

STRATEGIC REPORT (continued)

The directors have made an assessment that a dividend payment is appropriate having considered the likely operational and capital requirements and contingency planning.

The Group is primarily exposed to US Dollar and Euro exchange rate fluctuations and makes use of short-term forward exchange contracts and dynamic sales pricing in order to protect its gross margin.

The Group sources a range of products from a number of different countries. This presents logistical challenges and requires a detailed due diligence process to be conducted in compliance with the European Timber Regulations. These regulations prohibit [the sale of] wood products that have not been harvested in accordance with the regulations. The complexity of the supply chain means that our buyers are required to visit the harvesting countries regularly. These visits are costly but vital to ensure the legal integrity of all the components in the product, even when some of those are harvested in a different country to that in which the product is finally manufactured.

The trading subsidiaries, with the exception of Premium Timber products Limited have credit insurance policies in place and the credit control team play a vital role in risk management, with continual monitoring and management of customer behaviour and balances to ensure that bad debts are kept to a minimum.

As the Group continues to consolidate, attracting and retaining experienced and high performing employees becomes easier. We are focussed on ensuring that all employees have personal development opportunities and fully contribute to the Group's success.

A nationwide distribution service is provided by our own vehicles and we are exposed to the risks posed by extreme weather conditions and commercial vehicle driver safety is paramount. Active driver safety is managed through vehicle tracking and monitoring systems.

Our IT systems form a vital part of the business operation. We have a dedicated IT team who monitor the security and performance of all Information systems and have disaster recovery procedures in place.

Energy and Emissions Consumption

Energy and emissions consumption for the year ended 31 December 2020 is as follows:

	kWh	CO2e
Commercial vehicle, FLT and Car fuel (scope 1)	22,136,440	5,285.55
Purchased Electricity (scope 2)	5,312,806	1238.63

The intensity ratio is 28:1 based on tCO2e/£m

Methodology

The methodology has been based on the principals of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a 'dual reporting' methodology for the reporting of scope 2 emissions. Scope 1 data has been taken from annualised expenditure for the financial year. Scope 2 data has been taken from supplier billing data.