

Environmental Sustainability & Social Impact Policy

Ferguson plc (including all of its subsidiaries worldwide, the **Company**) is committed to being an active corporate citizen through its Environmental, Social, and Governance (**ESG**) efforts. This commitment directly ties to its corporate values and includes protecting the environment and investing in communities.

This Policy applies to all associates worldwide (full-time, part-time, interns, and temporary/contract), including all wholly-owned subsidiaries. Compliance with this Policy is a condition of continued employment for all associates. Failure to comply may result in disciplinary action, up to and including termination of employment.

POLICY PRINCIPLES

The Company is committed to managing its impact on society and the environment, while engaging with multiple stakeholders on these issues, including governments, consumers, business partners, investment community, associates, non-governmental organizations, civic organizations, local communities, and under-resourced populations.

To help ensure that the Company is aligned with the needs of its stakeholders, a refresh of the Company's **ESG Priorities** shall be conducted every three years or at the juncture of significant change to the business. The Company commits to reviewing its strategies for its environmental and social programs on an annual basis to ensure alignment with best practices and continuous improvement.

A. Governance

1. The Board has a vested interest in improving Ferguson's ESG performance, and the Nominations & Governance Committee (**N&G Committee**) is responsible for providing oversight of the Company's ESG disclosure framework. Both the Board and the Executive Committee have structured their agendas to regularly receive ESG-related updates.
2. The Company's executive compensation framework shall incorporate ESG considerations that are aligned with the Company's ESG commitments.
3. The Vice President of ESG is responsible for the coordination of the Company's ESG Priorities across the enterprise, ensuring their integration into business strategy and operations.

B. Environmental Sustainability

1. Environmental Goals

- a. The Company shall implement programs to make measurable progress against stated goals and be open and responsive to the environmental concerns of its key stakeholders.
- b. The Company shall set targets for carbon emissions and monitor and regularly report against performance on these metrics to the Executive Committee, N&G Committee and the Board of Directors.
- c. The Company shall continue its dedication to managing a global supply chain that is socially and environmentally responsible.

2. Environmental Compliance

- a. At a minimum, all Company operations are expected to meet or exceed applicable environmental laws and regulations.
- b. The Company strives to minimize its environmental impact, by identifying, evaluating, and mitigating environmental risks and impacts. In the case of an environmental release, the Company shall immediately perform remediation and conduct root cause analysis to prevent future occurrences.
- c. The Company aims to use technology and practices in its operations that improve efficiency and reduce environmental impacts and emissions.
- d. The Company shall endeavor to conserve resources and seek to minimize waste in its operations including recycling and reusing materials.

3. Environmental Leadership

- a. The Company commits to partnering with suppliers to prioritize sustainability in their operations and products.
 - i. The Company requires higher-risk suppliers to sign a [Supplier Code of Conduct](#) (or operate under their own comparable business conduct principles) and reserves the right to terminate a business relationship with any supplier that violates any of its principles.
 - ii. The Company actively promotes engagement with key suppliers to discuss their capabilities to provide sustainable products and solutions which may help its customers meet their sustainability goals.
- b. The Company aims to support its stakeholders in adapting to extreme weather impacts and reaching their sustainability goals.
- c. The Company shall continue monitoring market opportunities for environmentally beneficial products and educate its associates and customers on products.

- d. The Company aims to align with the United Nations Sustainable Development Goals in areas where the company can achieve the greatest positive impact.
- e. The Company shall work towards advancing water stewardship through company initiatives and innovative products and solutions.

C. Social Impact

1. Oversight of the Company's Social Impact program
 - a. Ferguson Cares is part of the Company's overall ESG strategy and maintains a clearly defined and transparent process for grant-making by upholding its existing governance structure to develop impactful partnerships and provide measurable value to the business and the communities the Company serves.
 - b. The Ferguson Cares Committee and Ferguson Cares Review Board provide oversight for the Company's social impact initiatives.
 - c. The Company's [Community Investment Policy](#) and [Branch Giving Guidelines](#) provide requirements and approval authorities for the donation of company funds to charitable organizations.
2. Investment Priorities
 - a. Ferguson Cares remains committed to investing in organizations that broadly align with the Company's business strategies.
 - i. Ferguson Cares supports initiatives to address equity in the community, uplift underserved youth, and further the economic development and independence in underserved communities.
 - b. Ferguson Cares invests in the community through expanding access to clean water and sanitation, quality housing, and ensuring a workforce of skilled trades professionals.
 - c. Ferguson Cares shall maintain key performance indicators to help ensure that the Company's investments are impactful.
3. Associate Engagement
 - a. The Company is committed to creating an environment free from discrimination and harassment ([U.S. EEO Policy](#) and [Canada Non-Discrimination and Non-Harassment Policy](#)), where all associates are treated with dignity and respect. To help create more equitable, inclusive, and sustainable communities, the Company and its associates strive to drive change and make meaningful impacts in under-resourced communities.
 - b. Associates are encouraged to give back to the community through volunteerism and in the U.S., are incentivized through the Company's Associates in Action

program. Associates in Action is a matching program that allows associates to log volunteer hours and earn donations for a qualifying public charity of their choice.

APPLICATION OF THIS POLICY

Any conflict between this Policy and the laws of any country in which the Company operates shall be referred to the Group General Counsel.

The Ferguson plc Board authorizes the Policy Owner (or delegate) to establish additional procedures and guidelines to help implement this Policy. Any exceptions to this Policy must be approved by the Chief Financial Officer (or delegate). All exceptions shall be documented in writing as a corporate record in compliance with the Company's Records Retention Policy.

GUIDANCE

For further guidance on any aspect of this Policy, please view our [ESG report](#) available on our website or contact the Policy Owner.

This Policy is owned and issued by the VP of Environment, Social & Governance.



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