



**NMBS SUSTAINABILITY
REPORT
NOVEMBER 2024**

**STRENGTHENING
INDEPENDENTS**





National Merchant Buying Society (NMBS) Sustainability Report FY23

“As Chief Executive Officer of NMBS, I’m proud to state that sustainable development is not merely an objective, but a core tenet that drives our strategy and operations; it is one of the three cornerstones of our Business Strategy, “the NMBS way”.

As a leading service provider in the builders’ merchant sector, we recognise our critical role in fostering environmental stewardship, social responsibility, and economic resilience. Our commitment to the United Nations Global Compact (UNGC) principles underscores our dedication to the Sustainable Development Goals (SDGs), ensuring that our growth aligns with the well-being of our planet and communities. By integrating sustainable practices into our business model, we aim to create long-term value for all stakeholders, contribute meaningfully to global sustainability efforts, and pave the way for a more sustainable future.

This year’s report is following elements of the ten key principles of the UNGC, elements of which run through our core values and code of conduct. It is our short-term aim to ensure the prevention of negative impacts of the NMBS operation upon the wider environment, with a medium to long-term aim of leading by example.”

Chris Hayward, CEO

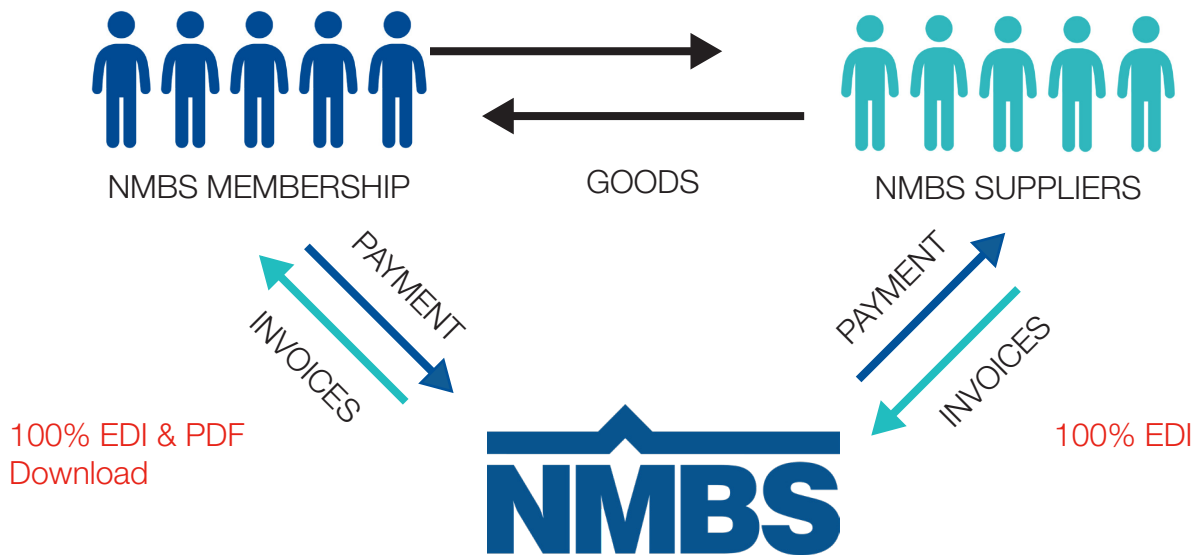
Established in 1963, NMBS is the number one buying society for independent merchants in the UK, with £2.21 billion buying power. Operating as a co-operative owned by our 1,250 members, we have over 5,000 branches across the UK, covering the full range of independent Builders, Plumbing & Heating, Hardware, Tool and Timber Merchants.

The primary aim of NMBS is to enable our members to succeed and to be the “Best at what Matters Most”, by focusing on the following core activities:

- Providing easy access to brand leading suppliers - via simple account set up, and access to credit provided by NMBS
- Exclusive discounts & rebates – impacting the bottom line
- NMBS Trade Exhibition – our very own buying & selling show with exclusive discounts and rebates
- Reduced administration costs via invoice clearing – easy online download of invoices/credits and statements, with one payment to cover multiple supplier accounts
- Electronic invoicing - one step set up to give simple and easy access to Electronic Data Interchange (EDI) invoicing with almost 500 suppliers
- Professional support from the NMBS Team – clear help and advice



Put simply, NMBS negotiates a framework deal with a supplier, which is then communicated to our members, therefore empowering and strengthening independent merchants through offering exclusive terms to add to their bottom line. We provide digital platforms to allow merchants to source all of the information they need to run their businesses efficiently.

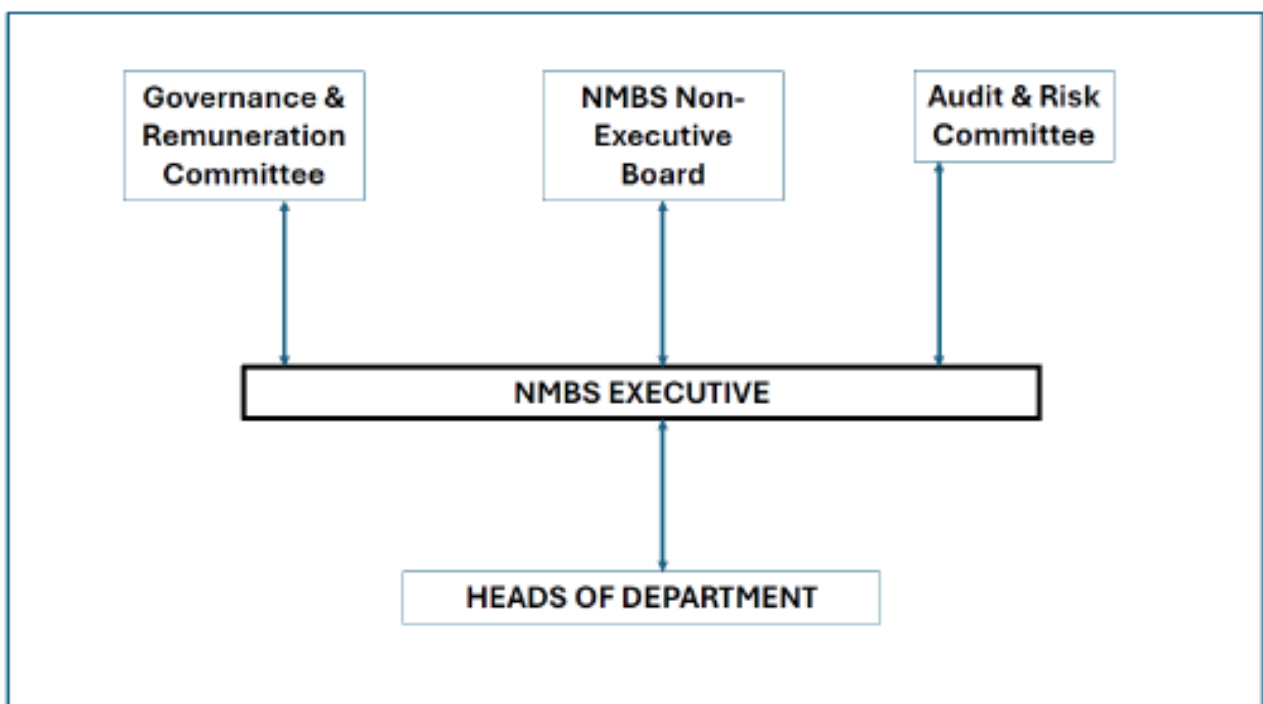


Our Mission

We are 100% committed to developing and strengthening independent merchants by constantly innovating and adding value at every opportunity.

Sustainability and stewardship

The governance structure at NMBS is designed to ensure effective oversight and strategic direction.





Executive Board

The Executive Board is responsible for the overall strategic direction and governance of the Society. The Board comprises a diverse group of directors who bring a range of expertise and experience.

The key roles and responsibilities of the Board include:

1. Strategic oversight: Setting and reviewing the strategic goals and objectives of NMBS
2. Governance: Ensuring that the society adheres to high standards of corporate governance, facilitated by the voluntary adoption of the QCA code
3. Financial Oversight: Approving budgets, financial plans, and ensuring the financial health of the organisation
4. Policy Development: Establishing and reviewing key policies and procedures
5. Performance Monitoring: Evaluating the performance of the Society and its senior management

Governance Committee

The Governance Committee is a sub-committee of the Executive Board. It focuses on ensuring that the governance practices of NMBS meet the highest standards, and that the Board operates effectively. The responsibilities of the Governance Committee include:

1. Board Composition: Reviewing the structure, size, and composition of the Board, including the balance of skills, experience, and independence
2. Nominations: Overseeing the process for appointing new directors, ensuring a transparent and rigorous selection process
3. Board Evaluation: Conducting regular evaluations of the Board's performance, and that of its committees and individual directors
4. Succession Planning: Developing and overseeing succession plans for the Board and senior management positions
5. Governance Policies: Reviewing and recommending governance policies to the Board Audit & Risk Committee

The Audit & Risk Committee is another crucial sub-committee of the Executive Board. It focuses on overseeing financial reporting, internal controls, and risk management. The key responsibilities of the Audit & Risk Committee include:

1. Financial Reporting: Monitoring the integrity of the financial statements and ensuring that they present a true and fair view of the Society's financial position
2. Internal Controls: Reviewing the effectiveness of the Society's internal controls and risk management systems
3. External Audit: Overseeing the relationship with the external auditors, including their appointment, independence, and performance
4. Risk Management: Identifying and evaluating significant risks facing the Society, and ensuring that appropriate mitigation strategies are in place
5. Compliance: Ensuring compliance with legal and regulatory requirements, and reviewing the effectiveness of the Society's compliance programs



Each of these components play a vital role in maintaining the integrity, accountability, and performance of NMBS, ensuring that we operate in the best interests of our members and stakeholders. Although not specifically called out, making sustainable decisions and furthering the NMBS sustainability strategy, is considered a key responsibility for all governance bodies. The leadership team have been involved in and trained on key sustainability themes and use this knowledge when discharging their duties.

Committed to sustainability

“NMBS is at the beginning of its Sustainability journey, this being the first report presented. Speaking on behalf of the NMBS Board, we are committed to the journey to net zero emissions and are proud to present this, our first Sustainability report.”

Will Dobbs of Fulham Timber Limited, NMBS Board Member responsible for Sustainability

To support our overarching governance structure and processes, we have a suite of policies in place across NMBS.

The NMBS Way

There are three key ways that we approach our work every day – we call this the NMBS way.

Strong Relationships

Healthy working relationships lead to positive outcomes for all. We look out for the people we work with, and we respect and recognise them. Strong healthy relationships are the foundation of our stakeholder loyalty.

We aim to Constantly Improve

We do things the right way. We enjoy our work and take pride in our achievements. We are not afraid to challenge the status quo to find better ways.

We seek to grow Sustainably

Maintaining sustainable levels of profitability is only part of our success. We prioritise long term success over short term financial gains because we care about our people, our community and our planet.

Materially important

Commencing in 2022, and spanning into 2023, NMBS performed a materiality assessment to identify our areas of most significant impact on the economy, environment, and people, including human rights.

We gathered input from throughout NMBS, including the Executive Board, to ensure that the assessment contained the most accurate information and correctly reflected organisational priorities. External stakeholders were also surveyed to incorporate their expectations into NMBS’ sustainability strategy, these included 52 of our key suppliers and 33 NMBS members. In total, 123 stakeholders were surveyed and asked to rank the below topics on a scale of 1 to 5, where 1 is not important and 5 is critical.



Environmental

- Climate change
- Waste
- Water
- Biodiversity

Social

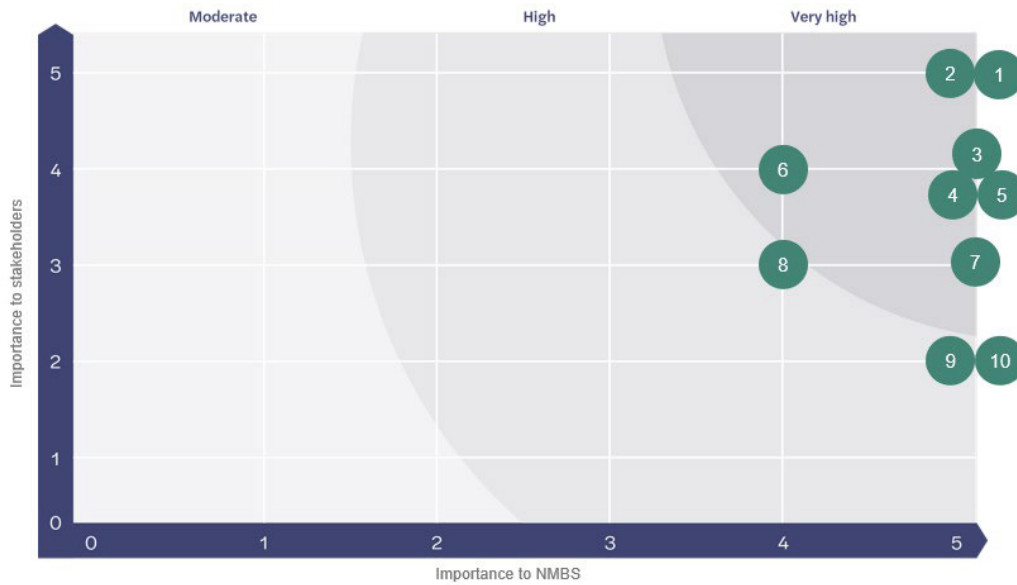
- Health and wellbeing
- Inclusivity
- Modern slavery and human rights
- Talent and development
- Employee pay and benefits
- Community and charity
- Culture

Governance

- Responsible selling
- Product standards
- Governance and integrity

To further aid understanding, stakeholders were also asked to indicate their level of agreement with the following statement “I believe that companies should address ESG issues, even if doing so reduces short-term profitability”. In response, employees, suppliers and members strongly indicated that they were aligned to the sentiment, indicating to NMBS that we must take action to embed sustainability at a strategic level and communicate our progress.

Following the prioritisation exercise, we identified ten topics that underpin the NMBS sustainability strategy, lay the foundations



Key:

1. Health and Safety	6. Modern Slavery
2. People	7. Culture and Leadership
3. Cybersecurity	8. Sustainable Products
4. Net Zero	9. Stakeholder Engagement/Transparency
5. QCA Adoption	10. Communication

The stakeholder community

On review of our value chain, we believe that the following groups are those most impacted by NMBS’ decisions, those who we depend on for delivery of our services, and who can support NMBS in addressing any material issues identified

- Employees
- Members
- Suppliers
- Communities
- Industry Groups



	Stakeholder definition	Type of engagement	Benefit of engagement
Employees	Individuals working for NMBS	<ul style="list-style-type: none"> • Materiality Assessment • Team Talk newsletter • 1:1 development sessions • Investors in People • Managers Team Talk • Team Huddles • Annual get together • Trading Meeting 	<ul style="list-style-type: none"> • Align with employee sustainability values • Empower employees to live a sustainable life outside of NMBS • Encourage engagement with NMBS' sustainability strategy
Members	Organisations within the industry who have signed up to be members of the Society	<ul style="list-style-type: none"> • Materiality Assessment • Buyers Guide • NMBS Exhibition • OnePlace • Bi-annual conference • Dinner dance 	<ul style="list-style-type: none"> • Align values throughout the value chain
Suppliers	Suppliers are individuals or businesses that provide essential resources or components to the Society	<ul style="list-style-type: none"> • Materiality Assessment • Supplier onboarding • NMBS Exhibition • OnePlace • Bi-annual conference • Supplier lunch • Dinner dance 	<ul style="list-style-type: none"> • Align values throughout the value chain
Communities	Individuals, or groups of individuals, who live or work near NMBS operations	<ul style="list-style-type: none"> • Local initiatives • CSR days 	<ul style="list-style-type: none"> • Engage with and support the local communities in which NMBS operates • Learn from and listen to local communities about issues
Industry Groups	Industry groups refer to membership organisations within the construction or builders' merchant sector	<ul style="list-style-type: none"> • Builders Merchants Federation (BMF) • Construction Inclusion Coalition • Construction Products Association 	<ul style="list-style-type: none"> • Promote shared ownership, and challenge industry stakeholders to further progress against sustainable agendas • Define and set an industry minimum standard in relation to sustainable construction



Community engagement

Pavestone Rally – supporting charities close to our hearts

In 2023, four team members took part in the Pavestone Rally; an epic adventure where participants purchase a car for under £500, dress it and themselves up, and journey across Europe from Ghent to Monte Carlo. The NMBS team raised just under £5,000 for the Rainy Day Trust, the British Heart Foundation, Crash, and Variety.

Charitable Fundraising

At each NMBS event (Gala Dinner, Dinner Dance) funds are raised for the industry charity, CRASH. In addition, NMBS Events Manager Sam Hunt, ran the London Marathon in 2023 to raise more than £6,000 for CRASH.

Build on Better – The Construction Inclusion Coalition

Building a construction industry that reflects the communities it builds for.

- 15% of the construction industry are currently women
- 6% are from ethnic minority backgrounds
- 46% of people say they'd be more likely to look for jobs in the construction sector if it demonstrated a strong commitment to diversity and inclusion

NMBS, along with other leading organisations across the construction industry, are working together to enhance the impact of our individual diversity, equity and inclusion initiatives. Together, we aim to foster collaboration, establish a network to share knowledge and resources across the industry, and to co- create solutions to make a difference.

Established in 2023, and with NMBS as a founding member, Coalition members are individual businesses that sign up to the Coalition and commit to the Built on Better Pledge. The Built on Better Pledge has been created to give clear guiding principles for businesses in the construction industry to address equity, diversity and inclusion within their organisations. It outlines seven key actions that all members of the Coalition are expected to commit to. We are asking all parts of the industry – from house builders to manufacturers, logistics to suppliers – to join the Coalition and commit to taking the pledge, to make equity, diversity and inclusion a priority within their organisations.

60 at 60 – Supporting the next generation

NMBS are committed to placing apprentices into our industry and are here to support independent merchants through the process. Working with the BMF and LEAP, we support both large and small members who wish to take advantage of the many benefits of an apprentice.

In 2023, we achieved our target to recruit 60 apprentices in our 60th anniversary year. The apprentices studied at NMBS members including Gardner and Scardifield Ltd, YARD Direct and Silverton Builders Merchants Ltd, as well as other merchants though out England, Wales, and Scotland. Of the 60 apprentices, there was a mix of enthusiastic newcomers stepping into the world of construction, and experienced industry professionals further honing their skills and advancing in their careers.



We are also supporting the BMF to achieve 15,000 apprentices across the BMF membership by 2030. This initiative was launched in June 2023 to help take control of the skills gap in the building materials industry, whilst ensuring levy funds across the sector are fully used.

“Achieving our target to onboard 60 new apprentices during our 60th anniversary year is a great achievement. These apprentices are not only gaining structured training and practical experience, but are also fostering a deep sense of engagement within their roles.

We know the construction sector is suffering a skills gap, with the Construction Industry Training Board estimating 225,000 workers will be needed by 2027 to meet demand. Apprenticeships are a vital part of that solution. Together with support from the Builders Merchants Federation, we want to grow the apprenticeship offering further and faster to help narrow the skills gap in the construction industry.”

Dean Hayward, Head of Sales & Marketing

Our contribution to the UN SDGs

Since 2015, the United Nations Sustainable Development Goals (SDGs) have provided a blueprint for achieving a better and more sustainable future for all. The goals address the global challenges the world faces, including poverty, inequality, and climate change.

To support the achievement of the SDGs, NMBS have aligned our Sustainability Strategy to the following SDGs.



GOAL 4 – Quality Education

To ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

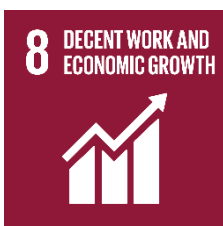
NMBS have a history of placing apprentices into our industry. In 2023, we recruited 60 new apprentices, and we are proud to actively support the BMF to achieve 15,000 apprentices across the BMF membership by 2030.



GOAL 5 – Gender equality

To achieve gender equality and empower all women and girls. To eliminate discrimination and violence against women and girls.

NMBS are founding members of the Construction Inclusion Coalition, specifically created to improve equity, diversity and inclusion across the construction sector.



GOAL 8 – Decent work and economic growth

To promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.

NMBS have been awarded Platinum Investors in People certification. We are committed to providing high-quality jobs through enhancing the well-being of our employees, providing training and development opportunities, and competitive employee benefits



GOAL 12 – Responsible consumption and production

To ensure sustainable consumption and production patterns through resource and energy efficiency.

NMBS are committed to the continued electrification of our fleet, and use of green energy.

In line with the SDGs, NMBS is a signatory to the United Nations Global Compact.

Strategic ambitions

Following the Materiality Assessment, NMBS identified two key strategic projects. These were targeted towards the material topics where we felt we had the most work still to do and the largest gaps to close, namely, Modern Slavery and Net Zero.

Modern Slavery

Due to NMBS' unique role in facilitating payments between members and suppliers, we are aware that NMBS has significant leverage to influence suppliers in taking action to identify, prevent, and mitigate potential modern slavery and human trafficking, and to provide remedy where cases occur. This role is in line with that the UN Guiding Principles on Business and Human Rights, which specifically outlines the responsibility of organisations to use their leverage to tackle human rights impacts.

With this in mind, and the support of external consultants, we embarked on a review of our existing related policies and management systems, in addition to a sector and supply chain risk assessment.

A dual approach

A high-level risk assessment was conducted, consisting of a thorough review of all 480 of NMBS' suppliers for adherence to UK Modern Slavery reporting requirements. This found that 179 suppliers were required to publish a Modern Slavery Statement, whilst 298 suppliers were not in scope. Of the 179 in scope to report, 169 had a statement publicly available on their website, signifying that NMBS had 10 suppliers which were non-compliant.

Further to the high-level risk assessment, a review through a targeted construction sector lens was carried out, with specific focus placed on geographies with known prevalence of modern slavery. Due to a lack of transparency around supplier sourcing locations, it was not possible to draw a direct connection to NMBS suppliers and products, however, it was noted that NMBS have suppliers that explicitly state operations within the following high-risk locations or commodity types; Vietnam, Gulf States / Middle East, Granite & Stone, and Timber.

Subsequent to these exercises, NMBS has taken the following actions:

- Published a Modern Slavery and Anti-Trafficking Policy
- Updated our own Modern Slavery Statement
- Worked with suppliers to ensure that they have an up to date, published and compliant Modern Slavery Statement
- Incorporated Modern Slavery due diligence into supplier onboarding



- Facilitated Modern Slavery Awareness training to employees

It is intended that supplier monitoring of Modern Slavery compliance will now be conducted on an annual basis.

Net Zero

NMBS undertook an inaugural carbon footprint assessment in 2022 in accordance with the Greenhouse Gas Protocol. This assessment incorporated:

Scope 1: Direct emissions from sources owned or controlled by NMBS
 Scope 2: Indirect emissions from the generation of purchased electricity
 Scope 3: All indirect emissions that occur within the value chain

Following the carbon footprint assessment, we have set the following targets and drafted a Net Zero Roadmap to support their achievement:

- Net Zero (Scope 1 & 2) by 2030
- Net Zero (Scope 3) by 2040

Our carbon footprint results for 2023, with baseline comparatives, can be found below.

Scope	tCO2e/2022	tCO2e/2023
Scope 1	13.2	16.1
Scope 2	6.7	7.8
Scope 3	612	635
Total	632	659

Despite not achieving an overall reduction in carbon emissions in 2023, NMBS remain optimistic about reducing our carbon impact, and note that we are currently tracking ahead of our Net Zero Roadmap. The initial Roadmap included an uptick aligned to inflation due to the growth of the Society, and the initial time taken to plan and implement reduction measures. Reduction is expected to be visible in our carbon footprint measurement from 2024 onwards.

With reference to Scope 1 & 2, we believe that two specific initiatives will significantly contribute to our target.

- Vehicle fleet electrification – the Society purchased three fully electric vehicles in 2023, followed by a further three to date in 2024. As the fleet ages and is replenished, the intention is to continue this policy, with the aim of having a fully electric fleet by 2030. This action has increased our Capital Expenditure throughout the year and is the main cause behind the increase in Scope 3 emissions.
- Upon renewal of our electricity contract in 2024, prior to Report publication, NMBS have moved to a green tariff - this will counter the increase in Scope 2 emissions seen above.

With consideration of our Scope 3 target, we acknowledge that this is more challenging due to many components being out of NMBS’ control. That said, this year we have drafted and published a new Business Travel Policy that specifically calls out the restriction of UK travel by air or non-electric vehicles.



NMBS are committed to monitoring our carbon footprint, and meeting our Net Zero targets. We look forward to updating our stakeholders on our progress.

The NMBS Baseline, 2023

In our 60th year, and subsequent to our Materiality Assessment, NMBS are committed to drive progress towards a more sustainable way of working. Whilst we have kicked off our endeavours with the Modern Slavery and Net Zero initiatives, we would like to outline the following baseline achievements across other topics. Moving forwards, we are developing dedicated action plans and will be setting targets to track and monitor our progress. We look forward to sharing our journey over the coming years.

- Investors in People Platinum accreditation
- Recruited 60 apprentices in collaboration with the BMF and LEAP
- Modern Slavery at the top of the agenda, enhanced supplier due diligence and a new Modern Slavery and Anti-Trafficking Policy
- Cyber Essentials certified and Cyber Essentials Plus (awaiting-certified), including 100% completion of monthly mandatory Cyber Security training
- 4 qualified Mental Health First Aiders
- Continued generate of electricity back to the grid by means of the use of solar panels
- A hybrid fleet for our team members on the road daily, with the continued electrification of all other vehicles
- Accreditations achieved - ISO9001, ISO14001 and ISO18001
- Accreditation sought – ISO27001






KPI Annex

KPI Annex	
Health and Safety	
Staff members completing health and safety courses on an annual, and then three-year basis	100%
Recorded accidents	0
Recorded absenteeism	0.23 (average no. of days per month)
People	
Staff turnover	18%
Board diversity	Female - 15%, Male - 85%
General staff diversity	Female - 54%, Male - 46%
Staff vacancies	3%
Cybersecurity	
No. of security breaches	0
Staff members completing Infosec courses on a monthly basis	100%
Net Zero	
Emissions in tCO2e	659
Tonnes of CO2e per FTE	8.91
Modern Slavery	
NMBS compliance with the Modern Slavery Act	Compliant
Percentage of suppliers with an in date Modern Slavery Statement	100%
Percentage of new suppliers reviewed for Modern Slavery Statement compliance	100%
Culture and leadership	
Engagement with Trade Associations	100%
Stakeholder engagement / transparency	
Members NPS score	53

INVESTORS IN PEOPLE™
We invest in people Platinum

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