultimately be implemented under our governance step, along with calculating the cash flow required to successfully transition to net-zero. To date, changes to decarbonise have been largely funded on a case-by-case basis, or by finding cost reductions in other areas. We are also in the process of implementing remuneration initiatives linked with our environmental performance.

Time frame: Long (2080)

Strong governance will remain an essential component for achieving net-zero and maintain that status beyond 2050.

Managing the **Risks** and *Opportunities* from **Climate Change**

Climate change presents a range of potential risks and opportunities which may either impact the longevity and success of our business, or present opportunities which we may be able to capitalise on.

About the CFD/TCFD

The UK's CFD is interchangeable with the TCFD, which was established in 2015 by the Financial Stability Board (FSB), an international body that monitors and makes recommendations about the global financial system.

This industry-led initiative aims to provide companies with a framework for disclosing the financial impacts of climate change on their businesses.

Throughout this section, we have referred to the CFD exclusively.

Our Extended CFD Report

CFD Summary for 2024

Our CFD report is largely unchanged from what was shared in last year's reporting cycle as we do not believe our risk levels have materially changed in the last 12 months. Instead, we have focused on three new disclosures outside of CFD:

- Our in-progress net-zero transition plan.
- Our first CDP disclosure.
- Commitment to set near-term and net-zero science-based targets for decarbonisation.

The CFD framework includes four areas of disclosure:

- **Governance:** The organisation's governance around climate-related risks and opportunities.
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.
- **Risk Management:** The processes used by the organisation to identify, assess, and manage climate-related risks.
- **Metrics and Targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The CFD aims to promote transparency and consistency in climate-related financial disclosures, and to help companies better understand and communicate the financial risks and opportunities associated with climate change. By adopting the CFD framework, companies are providing investors, lenders, and other stakeholders with more comprehensive and comparable information on the financial implications of climate change, ultimately helping to facilitate a smoother transition to a low-carbon economy.

We started our journey with the CFD back in 2021, sharing our progress against each of the areas in our 2022 annual report while also gaining an understanding of the process. This extended CFD report provides additional context around our disclosures.

To properly assess our progress towards a high quality CFD report, we have previously undergone an external review of the work done in our 2022 annual report, scoring our alignment against the Transition Pathway Initiatives Management Quantity level indicators against CFD elements, and in 2022 we averaged a score of 2.06 for alignment.

Last year, we aimed to improve each category up to level 3, particularly focusing on Risk Management, Metrics and providing qualitative detail available against each our Climate-related Risks and Opportunities.

This year we are maintaining our alignment levels from last year as we focus on out Transition Plan, CDP and SBTs.

CFD Area	Disclosure		Alignment Level (0-4)
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a	Describe the Board's oversight of climate-related risks and opportunities.	4
	b	Describe management's role in assessing and managing climate-related risks and opportunities.	4
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term.	3
	b	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	3
	c	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	3
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a	Describe the organisation's processes for identifying and assessing climate-related risks.	3
	b	Describe the organisation's processes for managing climate-related risks.	3
	c	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	3
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	3
	b	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	4
	c	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	4

CFD: Governance

Disclosure the organisation's governance around climate-related risks and opportunities.

Governance Organisations are recommended to establish and disclose appropriate internal governance processes for climate-related risks and opportunities.

Disclosure recommendations:

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

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

How We Govern

Our approach to environmental governance is to make use of existing governance structures where possible, and only create a new process where necessary to keep processes simple – this is on purpose as structurally we are not a complex organisation and individual stakeholders often have multiple important contributions to environmental governance.

Andy Land, our full-time Global Head of Sustainability, serves as the most senior full-time stakeholder in the Company, shaping our approach and strategy for environmental initiatives. He reports directly to our CFO, Sally McKone, who chairs our ESG & Climate Change Committee established in 2022. Joining this committee are Alicia Cousins, Chief People Officer, representing Social, and Francine Godrich, Group General Counsel, representing Governance, who also oversees the Group risk register.

This committee acts as a central hub for various CFD-related activities, including the dissemination of updates on climate-related risks and opportunities. Under Sally's leadership, the ESG & Climate Change Committee ensures that our sustainability efforts are fully integrated into our financial planning and decision-making processes, placing them at the highest level of the Company—an essential factor for achieving our long-term goals.
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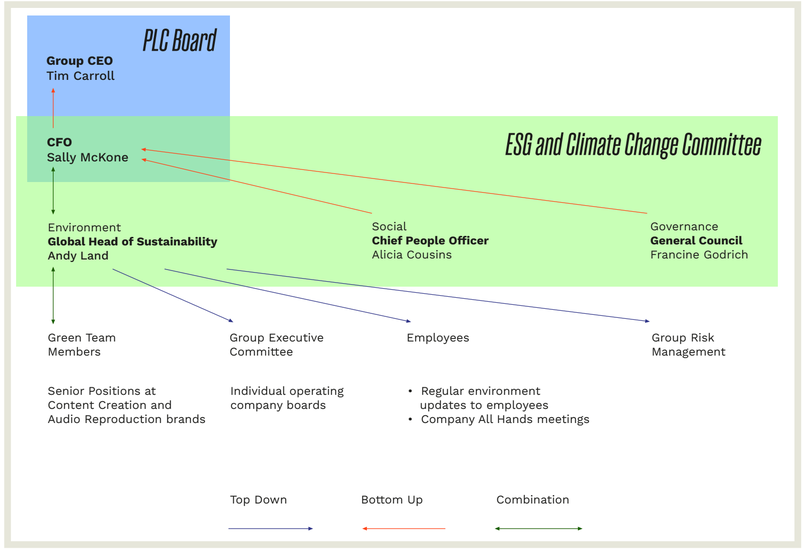
Top Down and Bottom Up Approach

The ESG & Climate Change Committee works well as the upper middle level of managing environmental and climate-related issues, and to go further we also have processes in place to capture the very top of the Company, as well as for capturing grass roots lead initiatives.



Our Global Head of Sustainability updates the PLC Board and individual operating Company board meetings on a quarterly basis. By having this regular update, changes to our risks and opportunities, or new steps needed are discussed at the highest level, as well as joining climate change with the management level Company boards to provide oversight here.

To further support this effort, we have an established Green Team of senior stakeholders from across the Group. Our Global Head of Sustainability meets with each Green Team member every two weeks to ensure that we are aligned on our sustainability goals and are making progress towards achieving these. This complements the top-down approach led by the Board by embedding sustainability into the day-to-day operations, where different conversations and actions are essential.

As products are such a critical contributor to our emissions, there are also regular discussions with Engineering, notably the meetings discussing our Technology Research pipeline where steps to choose materials that also reduce our exposure to climate-related issues are incorporated into research proposals to be allocated R&D resources. These highly focused engineering discussions are a key part of the feedback all the way up to the PLC Board.

Executive Responsibility

Our strong executive responsibility and leadership on climate-related risks and opportunities means that all executives at Focusrite PLC are engaged and have responsibility for our sustainability efforts. By having a Global Head of Sustainability who reports directly to our CFO and provides regular updates to our CEO and Board, we ensure that sustainability is integrated into all aspects of our business strategy and decision-making processes.

Level	Stakeholder	Description
Group	PLC Board	The PLC Board receive an update on environmental progress every quarter as a fixed agenda item, and provides oversight on our progress as well as an update on climate-related risks/opportunities.
Group	ESG & Climate Change Committee	The ESG & Climate Change Committee was formed following last year's ESG Materiality Report that highlighted that Governance was one of the most material issues for us. The Committee meets monthly and aims to achieve coherence between the Environmental, Social and Governance workstreams, as well as respond to upcoming regulatory requirements.
Executive Level	Group CFO	The Global Head of Sustainability reports to the Group CFO, providing regular updates and ongoing discussion of our short and long-term progress.
Executive Level	Operating Company Leads	There are also monthly meetings with the key operating Company leads, to provide high level direct updates on progress within their respective areas.
Management	Senior Leadership	Senior Leadership are updated regularly by the Global Head of Sustainability, with an opportunity for feedback by managers on progress towards Company climate-related objectives and key results.
Green Team	Green Team Members	Green Team members are representatives from around the Group backed by a Terms of Reference document outlining their responsibilities within our environmental governance. Members must hold influential positions within their operating Company and work directly with the Global Head of Sustainability through 1-2-1 meetings every 2 weeks to advance Company specific initiatives. Green Team Members are then responsible for providing feedback to the leadership team within each operating Company.

CFD: Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities.

It is recommended that organisations disclose the nature and impact of their material climate-related risks and opportunities, as well the resilience of their strategy under each climate scenario chosen.

Disclosure recommendations:

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

b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

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

Our Approach to Climate Strategy

We believe that by taking a proactive approach to identifying and managing our exposure to climate change, we can build a more resilient and sustainable business that benefits our stakeholders and the planet.

In 2022, we conducted an initial analysis of how climate change could impact our business, identifying seven climate-related issues that are material to us, with a detailed examination of three of these. We are retaining the detail from last year to provide seven qualitative assessments and included our a quantitative analysis on the effects of Increased Storm Intensity.

This was selected as we believe this has the highest likelihood to impact us in the short-term and it also crosses over into other issues we identified, Shipping & Logistics, and Climate Induced Conflict.

Climate scenarios

We have selected three climate scenarios, each representing a different level of future global warming: 1.5°C, 2°C, and 4°C. We have conducted a comprehensive analysis of the potential transition and physical risks associated with each scenario, including the impacts of changing regulations, shifting customer demands, and physical risks such as extreme weather events.

Our time horizons have been selected based on how they apply to us and to mirror our current environmental strategy:

- **Short term (up to 2030)** – Our near-term science-based target is likely to be in 2031, so are aligning our short term time frame to this.
- **Medium term (up to 2050)** – This is the target year for the UK to achieve net-zero as part of the Climate Change Act.
- **Long term (up to 2080)** – Our long-term time frame considers 2080 for now to match the increased storm intensity modelling work done this year.

Best Case: 1.5°C scenario

IEA Sustainable Development Scenario
In this scenario, efforts to curb climate change are taken seriously. Governments, industry and the public collaborate to keep the global average temperature rise well below 2°C by 2100. In this scenario, organisations begin to align with the Paris Agreement and the science-based targets initiative to be net-zero by 2050. Governments coordinate to implement firm policies and regulations to reduce carbon emissions. Each business strives to lead the way in climate action to reduce emissions.

This organised approach to taking climate action results in a well-structured process at an incremental cost to businesses. Although transition risks are high in this scenario, this will limit the severity of the physical hazards of climate change in the long-term.

Paris Agreement: 2°C scenario

IEA Stated Policies
The commitments made at COP26 will likely take us to this scenario. This scenario involves a delayed and ad-hoc response to climate change, resulting in global warming of 2-3°C by 2100. Governments implement policies and legislation in an unstructured manner, leading to disorganised, and therefore high transition risks in the medium-term. Business continues as usual in the short-term, and decarbonisation efforts remain in the high emitting sectors. Governments will rely heavily on technology such as carbon capture to help alleviate the strain of climate change. This pathway has the highest transition risks due to a lack of coordination from Governments, resulting in increased severity of physical impacts as specific tipping points are reached.

Worst Case: 4°C scenario

NGFS Current Policies
In this scenario, business continues as usual, and emissions continue to rise until 2040, leading to a global temperature rise above 3°C, potentially as high as 4°C. Increased public pressure and more frequent physical climate change events compel governments to take climate action. Energy and fuel markets are highly volatile. Policies are introduced in a patchwork manner in the long-term. Governments turn to expensive low carbon technology such as carbon capture and storage to fix the climate problem. Several tipping points are passed in this scenario resulting in increased severity of physical impacts.

Identified Climate Risks and Opportunities

High Level Summary of Climate Risk Exposure

As a result of conducting this analysis of **Climate-related risks** and ***opportunities***, it is our assessment that currently we ***do not*** **have any material risks in the short-term**, but will continue to review this assessment.

Risk & Opportunity Identification Process

To identify our Transition and Physical risks, we employed a combination of desk-based research and interviews with key stakeholders across the Group, including representatives from Executive Leadership, Finance, Risk, Supply Chain, and Human Capital. These interviews were conducted for each operating company, and the results were synthesised to identify key themes that could financially impact us—positively or negatively—historically affect us, or represent upcoming regulatory requirements. We also conducted a desk-based review of industry peers to further align with previously identified issues.

From this, a long-list of 37 identified issues was reduced to the seven which we have included in last year's report and are building on this year.

Seizing Opportunities

We plan in future disclosures to continue increasing the level of quantitative analysis that we conduct against these risks and opportunities, however a significant opportunity lies in the growing climate consciousness among consumers and investors, as we believe our customers are increasingly progressive regarding climate change. By providing lower environmental impact products we believe this will translate into more growth compared to competitors that have failed to keep pace.

We also anticipate that raw materials that are not recycled will become more expensive than their sustainable alternatives, but there is a level of technical knowledge required to use these materials properly. By starting now, we are building in-house expertise and supply chains to support a transition to low carbon products.

See 'Our CFD Journey'

Qualitative Analysis of climate-related Risks and Opportunities

Our seven qualitative risks and opportunities are mostly transition risks, associated with the decarbonisation of global economies will impact all businesses, including ours. We expect these risks to increase over time as the world moves towards a lower-carbon economy. We anticipate that they may be more acute in the lower warming scenarios, where policies to reduce emissions are more aggressive.

Our risk levels here are qualified by how likely they are to impact Profit by more than 10%:

Low	Not Material <10% Chance
Medium	Potentially Material ~50% Chance
High	Likely to be Material >75% Chance

Our Climate-related Risks & Opportunities

	Category	CFD	Assessment Type	Time-frame Assessment	Risk/ Opportunity
Movement towards Circular Economy Principles	Transition	Markets & Technology	Qualitative	Medium	**Opportunity**
Low Carbon Products	Transition	Markets & Technology	Qualitative	Medium	**Opportunity**
Increase in Consumer and Investor Climate Consciousness	Transition	Markets & Technology	Qualitative	Medium	**Opportunity**
Shipping and Logistics	Transition	Markets & Technology	Quantitative & Qualitative	Medium	**Opportunity**
Mineral Commodity Shifts	Transition	Markets & Technology	Qualitative	Medium	**Risk**
Climate Induced Conflict	Physical	Physical Risks	Quantitative & Qualitative	Short	**Risk**
Increased Storm Intensity	Physical	Physical Risks	Quantitative	Long	**Risk**

Climate-related Risks & Opportunities

Movement towards Circular Economy Principles

Category	CFD	Assessment Type	Risk/Opportunity
Transition	Markets and Technology	Qualitative	**Opportunity**

Consumers, investors, and government are increasingly demanding products with greater longevity and re-usability. A shift from the linear economy to circular economy where products at the end of their life are the resource for the next generation is both a risk and opportunity for us.

Failure to adapt fast enough could have negative reputational impacts on the Group.

However, there is an opportunity to become a market leader here, particularly within specific product categories to extend life well beyond the original intention, and to make our products more easily recyclable.

Key - Likelihood of impacting Profit by more than 10%

Low	= Not Material <10% Chance
Medium	= Potentially Material ~50% Chance
High	= Likely to be Material >75% Chance

Time frame Assessment: Medium-Term Risk

	2030	2050	2080
IEA SDS “1.5°C Scenario”	Low	High	High
	Expect increased demand for high quality products that are made from recycled materials, that last longer, and can be re-purposed at end of life.		
IEA STEPS “2°C Scenario”	Low	High	High
	No regulatory or legal incentive to move to circular economy, but still pushed due to physical impacts of climate change causing disruption in linear supply chains.		
NGFS CP “4°C Scenario”	Low	Medium	Medium
	In spite of increased physical impacts from climate change, there is still little push to move to a circular economy. However, supply problems and disruption ultimately push companies to adapt these principles over the medium and long-term.		

Our Management and Mitigation Approach

We have already taken steps to include recycled materials in several of our products and are considering how to improve product disassembly to enhance product lifetimes through easier servicing, and ultimately more efficient recycling with each new product we design.

On an ongoing basis, we will monitor market trends and keep up to date with new raw material alternatives that can improve our circularity.

Back to all Climate-related Risks and Opportunities

Climate-related Risks & Opportunities

Low Carbon Products

Category	CFD	Assessment Type	Risk/Opportunity
Transition	Markets and Technology	Qualitative	**Opportunity**

A price on Carbon is a core part of reaching net-zero globally, but the implementation of this varies significantly by scenario.

Failure to keep up changing market conditions and expectations can result in being left uncompetitive, but getting ahead of the curve means taking advantage of opportunities such as increased demand for products.

Key - Likelihood of impacting Profit by more than 10%

Low	= Not Material <10% Chance
Medium	= Potentially Material ~50% Chance
High	= Likely to be Material >75% Chance

Time frame Assessment: Medium-Term Risk

	2030	2050	2080
IEA SDS “1.5°C Scenario”	**Medium**	**High**	**Medium**
	Expect a high carbon price to be implemented in some form, potentially leading to carbon labelling becoming standard as companies look to differentiate. Increased spending on R&D into low carbon technologies and materials to comply with regulations leads to cost reductions and increased availability.		
IEA STEPS “2°C Scenario”	**Low**	**Medium**	**Low**
	Similar take up of carbon pricing as Sustainable Development, but at a reduced rate. In the short-term this will lead to continued demand for new products, however the carbon price will continue to increase.		
NGFS CP “4°C Scenario”	**Low**	**Low**	**Medium**
	There are no additional measures put in place to incentivise businesses to lower emissions of their products, and little variation between regions expected. Demand for products continues to be broadly the same but expect significant losses in GDP as 2100 approaches, particularly in the global north as the acute effects of climate change impact people.		

Our Management and Mitigation Approach

We have made good progress assessing the environmental impact of our products in detail and have started swapping in recycled alternative materials. For the next few years there are still a range of relatively easy changes we can make, and as our data improves, we will steadily incorporate parametric design tools into the product design process to identify more complex solutions.

These tools will also be inherently tied to reducing the exposure to other climate-related risks.

Back to all Climate-related Risks and Opportunities

Climate-related Risks & Opportunities

Increase in Consumer and Investor Climate Consciousness

Category	CFD	Assessment Type	Risk/Opportunity
Transition	Markets and Technology	Qualitative	**Opportunity**

Consumer and Investor Climate Consciousness has already changed rapidly in the last few years alone, and depending on the climate scenario this rate of change will vary. Like Low Carbon products, failure to keep up with this changing dynamic will result in being uncompetitive.

Key - Likelihood of impacting Profit by more than 10%

Low	= Not Material <10% Chance
Medium	= Potentially Material ~50% Chance
High	= Likely to be Material >75% Chance

Time frame Assessment: Medium-Term Risk

	2030	2050	2080
IEA SDS "1.5°C Scenario"	Medium	High	Medium
	Likely softened demand for new products due to increased consumer climate consciousness combined with far greater transparency of environmental impacts. However, this is paired with significantly increased demand for environmentally friendly and refurbished circular products.		
IEA STEPS "2°C Scenario"	Low	Medium	Low
	Consumer demand continues to be strong as incomes and populations increase. However companies are likely to pass on the costs of carbon taxes direct to consumers which will change demand over time.		
NGFS CP "4°C Scenario"	Low	Low	Medium
	Broadly there is not an increase in consumer and inventor climate consciousness beyond today's levels, but this is balanced against direct GDP loses that build through the 21st century, and far greater impacts of climate change on daily life.		

Our Management and Mitigation Approach

The Music Technology industry continue to broadly lag the wider electronics sector on environmental action, but larger technology companies increasingly lean heavily on their work here.

As our Lifecycle Assessment data matures, we will share the results of this with consumers, highlighting the improvements made through the product design process.

We have maintained a strong level of engagement with investors by directly communicating with key shareholders and increasingly providing ESG data to rating agencies. In the coming years, we also plan to submit data as part of the Carbon Disclosure Project (CDP).

Back to all Climate-related Risks and Opportunities

Climate-related Risks & Opportunities

Shipping and Logistics

Category	CFD	Assessment Type	Risk/Opportunity
Transition	Markets and Technology	Quantitative & Qualitative	**Opportunity**

Our products rely on distribution networks to be delivered to consumers. As the world warms there is not only the risk of direct impacts due to storm intensity increasing, but also more fundamental changes to demand for logistics and changes in fuels and market pricing.

For more detail on the quantitative analysis conducted here, see 'Increased Storm Intensity'

Key - Likelihood of impacting Profit by more than 10%

Low	= Not Material <10% Chance
Medium	= Potentially Material ~50% Chance
High	= Likely to be Material >75% Chance

Time frame Assessment: Medium-Term Risk

	2030	2050	2080
IEA SDS "1.5°C Scenario"	**Low**	**High**	**High**
	There is a focus on reducing emissions by 15% by 2030 through policy measures and the adoption of low and zero carbon fuels. This involves optimised shipping routes and a shift towards electric and hydrogen-powered transport. Government policies are the primary driver, and declining fossil fuel prices create opportunities for alternative fuels. This scenario promotes sustainability, efficient routes, and a transition to greener transportation.		
IEA STEPS "2°C Scenario"	**Low**	**Medium**	**Medium**
	Net-zero emissions in shipping by 2050 is a likely outcome here but will rely on technologies such as carbon capture to achieve the outcome. Demand for shipping will increase as demand for consumer goods increases in line with population growth and increased urbanisation. Alternative fuels are unlikely to reach the tipping point where they become mainstream.		
NGFS CP "4°C Scenario"	**Low**	**Low**	**Medium**
	No additional policy intervention expected, but there will be an increase in impacts due to storms. No major changes to the fossil fuel consumption of today leading to an increase in fossil fuel prices and increased costs.		

Our Management and Mitigation Approach

This year we have conducted a quantitative scenario analysis assessing logistics and financial impacts here. We already maintain close relationships with our logistics partners, and will continue to engage with them to limit the potential impacts from climate change.

Back to all Climate-related Risks and Opportunities

Climate-related Risks & Opportunities

Mineral Commodity Shifts

Category	CFD	Assessment Type	Risk/Opportunity
Transition	Markets and Technology	Qualitative	**Opportunity**

The use of raw materials in our products, including wood and the rare earth metal neodymium (both essential for loudspeaker manufacturing), presents some challenges. The supply of neodymium is particularly concerning, as it is exclusively sourced from China, and climate change poses a risk to its availability. This situation could impact our supply chain and, consequently, our profitability if these minerals become scarce.

However, securing alternative sources of these minerals represents a significant opportunity that may provide us with a competitive advantage in the market.

Key - Likelihood of impacting Profit by more than 10%

Low	= Not Material <10% Chance
Medium	= Potentially Material ~50% Chance
High	= Likely to be Material >75% Chance

Time frame Assessment: Medium-Term Risk

	2030	2050	2080
IEA SDS “1.5°C Scenario”	**Low**	**High**	**Medium**
	Expect a higher demand of all raw materials required for a green transition which could cause supply chain shortages.		
IEA STEPS “2°C Scenario”	**Low**	**Medium**	**Medium**
	For minerals specifically sourced from China, there will be an increase in acute and chronic physical risks which could affect global supply.		
NGFS CP “4°C Scenario”	**Low**	**Low**	**Medium**
	For minerals specifically sourced from China, there will be an increase in acute and chronic physical risks which could affect global supply. However, with delayed adoption of renewable technologies, there will be less overall demand on required materials such as rare earth metals.		

Our Management and Mitigation Approach

Where feasible, we are actively researching alternative materials that are less vulnerable to the risks posed by climate change; however, many of these options are still in the early stages of development. We anticipate increased competition, particularly for magnets, from sectors such as renewable energy production and the automotive industry.

We continue to monitor potential alternative raw materials for the most at-risk minerals and continue to monitor research and development into new lower impact options.

Back to all Climate-related Risks and Opportunities

Climate-related Risks & Opportunities

Climate Induced Conflict

Category	CFD	Assessment Type	Risk/Opportunity
Physical	Physical Risks	Quantitative & Qualitative	**Risk**

As the climate warms, it is likely to further exacerbate existing challenges. While some of these issues may be beyond the control of individual companies, steps can be taken to minimise disruption. From our research this year on storm intensity, we are beginning to see a broad correlation between current geopolitical tensions and the areas most affected by extreme weather.

Sub-Saharan Africa, South Asia, and Southeast Asia are particularly vulnerable due to the impacts of climate change combined with poverty, inequality, and weak governance. These regions also face competition for resources such as water and land.

Other areas at risk, when considering political instability or a history of conflict, include the Middle East and North Africa. These regions already face challenges with water and food scarcity, and displacement due to conflict, all of which could be worsened by climate change.

Back to all Climate-related Risks and Opportunities

Key - Likelihood of impacting Profit by more than 10%

Low	= Not Material <10% Chance
Medium	= Potentially Material ~50% Chance
High	= Likely to be Material >75% Chance

Time frame Assessment: Short-Term Risk

	2030	2050	2080
IEA SDS “1.5°C Scenario”	**Medium**	**Medium**	**Low**
	There is overall cooperation and alignment between Governments, allowing for collective efforts to address the physical impacts of climate change. Long-term this reduces the risk of climate induced conflict.		
IEA STEPS “2°C Scenario”	**Medium**	**Medium**	**High**
	There is some cooperation and alignment between Governments, but long-term the outlook is uncertain as while the worst effects of climate change are avoided, certain tipping points could still be reached increasing the risk in the long-term.		
NGFS CP “4°C Scenario”	**Medium**	**High**	**High**
	Without cooperation on preventing climate change, in the medium-term we would expect to start seeing significant acute and chronic impacts, which could combine with existing geopolitical issues to cause climate induced conflicts to start.		

Our Management and Mitigation Approach

The 2022 Russian invasion of Ukraine is the most recent example we have seen where conflict has started and had an impact on our business. This involved us immediately ceasing business in Russia and adapting supply chains to find alternative sources for some raw materials.

In the case of further new climate induced conflicts, we would have to tailor a response to the individual scenario, but as part of good practice we continually look at where we could potentially be exposed.

See section 'Increased Storm Intensity' for more analysis.

Climate-related Risks & Opportunities

Increased Storm Intensity

Category	CFD	Assessment Type	Risk/Opportunity
Physical	Physical Risks	Quantitative	**Risk**

Our focus on the risks associated with increased wind intensity from storms links with 3 of our existing climate issues:

- **Increased Storm Intensity** – By directly modelling the impact from increased wind speed in extreme weather events on our key manufacturers in China, warehouses in the UK, Germany and US, and global offices.
- **Shipping & Logistics** – By reviewing the impact of extreme weather events on important shipping routes from Hong Kong to the UK, and Malaysia to the US.
- **Climate Induced Conflict** – Broadly highlighting which areas will experience more intense storms and combining with existing geopolitical issues for a qualitative assessment.

Back to all Climate-related Risks and Opportunities

We have chosen that increases of less than 2x today's impact are not significant enough to take immediate action but increase above this threshold could cause significant impact. It should also be noted that while we looked at our whole supply chain, the chances for storms in one year to impact all factory locations, shipping routes and warehouses remain extremely low as there is a wide geographical distribution. However, because resources are concentrated in one location, an intense storm affecting a key factory would pose the greatest risk to the Group.

The research here showed that in all future climate scenarios losses increase, up to a maximum of 2.4x the losses compared with today's baseline by 2080 in the 4°C scenario, compared with 1.5x and 1.2x in the 2°C and 1.5°C scenarios, in line with wider consensus that we need to limit global temperature rises to 2°C to avoid the worst effects of climate change.

We can conclude from this that while the impact will go up in all scenarios, our supply chain is well shielded from the worst effects of increased wind speeds during storms except in the 4°C scenario in 2080 with the losses exceeding the 2x threshold. We will continue to monitor the latest climate science and update our assessment if the consensus shifts.

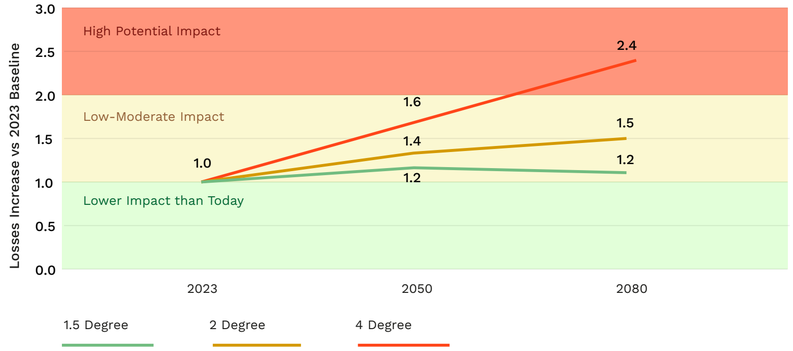


Illustration of Storm Impact (Worst Case)

To show the impact in the 2080 4°C scenario, we have calculated the potential losses of a single storm on our key factory locations with a return period of 70 years – a worst case scenario. The result is potential losses of £5.5M compared with £320k with a 2023 baseline, illustrating how the intensity of this type of storm will increase significantly in the future. 2080 is however a long way off, and if the 4°C scenario looks increasingly likely, we will take action to adapt and mitigate these potential losses.

Influence on Climate Induced Conflict

Though not directly assessed as part of the increased storm intensity modelling work, our general view is that Climate Induced Conflict will be most likely to start when the effects of climate change are combined with existing geopolitical tensions.

We expect the physical effects of Increased Storm Intensity to be most felt in South East Asia, and when combined with the existing geopolitical tensions in this region and our main manufacturing base, this has the highest level of risk in the highest warming scenario.

CFD: Climate Risk Management

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

It is recommended that organisations disclose their processes for identifying, measuring and managing climate-related risks, as well as describing how these processes are integrated into the organisation's overall risk management.

Disclosure recommendations:

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

b. Describe how the processes are integrated into the organisation's overall risk management.

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

Risk Management Process

Our climate risk management process follows three interconnected steps to identify, assess and address potential risks and opportunities associated with climate change to our operations.

Climate Change is fully integrated into our existing Company risk management process and is recorded as a principal risk. Using our existing Risk management framework we have integrated the ESG & Climate Change Committee as one of the checkpoints to add new content to the risk register, including all climate-related risks.

Step 1:

Identifying risks

Our Global Head of Sustainability periodically conducts risk identification exercises to uncover emerging issues that could impact our operations.. The initial risk identification was completed in 2022, and we plan to repeat this process every 2-3 years. We outline our risk identification methodology in the 'Risk & Opportunities Identification Process' section. Identified risks are mapped against the three future warming scenarios we have selected, and are classified according to the CFD framework, as well as sector and geographic considerations.

Step 2:

Risk assessment

Once identified, risks will be brought to the ESG & Climate Change Committee for review and discussion. To date, each risk and opportunity has undergone a qualitative assessment based on our three selected climate scenarios. This process would be repeated for any new risks, and once agreed to include in the risk register and materiality determined, there will ultimately follow the same process of quantitative assessment as Increased Storm Intensity this year to assess impacts on the business and financial planning.

Step 3:

Addressing risks

We have systematically addressed each risk and opportunity, detailing the actions taken to prevent, reduce, or mitigate risks, and enhance opportunities, fully integrating these into our overall risk management framework. As with our current process, we identify an initial risk level and continuously track changes as mitigation measures are implemented. While we acknowledge that some residual risks will remain, we ensure this is communicated across the business. An example of our proactive approach is our work on storm modelling and future planning this year. Our Group General Counsel and Global Head of Sustainability review all identified risks twice a year to ensure they remain current and aligned with ongoing progress.

CFD: Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

It is recommended that organisations disclose the metrics and targets they use to assess and monitor climate-related risks and opportunities.

Disclosure recommendations:

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

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

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

Our Metrics for Greenhouse Gas Emissions Reduction

Being a UK based Company, we are committed to achieving **net-zero** status **by 2050** ***at the latest***, in line with the UK Climate Change Act. **This is our target** too, and we are establishing how quickly we can achieve this ahead of schedule by developing **science-based targets.**

Our aim is not to set an arbitrary net-zero target year until we have gone through the science-based targets development process next year, and instead setting carbon reduction metrics and targets to plan for achieving net-zero long term We recognise that our emissions are closely tied to our product design process, making a 'one size fits all' approach to net-zero challenging for our unique circumstances as our emissions are so heavily linked to the product design process. In the short-term we are continuing to focus on emissions reduction, achieving significant reductions to some product ranges, and all of this will be ultimately packaged up into science-based targets in future years.

Our metrics are in line with our environmental strategy, with a focus on internal, external, and at our wider industry. We also recognise that while carbon neutral status through offsets is not an ideal situation, this is both a better short-term solution to reduce emissions, and an incentive for us to find emission reductions.

Future Action : Internal Carbon Pricing

A common theme shared between companies decarbonising quickly, is an Internal Carbon Price.

We currently do not have an internal carbon price, but our LCA database has been designed with this in mind. As we approach 2030 and work towards our target for carbon-neutral products, the cost of carbon will become increasingly important in driving emissions reductions. We are exploring how best to implement an internal carbon pricing model, ensuring it can be effectively tracked and utilised to drive meaningful change.

*** See Appendix for 'Sustainable Content' definition.**

Our Metrics Matrix

		Internal Focus **Carbon Neutral Business Operations**	External Focus **Focus on Products**	Industry Focus **Lead the Industry**
Headline Target		Maintain carbon neutral business operations.	Achieve our Near-Term decarbonisation SBT (still to be finalised and approved).	Set SBTs for decarbonisation including near-term and net-zero targets by 2026 at the latest.
Percentage of Emissions Covered (Location Based)		0.5%	99.5%	100%
Emissions Sources		Energy consumption in offices, employee travel and commuting.	Hardware products manufactured and sold.	Total Group GHG emissions.
Progress Summary		We are already sourcing renewable energy where available and are likely to set a science-based target to maintain or increase this level of procurement.	We have updated our previous carbon neutral target to align with our near-term science-based target once approved. This will require significant carbon reductions to our products, likely around 55% by 2031 with a 2021 baseline year.	We have now committed to set near-term and net-zero SBTs, one year ahead of our 2025 deadline. Our focus now shifts to develop targets and get these approved by the SBTi, as well as engaging with the CDP.
GHG Emissions Metrics	Scope 1 GHG tCO_2e	●		●
	Scope 2 GHG tCO_2e	●		●
	Scope 3 GHG tCO_2e (Non Products)	●		●
	Scope 3 tCO_2e (Products)		●	●
	Intensity: Scope 1 and 2 GHG Emissions per Employee	●		●
	Intensity: GHG Emissions per £M Value Added			●
Product Metrics	Number of Internal Lifecycle Assessments completed on products		●	
	Percentage of 'Sustainable Content' in Products Manufactured*		●	
	Intensity: Average GHG Emissions per Product Sold		●	●
Energy Metrics	Consumed kWh	●		
	Generated kWh	●		
	Intensity: Net Power Consumption in kWh per Employee	●		●

Carbon Balance Sheet

Our complete Scope 1, 2 and 3 Carbon Dioxide Equivalent footprint is summarised here. All units are gross tCO2e unless stated otherwise.

For Scopes 1 and 2, we have successfully maintained carbon-neutral status for the third consecutive year, achieved through switching to renewable energy and purchasing verified carbon offsets.

Scope 3 is most of our gross emissions, with Purchased Goods & Services, and Use of Sold Products being the two largest categories as these are associated with our hardware products. This is the second year we have used lifecycle assessments to calculate our product emissions.

Our total emissions in 2024 have come down, and due to a changing mix of products sold, the emissions per product sold have increase. This does not however mean our products have become more carbon intense, and is a reflection of changing sales particularly in our Audio Reproduction division.

Note: the following categories do not apply to the Focusrite Group:
- 08: Upstream leased assets
- 13: Downstream leased assets
- 14: Franchises
- 15: Investments

Blue values indicate a recalculated value using 2024 methodology.

Category	Metric	Value 2024	Value 2023	Value 2022	% of 2024 Gross CO_2e Footprint
Intensity Metrics	tCO_2e per Product Sold	0.084	0.078	0.061	
	tCO_2e per £m Revenue	531	519	476	
Scope 1 GHG Emissions	**Total Scope 1**	**158**	**177**	**223**	**0.19%**
	Total Scope 1 (Net)	**-1**	**0**	**-1**	
	Combustion of Natural Gas (location-based)	129	153	189	0.15%
	Combustion of Natural Gas (market-based)	51	4	0	
	Transportation (excluding grey fleet)	29	24	34	0.03%
	Scope 1 Carbon Offsets against Combustion of Natural Gas (market-based) and Transportation (excluding grey fleet)	-81	-28	-35	
Scope 2 GHG Emissions	**Total Scope 2**	**129**	**257**	**207**	**0.15%**
	Total Scope 2 (Net)	**0**	**0**	**0**	
	Electricity (location-based)	128	256	207	0.15%
	Electricity (market-based)	71	152	125	
	Electric Vehicles	1	1	0	0.00%
	Scope 2 Carbon Offsets against Electricity (market-based)	-72	-152	-125	
Scope 3 GHG Emissions	**Total Scope 3**	**83,800**	**92,304**	**86,929**	**99.66%**
	01: Purchased Goods & Services	37,872	47,045	43,714	45.04%
	02: Capital Goods	2,181	207	197	2.59%
	03: Fuel & energy-related activities	40	51	311	0.05%
	04: Upstream Transportation & Distribution	1,103	1,760	1891	1.31%
	05: Waste Generated in Operations	3	10	11	0.00%
	06: Business Travel	1,184	1,014	215	1.41%
	07: Employee Commuting	534	716	168	0.64%
	09: Downstream Transportation & Distribution	1,277	1,423	1,622	1.52%
	10: Processing of Sold Products	45	33	34	0.05%
	11: Use of Sold Products	38,685	39,158	37,875	46.01%
	12: End-Of-Life treatment of sold products	876	887	891	1.04%
Totals	**Scope 1, 2 and 3**	**84,087**	**92,738**	**87,359**	**100.00%**
	Scope 1, 2 and 3 (Net)	**83,799**	**92,304**	**86,928**	

Our CO2e Footprint *in Perspective*

Using an estimate of 0.5kg of carbon per square metre of forest in the US, we can estimate that our emissions are equivalent to a forest approximately 168km² in size, about the size of the small Caribbean Island of Saint Kitts.

Commentary on Metrics

This report provides disclosures across various environmental areas and issues, all of which contribute to the three pillars of our environmental strategy. Below, we present the key metrics we use to track our progress in these areas.

Efficient Internal Operations

		% Change vs Prior Year
Scope 1 and 2 tCO_2e Emissions (Net)	0	0%
Scope 1 and 2 tCO_2e Emissions (Gross)	287	-34%
tCO_2e Offsets against Scope 1 and 2 Emissions	(153)	-15%
Intensity: Gross Scope 1 and 2 tCO_2e per Employee	0.53	-35%

The key achievement from 2024 internally has been the reduction in Scope 1 and 2 emissions by 34% following the move of our HQ to a new more efficient building. This has resulted in a significant reduction in Gross Scope 1 and 2 emissions per employee of 35%. Our offsets against residual emissions have also fallen proportionally.

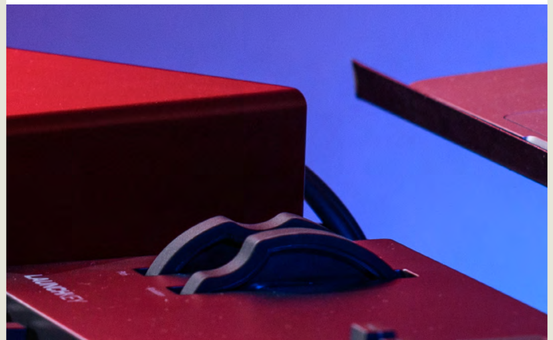
Our focus now moves to look at options for generating renewable energy at our sites, with rooftop solar in the UK a viable option at a number of offices.

Focus on Products

		% Change vs Prior Year
Scope 3 tCO_2e Emissions (Gross)	84k	-9%
Intensity: Average Upstream Product kg CO_2e	35	+5%
Intensity: Average Downstream Product kg CO_2e	37	+17%

Our Gross Scope 3 emissions have fallen by 11% in 2024, but average unit intensity has increased. This due to the mix of products sold changing, especially in our Audio Reproduction division where larger higher power consumption products have been selling in greater numbers. This is in contrast to Content Creation which has contracted.

Encouragingly however, the upstream footprint has only increased 5%, showing the work we are doing with recycled materials is starting to take effect (the increase is again down to larger products on average selling in 2024). The change in sales mix is most evident in downstream intensity which has increased 17%, showing the effects of selling high power products. This however will ultimately come down as more renewable energy enters the grids worldwide.



Lead the Industry

		% Change vs Prior Year
Intensity: tCO_2e per £m Revenue	531	+2%
Lifecycle Assessments Completed	86	+43%
Trees Planted	93k	+9%

Despite an increase in emissions per product, the average emissions per £m revenue have remained broadly flat, providing cause for optimism that future years will reduce.

The work here is all supported by our rapidly expanding Lifecycle Assessment catalogue, which has increased to 86 complete. This is becoming increasingly efficient with each product generation and we are now aiming for an increase of at least 24 LCAs a year here as a baseline.

Tree planting has seen slower growth this year as some brands have opted to temporarily pause while sales demand has been softer, but this will rebound next year.

Appendix

Emissions Calculation Methodology

Our total Carbon Footprint Analysis has been assessed externally by McGrady Clarke based on information provided by Focusrite, and covers Scopes 1 and 2 (as part of our Streamlined Energy and Carbon Report) and Scope 3. Primary data has been used where possible, but in cases of incomplete data, pro-rata extrapolation or direct comparison methodologies were utilised. The reporting methodology involves usage of 2024 Department for Environment, Food and Rural Affairs ('DEFRA') guidance, Ecoinvent 3.9.1 and EMBER electricity emissions factors.

This work is done in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and in line with DEFRA's 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting Requirements'. The SECR reporting period covers our operations from 1 September 2023 to 31 August 2024, and our calculations are for building-related energy (natural gas consumption (Scope 1), purchased electricity consumption (Scope 2)), and transportation (fuel combustion for business travel in company vehicles (Scope 1), EVs (Scope 2) and in employee vehicles used for business travel (Scope 3)).

Reported emissions from Sheriff Technology Ltd (OutBoard Electronics and TiMax brands) were calculated based on the length of ownership by the Group following acquisition in December 2023, and associated emissions are for the period from 19 December 2023 to 31 August 2024. We have used the operational control approach to reporting boundaries.

Lifecycle Assessment Peer Review

Last year was the first time we published our emissions using product lifecycle assessments, a process we had externally reviewed by EuGeos.

Our emissions are calculated by conducting a smaller number of LCAs, and then scaling the results to products that have not had an LCA completed – this is due to the high number of products we manufacture. The products that are scaled are therefore potentially open to errors. Over the last year we have refined this process in these key areas:

- Completed additional product LCAs to both upgrade 'Scaled' products to LCAs, and also improve other Scaled products as they can be multiplied by a smaller factor.
- Corrected product weights and dimensions to ensure appropriate scaling.
- Updated electricity grid data to reflect the roll-out of renewable energy globally.
- Improvement of the underlying raw material data to better reflect our custom materials (e.g. recycled plastic).
- Added the ability to switch an LCA to a new result when there is a change in the middle of a product lifecycle.

Energy Efficiency Measures

In 2024, we have started to research options for installed solar on our buildings as in previous years we focused on the relatively straight-forward swaps of LED lighting and general renovations.

The initial focus for rooftop solar is our Linea Research office in Letchworth, which is well suited with a near flat roof and easy access. Our findings from this project will inform our future plans with solar.

"Focusrite have a fundamentally sound and scalable method for calculating product-related environmental Impacts including carbon dioxide equivalent emissions for annual reporting. In using the Ecoinvent database and the Product Environmental Footprint methods for Lifecycle Assessment calculations, Focusrite have built a technically sound base. As this system matures over time there is scope to expand the reporting to meet the GHG Protocol Product Life Cycle Accounting and Reporting Standard fully, as well as other potential future reporting requirements."

Chris Foster
Director at EuGeos

Supply Chain Compliance

Compliance at the Focusrite Group

Supply Chain and Chemical Compliance is handled at Group level by a number of employees, with our Group Compliance Engineer and Group General Counsel taking lead roles. As the Group has expanded through acquisitions, new supply chains are integrated to match the standards of our core brands. There are two areas of compliance that are a key focus, Chemical Safety and Controversial Sourcing, both of which are important because we are within the wider electronics industry.

As our engineering teams have grown, we leverage existing project experience to expedite new compliance requirements, a process we continually refine.

Chemical Safety

The Group takes an active role in reducing the presence of substances or chemicals of high, or very high, concern in our products. Through full engagement in EU programmes such as REACH and RoHS, as well as international programmes such as “Proposition 65” in California, we monitor and formally review our supply chain on a 6 and 12 month cycle to ensure our products remain compliant with these and other legislation, all designed to restrict the use of, or remove completely, hazardous substances and substances of high concern.

Controversial Sourcing

The Group carries out an audit of its supply chain using the latest version of the CMRT, or Conflict Minerals Reporting Template, currently at v6.31, as developed by the Responsible Minerals Initiative. This is a standardised template for gathering supplier data on conflict minerals. Currently, four minerals are considered conflict minerals: tin, tungsten, tantalum, and gold - otherwise known as 3TG.

Sustainable Content Definition

One of these four criteria must be met to be considered sustainable content:

1. Recycled Content: The Recycled Percentage of a material will be considered ‘sustainable content’, including all post-consumer and post-industrial recycled content. E.g. Using 1kg of 50% post-consumer recycled ABS plastic in a core product will mean 0.5kg of sustainable content will be eligible.
2. Circularity in plastics: An improvement from a material that is not widely recyclable to a more sustainable alternative which is either fully recyclable and circular (either industrially or locally through chemical or mechanical processes) or meets the European Bioplastics compostable at home criteria (seedling logo EN 13432). If the material meets this criteria, all the mass used in the core product will be eligible towards the total as sustainable content.
3. Sustainable Forestry Practice: Using Forest Stewardship Council (FSC) certified natural materials will be eligible as sustainable content.
4. Other Natural Materials/Resources: Natural Materials which do not fit into one of the previous categories but can provide evidence of sustainable sourcing practices. These will be reviewed on a case-by-case basis. E.g. Potato starch used to create compostable bags.

Material analysis:

Current and potential materials are assessed with the OpenLCA software linked to the latest version of the Ecoinvent LCA Database. This data is fed into our custom Focusrite LCA Database, with the results peer reviewed by Lifecycle Assessment (LCA) Consultants Eugeos and audited annually by KPMG as part of our annual greenhouse gas emissions disclosures.

Further notes on specific material types:

- Plastic - Recycled fossil fuel derived plastics are eligible by percentage content. Widely recycled, but virgin source plastics are not eligible. Residual quantities of thermoplastics in forming tools that are post-industrial recycled also not eligible.
- Bioplastics – Bioplastic content is eligible by percentage content.
- Metal – Post-industrial and post-consumer recycled metal by mass is eligible. Metal can be widely recycled, but virgin source metal is not eligible.
- Paper and Cardboard – FSC sourced paper and cardboard is eligible.
- Wood – FSC sourced wood is eligible. This extends to natural wood varieties, and engineered wood such as plywood and MDF.
- Electronics – Currently as there is no way to ensure electronics (in particular printed circuit boards and active components) are from sustainable sources reliably, all electronics used in a core product will be assumed to not be sustainable for now. In future, if more data becomes available on electronic component sourcing, or our recycling rates improve to the point where we can make new products via direct recycling, then this can then become eligible as sustainable content. Passive components soldered to a PCB are eligible as sustainable content if they meet one of the definitions above.

Environment & Climate Report 2024

Focusrite Group

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