

CORPORATE SOCIAL RESPONSIBILITY REPORT continued

ENVIRONMENT

As a manufacturer of goods operating across a global platform we are committed to the prevention of pollution and reducing our environmental impact. The main environmental impacts of our processes continue to be the emission of carbon dioxide and the generation of solid waste which we send to landfill.

Within four of our major locations, and as a result of local regulatory requirements, we operate our own waste water treatment plants. In the fifth, Scotland, we partially treat our effluent to ensure we meet the outflow parameters before discharging directly into the public sewerage system, where our waste is combined with domestic effluent and treated by Scottish Water.

The environmental concerns differ region by region and thus, as a Company with worldwide operations, our business similarly is subject to a variety of regulatory regimes and cultures. As a consequence, we deal with environmental issues through a network of field and regional specialists operating within the business units. There continues to be active global cooperation between our sites, and this ensures that the many country-specific solutions we have implemented across our manufacturing facilities have now been adopted across several business units where common solutions are practical.

While the individual business units measure the relevant environmental impacts aligned to the specific country or regional legislation, we also collectively monitor our Group-level performance via four main measures:

- energy consumption per million metres of production;
- carbon dioxide (CO₂) emissions from the use of fuels and electricity in our factories;
- water consumption; and
- solid waste produced in our processes disposed of via landfill.

All four are important to us but our major focus has been on emissions from the burning of fuels and, as such, it is a main area of commitment. We monitor and maintain our equipment and processes to reduce the impact of fuel consumption and electricity-related CO₂ emissions. Major capital projects such as those undertaken in the US and China have incorporated the best available technologies at the design stage to minimise our emissions and energy usage per kilometre of product.

GLOBAL TARGETS

We meet and continue to surpass the targets we set in 2011, which was a 10% reduction per km product in CO₂ emissions, water use and solid waste to landfill. In effect we achieved double the target we had set.

Having evaluated the legislative requirements in the countries where we operate, and investigated the opportunities presented by technology, new targets were adopted in 2015 that by 2020 we would:

- reduce emissions (tonnes CO₂ per million metres production) by 30%;
- reduce energy usage (GJ per million metres production) by 15%;
- reduce water usage (cubic metres per million metres production) by 10%; and
- reduce landfill (tonnes of solids sent to landfill from process) to zero.



These targets demonstrate our aspirations in making a step-change in environmental performance into the next decade and underline our commitment and resolve to manage our environmental impacts and responsibilities.

CARBON DIOXIDE

In 2019, our CO₂ emissions per million metres of casing produced, reduced by 14% and this reduction keeps us on track to achieve our 30% reduction goal from 2015 to 2020 as shown on the chart opposite.

ENERGY CONSUMPTION

Energy consumption and emissions are closely related, and so our consumption data followed a similar positive trend to our emissions data.

In Scotland, our Combined Heat and Power (CHP) system that was commissioned in July 2018, continues to give significant benefits. In 2019, now that we have completed the first full year of operation, the CHP system has exceeded projections and continues to generate more than 90% of the Moodiesburn plant's requirement for electricity while utilising the waste heat from the exhaust to replace steam previously generated from the gas fired boiler.

WATER

Our water consumption is a mixture of well extracted and mains supply, this being driven both commercially and by the conditions in the regions. Similar to our energy and emissions profile, we made significant reductions per million metres of casing produced. In 2019 we reduced our global consumption by 9% which means we have now reduced our water consumption by almost 30% since 2015 hence, significantly exceeding our target set for a 10% reduction by 2020.

As the chart opposite shows we have reduced water usage in all but one of the last nine years and our current rate of water required to produce our products has now been reduced by half since 2005. Water consumption will continue to reduce in 2020 as we implement two capital projects saving water in both Scotland and Bathurst.

SOLID WASTE TO LANDFILL

In the various regions in which we operate, local legislation governs landfill use and is quite diverse. However, there is a common goal and message to reduce the impact wherever and whenever possible.

We remain focused on finding new avenues for our process waste and continue to evaluate new technologies with our business partners. Again we made some significant progress in 2019 by reducing our waste to landfill by 32% compared to 2018. We continue to send the vast majority of our collagen waste to composting and hence, energy generation. This trend continued across all plants throughout 2019. As a result we have now reduced landfill by 91% against our 2015 benchmark and are well positioned to achieve our goal of zero to landfill by 2020.

ENVIRONMENTAL MANAGEMENT SYSTEMS

Our main vehicle for compliance and improvement continues to be our environmental management systems. All our manufacturing sites employ environmental management systems based around the ISO 14001 model. Five of the plants are accredited with the ISO 14001 Standard. The plants continue to upgrade against the requirements of the ISO Standard (14001:2015) with the Scottish plants achieving their accreditation in May 2018.

GREENHOUSE GAS EMISSIONS

Our greenhouse gas emissions are mainly due to the use of energy in our factories and centre on heat and electricity for our manufacturing processes. In addition, we use HFCs and HCFCs in refrigeration equipment, own a number of vehicles and rent offices. The figures in the table below cover all of these activities except where we rent an office where the energy use is not measured separately. The impact of this on our numbers is not material.

METHODOLOGY

We have reported on all of the emission sources required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, and taking account of the GHG Protocol Scope 2 Guidance (2015).

GHG EMISSIONS DATA (TONNES OF CO₂E)

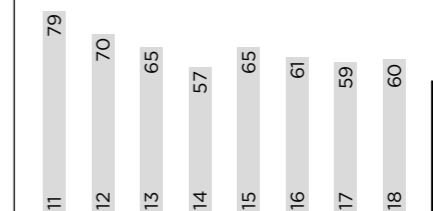
Despite the slight reduction in turnover vs 2018, our normalised emissions continue to show a year-on-year improvement now at 512 tonnes of CO₂e per £'m turnover.

	2019	2018	2017
Scope 1 emissions (tes)	61,988	59,932	62,438
Scope 2 emissions (tes)	65,975	79,738	75,877
Scope 1 + 2 emissions (tes)	127,963	139,670	138,315
Intensity measure (£'m turnover)	250	253	257
Normalised emissions (tonnes of CO ₂ e per £'m turnover)	512	551	538

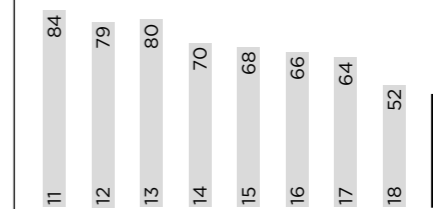
The Strategic Report, comprising pages 1 to 43 inclusive, was approved by the Board of Directors of the Company on 3 March 2020.

ANDREW MONEY
COMPANY SECRETARY
3 March 2020

CO₂ EMISSIONS (TONNES CO₂/MILLION METRES EQUIVALENT CASING SOLD) 2005 = 100; 2020 TARGET = 45.5



WATER USE (M³ WATER/MILLION METRES EQUIVALENT CASING SOLD) 2005 = 100; 2020 TARGET = 61.2



TONNES WASTE (CONVERTED TO A SOLIDS BASIS) (SENT TO LANDFILL/MILLION METRES EQUIVALENT CASING SOLD) 2005 = 100; 2020 TARGET = 0

