

REDUCING OUR ENVIRONMENTAL IMPACT



We are continually reducing our environmental impact to benefit our business, communities and future generations with a focus on energy efficiency, carbon, waste reduction and water. Our specific environmental concerns differ by region and similarly, our business is subject to a variety of regulatory regimes and cultures. We manage environmental issues through a network of field and regional specialists operating within the business units. However, active global cooperation between our sites ensures that many country-specific solutions we have implemented across our manufacturing sites become adopted across business units where a common solution is practical.

Our individual business units measure relevant environmental impacts aligned to the specific country or regional legislation, but we collectively monitor our Group-level performance via four main measures, as outlined in the below targets.

GLOBAL TARGETS

Our original five year environmental targets set in 2011 were a 10% reduction per km of product in CO₂ emissions, water use and solid waste to landfill. We effectively achieved double the target set. New targets were adopted in 2015 having evaluated the legislative requirements in the countries where we operate, and investigated the opportunities presented by technology. We targeted that by 2020 we would:

- reduce emissions from the use of fuels and electricity in our sites (tonnes CO₂ per million metres production) by 30%;
- reduce energy consumption (GJ per million metres production) by 15%;
- reduce water consumption (cubic metres per million metres production) by 10%; and
- reduce landfill (tonnes of solids sent to landfill from process per million metres production) to zero.

We are pleased to report our cumulative performance from 2015 to the end of 2020 against these targets:

- emissions reduced by 27%;
- energy consumption reduced by over 15%;
- water consumption reduced by 37%; and
- waste to landfill cut from 86t/Mm in 2015 to 7.5t/Mm in 2020 (-91%).

In 2021, we will set new, ambitious environmental targets alongside the implementation of an updated sustainability framework. These targets will be broader and more challenging and may require capital expenditure to meet. In 2021 we will submit our environmental performance data to the CDP (formerly Carbon Disclosure Project) for the first time.

MANAGING ENVIRONMENTAL PERFORMANCE

Our main vehicle for compliance and improvement continues to be our environmental management systems, employed at all of our manufacturing sites. As at year end 2020, five of our seven collagen production sites are certified with the ISO 14001 Standard and the sites aim for continued conformity with the requirements of ISO 14001:2015. Further details can be found in our global environmental management statement on the website.

ENERGY AND GREENHOUSE GAS EMISSIONS

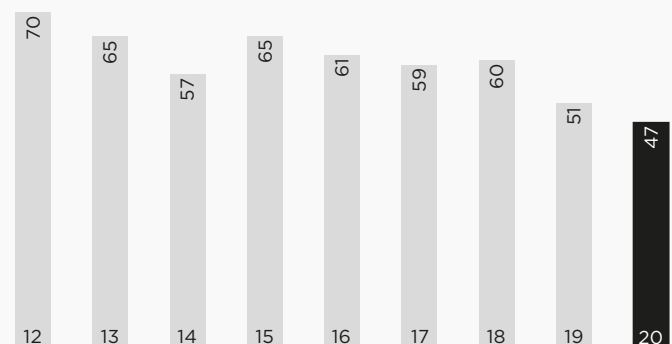
We aim to minimise our impact on climate change by continuing to work towards reducing our energy intensity and carbon emissions. We monitor and maintain our equipment and processes to reduce the impact of fuel consumption and electricity-related CO₂ emissions. Any major capital projects have incorporated the best available technologies at the design stage to minimise emissions and energy usage per kilometre of product.

In 2020, our CO₂ emissions per million metres of casing produced reduced by 8% from that reported in 2019. Despite significant emissions reductions in the last two years, we slightly missed our five-year target to reduce CO₂ per million metres of casing produced by 30% (actual 27%). The main contributor to CO₂ emissions reduction in 2020 was the closure of Bellshill site, with the production relocated to more efficient sites in the Group without a material loss in total output.

Our energy consumption data follows the trend in our emissions data as our greenhouse gas emissions are mainly due to the use of energy in our sites and centre on heat and electricity for our manufacturing processes. In 2020, our energy consumption per million metres of production was down 8%, meaning we have exceeded our five year cumulative energy reduction target of 15% to 2020. A project to install 100kW of solar panels at our site in Bathurst, Australia was approved in November 2020 and will be commissioned in 2021, which will help reduce this further. We use HFCs and HCFCs in refrigeration equipment, own a number of vehicles and rent offices. The figures in the table below cover all types of energy and all emissions (except Scope 3 data) for the Group, barring where we rent an office where the energy use is not measured separately. The impact of this on our numbers is not material.

CO₂ EMISSIONS

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



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). Our base year for Scope 1 and 2 emissions data is 2012. Our 2012 base year emissions were 76,958 tonnes of CO₂e (Scope 1) and 66,605 tonnes of CO₂e (Scope 2).

Despite the slight reduction in revenue compared to 2019, our normalised emissions showed a 10% reduction year-on-year and are now at 459 tonnes of CO₂e per £'m revenue.

Responsible Business (continued)

REDUCING OUR ENVIRONMENTAL IMPACT (CONTINUED)

ENVIRONMENTAL PERFORMANCE DATA

This table discloses the energy consumption, emissions and water usage of the entire Group.

Energy consumption and emissions data

	FY20			FY19		
	UK	Global (excl UK)	Group total	UK	Global (excl UK)	Group total
EMISSIONS						
Scope 1 (tCO ₂ e)	19,060	34,589	53,649	23,911	38,077	61,988
Scope 2 – location based (tCO ₂ e)	3,059	57,530	60,589	5,367	60,608	65,975
Total scope 1 & 2 (location)	22,119	92,119	114,238	29,278	98,685	127,963
Intensity measure (£'m Group revenue)	-	-	248	-	-	250
Intensity ratio (per £'m Group turnover)	-	-	459	-	-	512
ENERGY (kWh)						
Total renewable fuels consumption (kWh)						
Diesel	0	1,570,736	1,570,736	0	2,480,651	2,480,651
Gas	104,191,275	189,054,699	293,245,974	125,992,642	204,337,677	330,330,319
Total non-renewable fuels consumption (kWh)	104,191,275	190,625,435	294,816,710	125,992,642	206,818,328	332,810,970
Total renewable electricity consumption (kWh)	7,112,763	0	7,112,763	11,445,480	0	11,445,480
Total non-renewable electricity consumption (kWh)	15,553,560	81,639,259	97,192,819	15,294,497	87,841,789	103,136,286
Total renewable other energy consumption (kWh)	0	0	0	0	0	0
Steam	0	35,005,782	35,005,782	0	35,913,914	35,913,914
Total non-renewable other energy consumption (kWh)	0	35,005,782	35,005,782	0	35,913,914	35,913,914
Total renewable energy consumption (kWh)	7,112,763	0	7,112,763	11,445,480	0	11,445,480
Total non-renewable energy consumption (kWh)	119,744,835	307,270,477	427,015,312	141,287,139	330,574,030	471,861,169
Total operational energy consumption (kWh)	126,857,598	307,270,477	434,128,075	152,732,619	330,574,030	483,306,649
WATER						
Freshwater usage (m ³)	492,434	1,237,292	1,729,726	606,586	1,381,377	1,987,963
Intensity ratio (per £'m Group turnover)	-	-	6,986	-	-	7,952

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 2020, our water consumption in cubic metres per million metres production decreased by 10% compared to 2019. We implemented a capital project targeted at cost savings in water in Scotland which contributed to this saving in 2020. We have reduced our total water consumption in cubic metres per million metres production by 37% since 2015, significantly exceeding our 2020 target.

There were no incidents of non-compliance with water quality permits, standards, and regulations for 2020.

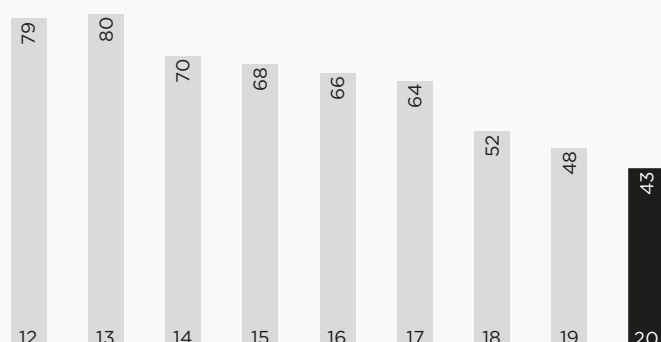
WASTE MANAGEMENT

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

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.

WATER USE

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



Our 2020 target was zero waste to landfill. We have made significant progress over the last five years and although we fell short of our zero waste target for 2020, our actions have reduced our waste to landfill per million metres production by 91% since 2015. This has been achieved through minimal investment. By separating out non-compostable items and using biodegradable bags for our organic waste, we are able to generate circular economy benefits by sending the vast majority of our collagen waste to composting and hence, third-party energy generation. We remain focused on finding new avenues for our process waste and continue to evaluate new technologies with our business partners. In 2020, our tonnes of solid waste to landfill increased by 11% compared to 2019 as a result of one-off issues in our US site. On an intensity ratio basis, these were offset by higher output.

2020 WASTE MANAGEMENT

	2020	2019
Waste to landfill (tonnes)	2,293	2,073
Other waste, incinerated or recycled (tonnes)	8,382	9,328
Total waste (tonnes)	10,675	11,401
Intensity ratio (per £'m Group revenue)	43.1	45.6

TONNES WASTE

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

