MarleyEternit

Marley Eternit Stakeholder report

On Environmental Performance 2016

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Marley Eternit has been at the forefront of sustainability within our industry for a very long time – and this report confirms our ongoing commitment to reducing the environmental and social impacts of our operations throughout the UK.

All of our UK manufacturing plants producing concrete, clay and fibre cement roofing products have in place certified Quality, Health & Safety and Environmental management systems, to the internationally-recognised ISO 9001, ISO 14001 and OHSAS 18001 standards.

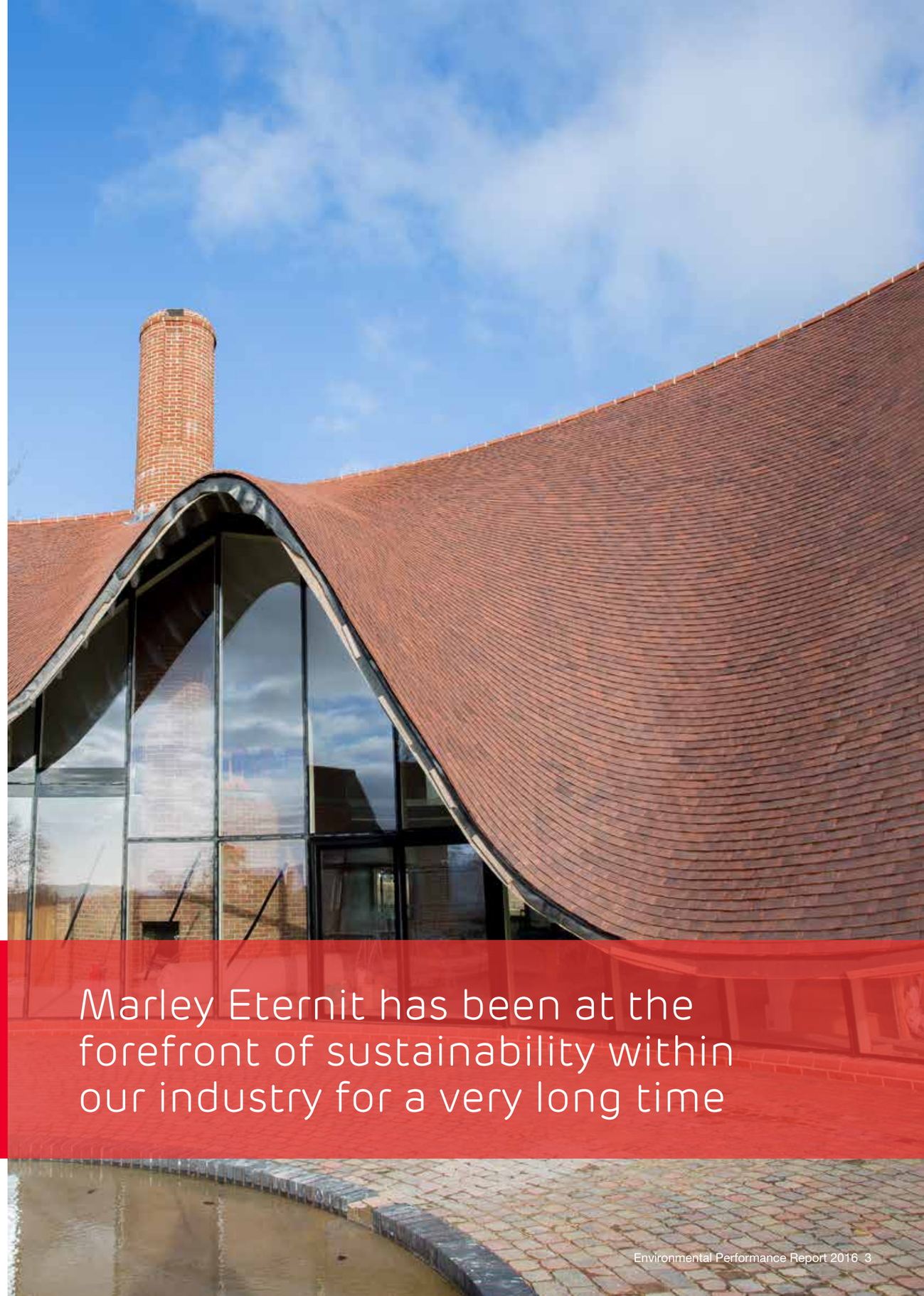
In addition to these long-standing management systems, the business is also assessed and certified to the BES 6001 Framework Standard for the Responsible Sourcing of Construction Products.

BES 6001 is increasingly recognised across the construction industry as a robust means of demonstrating the highest levels of sustainability and responsibility, both in terms of a business's products and the impact of its operations.

Introduced by the BRE in 2009, BES 6001 is a holistic framework standard, bringing together many elements of existing management systems, plus additional areas of robust assessment, including performance against targets and objectives set out to manage environmental and social impacts.

Annual audits provide the business with certification and a rating for each main product group. This third-party assessment and verification is becoming increasingly important for customers as a means of demonstrating commitment to CSR and a responsible supply chain.

Certification also enables construction professionals to achieve higher environmental levels on building designs, built to the BREEAM family of environmental assessment schemes. Furthermore, the Home Quality Mark (HQM), which has been brought in by the BRE to replace the Code for Sustainable Homes, will also recognise properties that have been built using responsibly sourced materials – certified to BES 6001.



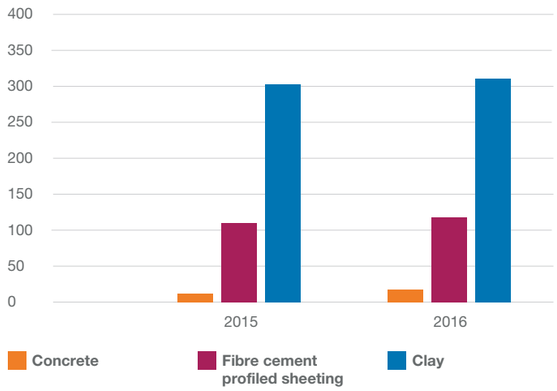
Marley Eternit has been at the forefront of sustainability within our industry for a very long time

Carbon emissions

Marley Eternit is committed to maintaining a sustainable environment and minimising the carbon impact of its operations

All of our roofing products have a calculated carbon footprint rating. The provision of this data enables greater transparency of environmental impacts associated with our products, helping to facilitate a more informed and responsible product choice.

Carbon emissions (kg CO_2/tonne)



The business has a long-term commitment to having its products 'life cycle assessed' for the purpose of producing comprehensive Environmental Product Declarations (EPDs). Such declarations provide verified impact data, including embodied carbon, which can be used as a basis of continual environmental improvement.

Raw materials, manufacturing energy (fuel and power) and transport are the most significant contributors to the company's carbon footprint and are greatly affected by the amount of product supplied. In 2016, the construction industry continued to grow, placing huge demands on the supply of raw materials and construction products.

In 2016, the business fell slightly short of its overall targeted reduction of CO_2 emissions per tonne of product produced. This was primarily due to factors affecting clay kiln performance at our Keele site and essential upgrades that were made to our concrete production line at Beenham.

To identify and implement energy reduction improvements, Energy Champions have been selected at each operational site with reduction targets set from 2017 onwards. To improve the clarity on energy performance, meters are being added to each production line to identify base-line trends and usage anomalies. Energy projects started in 2016 include replacing light fittings and bulbs with more efficient LED's internally and externally across the majority of the sites.

Marley Eternit has continued its commitment and obligations under the various Government climate change and energy reduction regulations. These include the Carbon Reduction Commitment Energy Efficiency Scheme (CRC), the European Emissions Trading Scheme (EUETS) and Energy Savings Opportunity Scheme (ESOS).

Resource use

Switching to more environmentally friendly and sustainable constituent materials is a high priority for the business, and wherever reasonably practicable, the Company will endeavour to use:

- Renewable materials
- Fewer materials
- Recycled and recyclable materials

2016 saw the continuation of a number of key projects and initiatives, designed to enhance both the business's responsible supply chain and the long-term durability of the finished product:

Concrete Tiles

Concrete tiles, produced at our Burton and Beenham factories, used the highest levels of recycled and crushed aggregate to date, in order to reduce the organisation's reliance on quarried sand.

The business also monitors sand particle size and works closely with suppliers to control and reduce, where possible, the volume of oversized material which is deemed to be outside of specification and has to be reprocessed before it can be used.

Ground granulated blast furnace slag (GGBS) is now used across all concrete production sites as a partial cement replacement. GGBS delivers greater reactivity with cement, leading to a better microstructure, improving the lifetime and long term durability of the finished product. In 2016, GGBS, as a proportion of total cementitious products, was at its highest level to date.

Clay Tiles

A strict quality agreement with our clay supplier ensures high levels of material consistency. Inevitably, this continues to have a positive effect on product consistency, quality and long term durability.

In addition to strict supply chain management, all unfired clay waste is introduced back into the production process which minimizes waste and maximizes the use of the raw material.

Fibre Cement

In line with concrete tile production, the business has introduced GGBS as its primary cement replacement material for fibre cement profiled sheeting, resulting in significant improvements to product quality and long-term durability.

In recent years, there has been a concerted effort to increase the use of cellulose replacement, which includes recycled paper and cardboard. In 2016, the proportion of this replacement material increased dramatically, meaning that the business significantly reduced its use of imported cellulose fibres.

In addition to managing resource associated with product manufacture, all employees receive a copy of the company's Environmental booklet, and non-office based staff are required to attend regular toolbox talks aimed at raising awareness of issues relating to resource use and encourage best practice.

Waste management

The business maintains an ambitious target to divert 100% of its waste from landfill – and following good progress in 2016, it is now diverting 100% of its waste at three (of the five) UK manufacturing sites. Efforts are continuing with the other manufacturing sites to achieve the 100% target.

Improvements have continued to be made in finding solutions for dealing with the Company's waste. This has included the facility to recycle 100% of our hard production waste for concrete tiles and pre-fired/cured waste for: clay, concrete tiles, fibre cement slates and profiled sheeting.

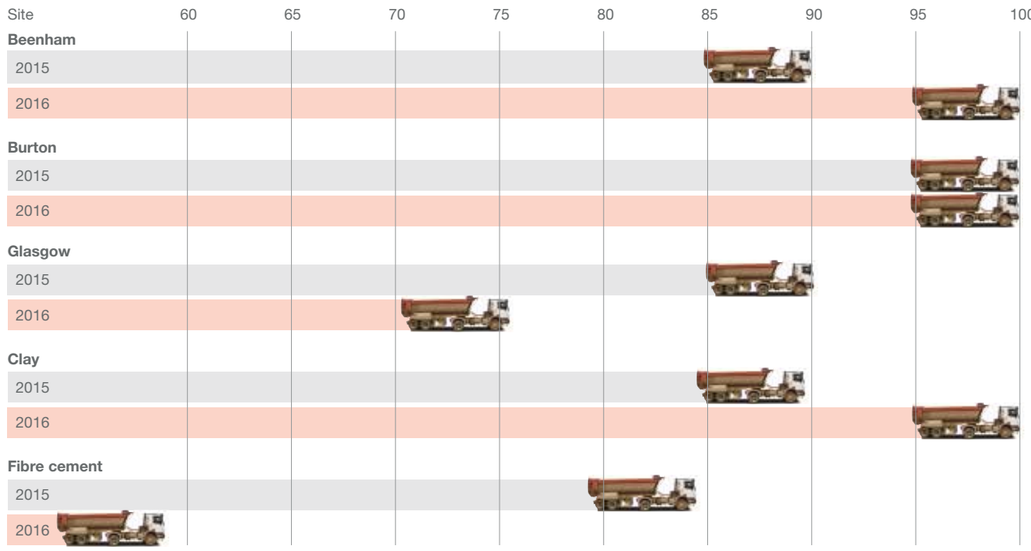
Much of this material is reprocessed and fed back into the production cycle with the remainder diverted and recycled for other uses, such as a sub-base for road construction.

Marley Eternit also recognises that the ideal solution is not to produce waste at all – and all of our sites are tasked with implementing rigorous controls and procedures to mitigate this. To assist in this matter, stringent waste reduction targets are set and monitored across all sites to encourage continual improvement.

For non-production waste, the business employs a specialist waste management company that operates nationally, providing a recovery service to each of our factory locations. An important element of this service includes a waste performance dashboard which shows site by site progress as well as the overall group performance. The dashboard captures all waste streams, their associated volumes and costs so that performance can be tracked on a monthly basis.

Our employees also have a part to play in this process – and we continue to provide information and raise awareness through the use of employee handbooks and toolbox talks to ensure participation and buy-in to our environmental aims.

% waste diverted from landfill



Water extraction

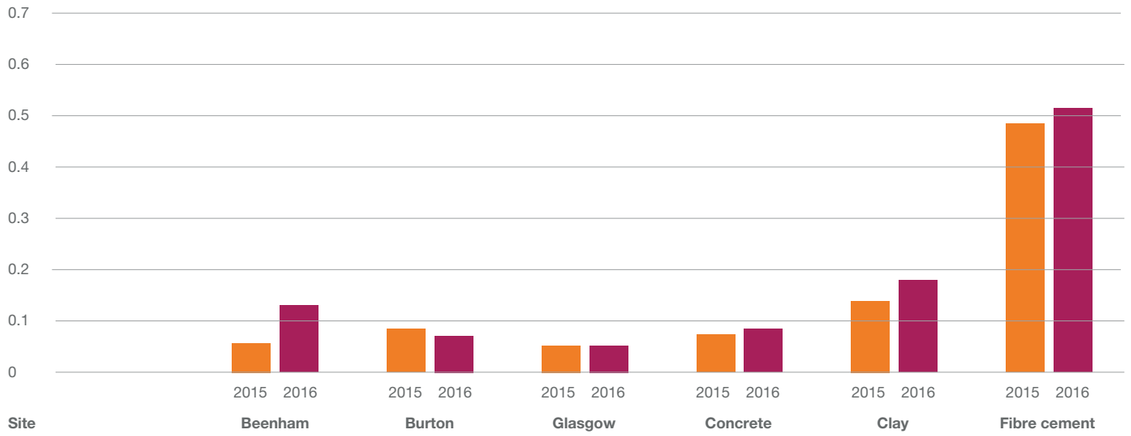
The business is fully aware that water is a natural and often scarce resource that needs to be conserved. Consequently, all of our sites have ambitious targets to reduce water consumption year-on-year.

In order to achieve an ongoing reduction in water usage, factories are required to assess their own processes and explore all options, specific to their location, for the potential reduction of water. Consequently, a number of our production sites have succeeded in introducing innovative ways of recycling waste water which is fed back into the production process - creating a closed cycle.

Our clay tile factory at Keele continues to be exemplar in its efforts to manage its water usage - and has introduced a rainwater harvesting system that collects, stores and uses rainwater, reducing demand on mains supplies. In 2016 this water accounted for 5% of its total water usage.

Our fibre cement profiled sheeting factory at Meldreth continues to operate a specialised treatment works that converts waste water from the production process into water that is safe enough to be re-introduced into a local stream.

Water consumption per site (m^3/tonne)



Reducing transport impacts

As an industry leading manufacturer with national coverage, the business recognises the potential social and environmental impacts of all transport associated with its activities - including incoming raw materials and outgoing finished product.

In conjunction with raw material suppliers, and our contract haulier, the business has set strict targets to ensure that transport impacts are minimized at every level.

This is achieved through effective route planning, local sourcing of materials – and wherever possible, optimisation of loads.

Discussions with our key transport haulier have defined a wider range of social and environmental objectives to be achieved, in addition to the all-important economic and service targets.

In 2016, the business made good progress in reducing its transport impacts. Careful planning and optimisation of deliveries resulted in a 1.75% reduction in average distance travelled per delivery compared to the previous year.

Improvements made at our Beenham production line in 2016 resulted in a greater reliance nationally on product made at Burton and Glasgow factories. Consequently, this had an adverse impact on CO_2 emissions per tonne of product delivered - which increased by 3.39%

Our key transport haulier has successfully implemented the Isotrack, Dynafleet and Optifleet telematics systems for their vehicle fleet. These systems are extremely effective in identifying and improving driving standards by monitoring:

- Use of cruise control
- Harsh braking
- Idling time
- Over-speed

The results of driver performance are disclosed published on a weekly basis and this has resulted in a significant improvement to driving standards and fuel efficiency. To further encourage buy-in and better driving, a monetary bonus scheme has also been introduced to give a further incentive to improve performance.

All fleet vehicles are to Euro 6 specifications - meaning that they all meet the latest and most stringent emissions standards. There are also plans to add additional Euro 6 compliant vehicles to the fleet in May 2017. Continual work is being done to replace ageing fleet with newer higher spec vehicles.

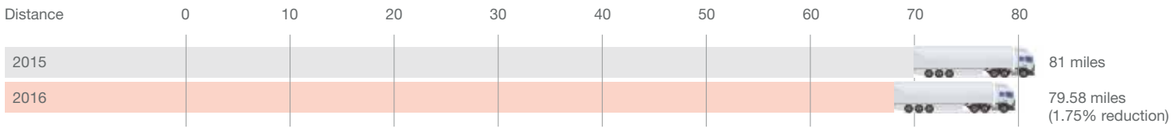
Incoming raw materials

The types of transport used – and distances travelled – by our suppliers, to deliver the key constituent raw materials, are monitored and regularly reviewed.

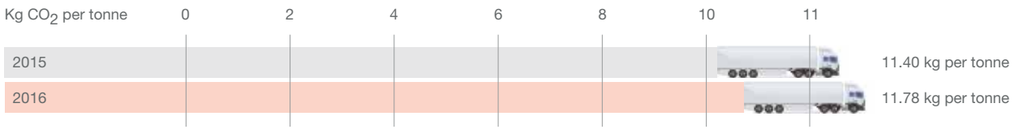
Where possible and practicable, the business attempts to use raw materials and suppliers with sources local to our production facilities.

Responsible suppliers holding management systems and certification to ISO9001, ISO14001, OHSAS 18001 and BES 6001 are preferred.

Average distance travelled per delivery (miles)



CO_2 emissions as a proportion of product delivered (tonnes)



Employment and skills

The ongoing training and development of employees, and in particular, the understanding and delivery of environmental objectives – are amongst the highest priorities for the business.

As a result, there is a documented commitment within the company policy to ensure that each employee, as a minimum, receives appropriate training to ensure adoption and commitment to the following standards and management systems:

- ISO 9001
- ISO 14401
- OHSAS 18001
- BES 6001

We continue to invest in the development of our work force, and as such, we conduct regular training for both office and factory based staff. Training carried out has a broad coverage and includes improving job related skills and health & safety awareness.

As well as supporting the existing workforce, all new employees receive a formal induction process that introduces them to various aspects of the business and its commitments to minimising environmental and social impact.

In addition to supporting local work experience and student placements, we also operate a number of apprentice schemes which cover engineering and manufacturing roles.

Health & Safety

Health & Safety is of upmost importance to our business and we prioritise safety training for all our staff. As part of our ongoing efforts to improve safety for all, we have adopted the SafeStart Training Program, a well-tested and respected H&S training package delivered by DUPONT. SafeStart has been launched across the entire UK business and will continue to be rolled out in 2017. We have also introduced an online Safety Hub which incorporates a monthly video-based training system for all office-based staff to help increase their H&S awareness.

To assist with improving environmental awareness, we are currently rolling out extra training across all our sites, which includes:

- Environmental Performance Auditors
- Spill response
- EHSQ Management System

Local communities

Marley Eternit continues to have a strong community presence in and around its factory locations. The business and its employees are actively encouraged to engage positively with local stakeholders by supporting community projects, schools, colleges, charitable causes and the wider environment.

Supporting professional development

As the market leader in roofing, the business has a role to play in helping to address the national skills shortage and assisting, where possible, the flow of future professionals into the construction industry. Consequently, Marley Eternit continues to support a number of roofing and architectural colleges nationally through the donation of free materials which are used for training purposes.

In conjunction with material donations, the business continues to engage with future industry professionals by offering:

- CPD seminars
- Product knowledge courses at our Burton upon Trent training centre
- Free of charge products for college and university material labs

The business is also active in sponsoring a number of industry awards, including the Roofing Apprentice of the Year Award for West Scotland College.

Charitable donations

Marley Eternit employees continue to be highly active participating in, and organising, charitable events that raise important donations. Such events include runs, walks, marathons and triathlons, to name a few.

More recently, the business held a Red Nose Day across all factory locations to raise money and awareness for the Children in Need cause. The business offers ongoing support to a number of local groups, including junior football leagues, churches and the local sports and social clubs. Other activities include sponsoring the local summer festival and theatre group.

Many of our factory locations are situated in areas with important connections to the environment and local wildlife. Most of our sites continue to get involved and offer a range of support, including the provision of ‘Bug Hotels’ and membership of the Wildlife Trust.

Summary

The environmental performance and responsible nature of the business in 2016 was extremely positive – and continued to build upon the progress achieved in previous years. Much of this improvement has been achieved through the business’s commitment to BES 6001 and a determination to maintain its position as one of the most responsible and sustainable manufacturers in the industry.

BES 6001 Responsible Sourcing
www.greenbooklive.com

breeam responsible sourcing

CPC
UKAS

All factories certified to ISO 9001, ISO 14001, OHSAS 18001

HOME QUALITY MARK

Assessment and certification to the BES 6001 standard continues to raise the business’s profile within the industry, and provides credible third-party verification of efforts to positively manage the impact of the organisation.

A long-term commitment to the life-cycle assessment of products, including current embodied carbon ratings, continues to set the business apart from industry competitors. It also allows customers to make more informed decisions based on the ‘cradle-to-grave’ impact of each product.

As an industry leader, the business has demonstrated continued commitment to innovation by putting it at the heart of the business. The development of affordable, innovative and sustainable products, that benefit customers and the wider environment is a priority.

Through the implementation of specific policies, measures and targets – and by proactively engaging with stakeholders – Marley Eternit aims to build on its achievements and improve the sustainability performance across all sectors of business operations.

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