



# Committed, challenging and innovative



# Passionate about Private Label

McBride is Europe's leading provider of Private Label Household and Personal Care products. We develop, produce and sell our products to the major grocery retailers throughout Europe and beyond.

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## Message from the CEO



# Growing Momentum

Becoming more sustainable brings challenges. But at McBride we enjoy the challenge as we know that every challenge brings with it an opportunity.

**T**his year we've seen a growing momentum behind our sustainability programmes throughout the company. It is our tenth annual Sustainability Report and, on this significant anniversary, we've got much to celebrate. But we know that in this increasingly fast moving business and regulatory environment we can never be complacent.

Regulators and consumers alike are demanding that manufacturers show greater respect for the environment and are willing to make a more substantial contribution to society as a whole. At McBride, we want to remain ahead of the curve on sustainability rather than simply responding to the demands of others.

As a company we have a long and proud tradition of innovation, of staying out in front of the competition, of creating market-leading products, and playing a key role in the development of the Private Label sector. Increasingly we're putting that energy and talent for innovation to good use in the field of sustainability.

### Every challenge brings an opportunity

Becoming more sustainable brings challenges. We're constantly having to question long-standing assumptions and to reevaluate well-established processes and business models. This is even more demanding in these times of continuing economic uncertainty. But at McBride we enjoy the challenge as we know that every challenge brings with it an opportunity.

Fitting more bottles onto a pallet, ensuring that trucks are as fully loaded as possible when they hit the road, and reducing the quantity of raw materials used in our packaging isn't just good for the environment – it makes good financial sense too. We're seeing all the time how it can help us to be more cost-efficient. This puts us on a more secure financial footing and it helps us to be more competitive. So we often find that far from creating a conflict, sustainability and good business go hand-in-hand.

Everyone in the company has a role to play when it comes to driving our sustainability agenda. I find it very encouraging that whenever I speak to our staff and visit our plants in Europe and Asia, I see practical examples of sustainability that have evolved from the ideas of our own employees. From transport and logistics to product formulation and from general operations to personal development, our employees have looked at every aspect of our work this year and asked how they can make it more sustainable.

**“Regulators and consumers alike are demanding that manufacturers show greater respect for the environment and are willing to make a more substantial contribution to society as a whole. At McBride, we want to remain ahead of the curve on sustainability rather than simply responding to the demands of others.”**

# Message from the CEO

## continued

### Sustainability affects every aspect of the business

We carefully consider every idea aimed at improving our sustainability and then we develop it and test it to make sure that it stands up to thorough analysis. Our energy and packaging development groups, which were put in place last year, and the Sustainability Steering Group are helping our colleagues across the company to share best practice. A good idea in one area of the business can be just as effective when applied to another area and McBride employees are constantly suggesting new solutions to the challenge of sustainability.

Sustainability affects every aspect of the business and every action we take has a knock on effect. So the Steering Group coordinates efforts across the entire company to cut emissions and energy usage as well as reducing our intake of resources.

It also performs the important role of identifying threats and opportunities to the business presented by issues such as climate change. We're proud to say that we continue to comply with the requirements of the FTSE4Good Index and to report on our emissions performance through the Carbon Disclosure Project.

Just as we've been agile and innovative when it comes to creating new products, we're also agile and innovative when it comes to dealing with the challenges presented by the sustainability agenda.

A company that encourages its staff to take the initiative, that is open to new ideas and that is determined to stay ahead of the game is a company with a promising future, a company that is embracing the challenges of sustainability in all aspects of the word.

**Chris Bull**  
Chief Executive Officer

McBride has been a leading contributor in the development of the A.I.S.E. Charter for sustainable cleaning.



We're proud to say that we continue to comply with the requirements of the FTSE4Good Index and to report on our emissions performance through the Carbon Disclosure Project.



FTSE4Good

Image left: Casino's ecological washing up liquid refill uses 53% less plastic than the equivalent bottle and qualifies for the EU Ecolabel based on its environmental credentials.



# Private Label's role in the economic environment

Everyday

# Value

### Private Label's role in the economic environment

With food prices rising an average of 2% across Europe and ongoing concerns over job security, shoppers need to save money on their groceries has strengthened over the last year. Many are keeping to a set budget for their weekly shop and are reluctant to exceed this, they are focused on the week ahead and cannot afford to stock-up on multi-buys. Consumer surveys reveal that shoppers are increasingly dissatisfied with multi-buy offers and promotional noise, preferring everyday value for money in order to be able to plan their weekly spend.<sup>(1)</sup>

### Everyday value

The everyday value for money offered by Private Label satisfies these needs and, moreover, the new Private Label value proposition is more than just low price, there is an increased focus on the added value benefits, whether it is enhanced performance, convenient packaging, sustainability credentials or innovation. 88% of shoppers surveyed recently, said they intend to keep purchasing Own Brand even after the economic climate improves.<sup>(2)</sup>

As Europe's leading manufacturer of Private Label Household and Personal Care products, McBride is at the forefront of helping families to manage their budgets and still purchase high quality, innovative products.

### Changing consumer attitudes to Private Label

#### Reasons for buying more standard Private Label

##### Economic drivers

Tighter budgets	67%
Price inflation	63%
Forensic shopping	60%

##### Performance drivers

Quality improvements	50%
Range expansion	42%

Source: IGD Shopper Vista May 2013.

88% of shoppers said they intend to keep purchasing own brand even after the economic climate improves

Source: Nielsen/Planet Retail.

<sup>(1)</sup> IGD Shopper Vista Surveys April/May 2013.

<sup>(2)</sup> Source: Planet Retail/Nielsen.

## An overview of sustainability activities



# Staying ahead of the Game

Mario Morsiani Chairman of the Sustainability Working Group gives his views on what's been happening.

“With ever greater requirements for sustainability coming from both regulators and customers, everyone at McBride is playing a part in keeping the company at the forefront of sustainability”, says Mario Morsiani, Chairman of the Sustainability Working Group.

**Q** What's driving the sustainability agenda at McBride – customers or regulations?

**A** Both, is the short answer. For our customers, our improvements are also their improvements. Because we manufacture their products we help them to achieve their sustainability targets. For example, some customers require us to comply with their corporate social responsibility standards across a whole range of issues, from the impact of our activities on bio diversity to our avoidance of using child and forced labour. Customers will also see their competitors doing something more sustainable and will ask us very quickly if we can do something similar. Yes, regulations are important and they are becoming stricter. But, like our customers, we want to stay ahead of legislation and

do things now that regulators will be demanding in two, five or even ten years time. We are taking the initiative in all areas rather than waiting until EU regulations require us to take action.

**Q** Who's responsible for sustainability at McBride?

**A** It's everyone's responsibility. Increasingly this year we've made it clear to everyone in the company that they have a part to play. We want to hear ideas from every member of staff, whatever their area of responsibility. There's a real buzz, a real sense of excitement within McBride about the opportunities open to everyone to make all our products and the company itself more sustainable, more environmentally friendly.

## Quick read

→ We're working to stay ahead of demands by both regulators and customers on sustainability

→ Every member of staff has a role to play in sustainability – tackling challenges and exploiting new opportunities

→ This summer's workshop with Deloitte has identified new opportunities for us to become more sustainable and make sustainability more measurable

## An overview of sustainability activities continued

### Q You've been working with Deloitte this year?

**A** We've chosen to work with Deloitte because they have worked with A.I.S.E. (International Association for Soaps, Detergents and Maintenance Products). They have an excellent reputation in Sustainability, as well as working within our sector, so they're in a good position to help us on our sustainability journey.

### Q What happened during the workshop you held with them?

**A** The workshop has helped us to create a road map, or action plan, which considered the full environmental impact of our products, from the raw materials we use to make them and how they're used by the consumer at home.

We've been looking at how becoming truly sustainable can be achieved through adapting existing business models, developing strong leadership at all levels and introducing a culture of innovation. In order to do this Deloitte has been interviewing McBride employees at many levels across the Group with a range of expertise to learn more about the sustainability challenges that we face as a business.

Following this research engagement, key McBride personnel from across the business including representatives from category development, Research and Development (R&D), packaging, Human Resources, site operations and management attended a workshop facilitated by Deloitte. In an open and wide-ranging, but results focused, discussion we worked to develop solutions for the sustainability challenges we each face across the business. We shared best practice and learnt from each other more about what our customers, consumers and other stakeholders are likely to demand from us in the future.



We are developing more sustainable products and reducing the amount of packaging used.

We then took the opportunity to discuss key themes, objectives, targets and KPIs pertaining to sustainability and how it affects our business. This will help us to develop sustainability targets and KPIs, especially with reference to new product development, and to work out how the business can measure and meet these metrics realistically and effectively. We can also identify how they relate to our current sustainability strategy and what needs to be changed.

Following the workshop we're now convinced that we're in a strong position to develop a clear and effective roadmap that will help us to embed sustainability more deeply at every level and within every area of the business.

### Q What challenges do you face in your work to make McBride more sustainable?

**A** You need to take various factors into account. Sometimes more environmentally friendly products can cost more and may require some sort of initial investment. This is always a challenge in the current, highly competitive market place. However, I'm pleased to say that many sustainability projects can actually save money and improve efficiency.

We also have to think about issues such as marketing – we want to reduce packaging but, as a Private Label manufacturer we always have to think about our customers too. We have to make sure that the packaging protects the product during distribution but at the same time we have to make sure that the products look good on shelf.

Take another example. Concentrated formulas are a great way to reduce the size of bottles and the amount of packaging but there are also cultural differences across our markets. For instance, people living in flats in London or in single households may prefer smaller bottles and packs, whereas larger bottles are popular in countries such as Poland and Spain, because people feel that they're getting more value for money.

“There's a real buzz, a real sense of excitement within McBride about the opportunities open to everyone to make all our products and the company itself more sustainable, more environmentally friendly.”



# An overview of sustainability activities continued

**Q** What else is McBride doing to make itself more sustainable?

**A** As I say, everyone has a part to play in making the company sustainable and we're examining everything we do to ask whether we can make it more sustainable. To take a few examples at an everyday level we're continuing to cut the CO<sub>2</sub> emissions from our company cars, we use low voltage lighting, we hold 'print free' days, and if we do have to print we print on both sides of a sheet. There are bigger projects such as improvement in our compressors, more efficient blow moulding machines and improvements in our distribution network.

And we're also improving health and fitness among our staff. For example in Belgium we have introduced an exciting new project called Start-to-run which gives help and advice. We even hold an annual mini-marathon of seven kilometres which is open to anyone who's looking for a bit more of a challenge, including our CEO.

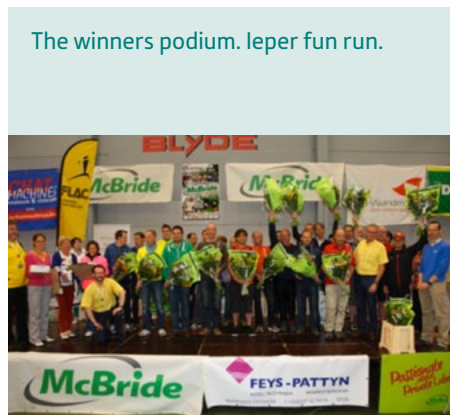


Sustainability projects can save money.

**Q** Looking to the future, what are your goals?

**A** We want to be able to measure what we're doing in terms of sustainability more accurately, so that we get a more complete picture of the current situation and can make better decisions for the future. We need to develop more accurate KPIs for sustainability. We're working to develop a way of collecting and coordinating all our sustainability information.

We'd like to be able to say to our customers: 'We've helped you to save 10% on plastic, water and energy over the past year and will be saving a further 10% over the next two years'.



The winners podium. leper fun run.



McBride celebrates the 10k leper run with Chris Bull our CEO taking part in the event.



The average CO<sub>2</sub> emission by a McBride company car has fallen from 136g per kilometre in 2009 to 118g per kilometre in 2013. We've now started to use hybrid cars.

# 10%

We'd like to be able to say to our customers: 'We've helped you to save 10% on plastic, water and energy over the past year and will be saving a further 10% over the next two years'.

## What we have been doing to deliver sustainability

# Product, Packaging, Distribution & Driving Sustainability

From new product development through manufacture and packaging, to the time that the product arrives on the shelves, we're constantly examining every stage of the supply chain to see where we can make it more sustainable.



## Quick read

- We're concentrating more products to reduce the use of packaging and the amount of CO<sub>2</sub> emitted during manufacture and distribution
- We're developing more bottles that are lighter, but still robust, thanks to new designs
- Innovations in bottle shape are making palletisation more efficient
- More efficient, sophisticated logistics are reducing emissions from less kilometres travelled

# What we have been doing to deliver sustainability

continued

## Product

This year we've been expanding our range of concentrated products and further concentrating existing products. Concentration means that we can use smaller bottles and less packaging as well as fewer journeys for distribution.



Concentrated liquid laundry detergents need less water to manufacture, use smaller packs, take up less space to transport, and don't weigh down the consumer's shopping bag, but still deliver the same number of washes with the same excellent results.

This year we formulated a more concentrated laundry detergent which meant that in Continental Europe, we could reduce our three litre bottle to two litres, offering reduced dosage for the same number of washes.

The more concentrated formulation requires 60% less water in the manufacturing process, so based on an estimated 103.6 million washes that we delivered in the year June 11 to July 12, we are saving around 4.6 million litres of water annually.

We have also launched a new range of auto dishwasher tablets in a thin dissolvable film. They break up and dissolve more rapidly during the wash than many previous tablets which means that they need less water and energy and they can get to work much more quickly. They're particularly suitable for dishwasher short cycles, which in itself also saves on water and energy. This exciting new product, which was researched and developed by McBride, has been rolled out to major Private Label customers during the year.



## Packaging

Packaging that is lighter uses fewer raw materials to manufacture, so it's often cheaper and costs less to transport. That's why research and development into lightweighting is so important for us.

Lightweight packaging still has to be strong, of course. Changing the shape of a bottle has a dramatic effect on how robust it is.

For example, a bottle with a 'waist' requires quite a bit of extra plastic to support its nipped-in shape. Make it more triangular and you've got a shape that requires less plastic to make it robust. But not every customer wants a triangular shape so, even though a particular design might be best for lightweighting, bottles have to vary in shape and appearance to differentiate the product on shelf to reflect the customer's brand for marketing purposes. That's why we're working with our customers to reconcile these two demands.

### Did you know?

One of the strongest shapes for a plastic bottle resembles 'the Gherkin' in London's financial district.



## What we have been doing to deliver sustainability continued

We are conducting much of the design work and testing virtually, with computer programmes that simulate the shape of a bottle and the thickness of its plastic, in order to show the effects of various loads being placed on it. This is obviously faster and much cheaper than creating and testing a new bottle.

Bottle caps and triggers are usually the heaviest, densest part of the bottle and so this year we've been looking at reducing their weight. For example, by reducing the weight of one of our caps by half a gramme, added up to over ten tonnes savings in plastic on our sales volumes.

This year we've introduced more refill pouches that consumers can simply cut open and pour into existing bottles, ready for use. They are a very popular format in France so now we're rolling them out across other countries. We're also extending the range of products that the refill pouches can be used for, from cleaners and bleaches to handwashes, shampoos and washing up liquids.

### Optimised packaging

Our packaging technologists use a number of methods to evaluate the optimum bottle weight and wall thickness to ensure robust product performance in transit from factory to store to shopper's home, and then in use.

One of the techniques is to test the bottles virtually before any prototypes are created. Design optimisation can be done using this technique. Ideal wall thicknesses for best performance can be defined and used as the basis for minimising material usage in the packaging.



We've changed our Lime Lite kitchen and bathroom cleaner, from a full sleeve to a front and back label. Based on a 3.9g saving per bottle the total saving will be approximately 2.8 tonnes a year of plastic.

# 60%

#### Did you know?

On average a pouch uses 60% less plastic than an equivalent sized bottle.

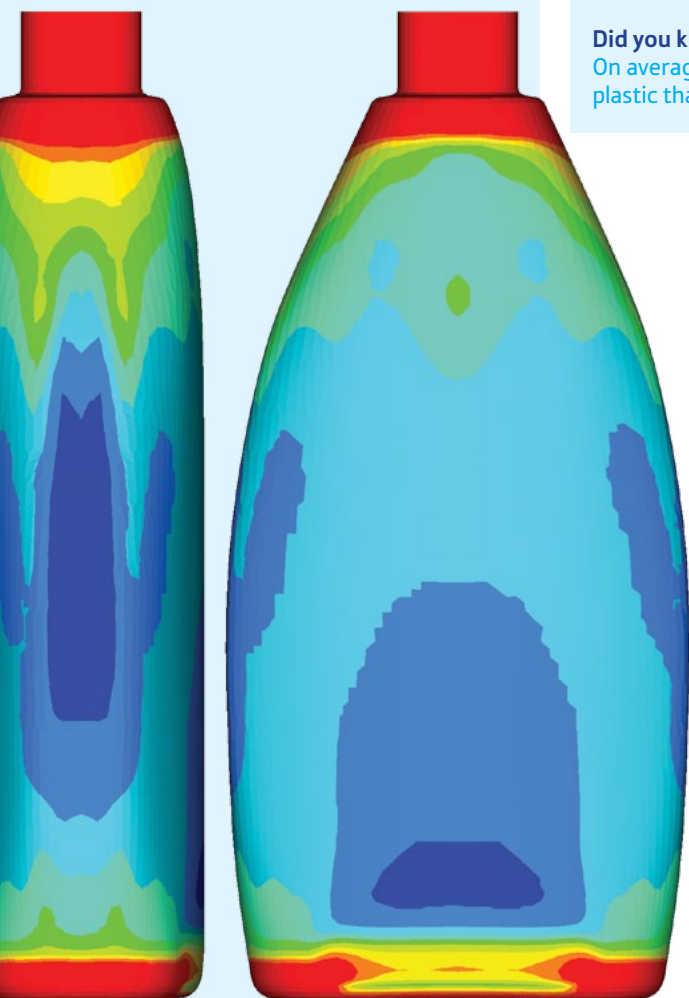


Image left: Wall thickness optimisation from virtual compression test.

Red indicates that most stress will occur at the base, neck and shoulder, therefore, this is where bottle wall needs to be thickest.



## What we have been doing to deliver sustainability

continued

### Distribution

We've been looking at every aspect of our distribution to see how we can use less energy and reduce our carbon footprint. More effective fleet management means that we can identify routes that require our trucks to travel shorter distances and optimise each trip that they make. For example, we've been looking at how we can deliver products and materials to our customers in Spain and the south of France from our factories in Barcelona, rather than from our production facilities in Belgium. We are also investigating how we can transport products directly from our production plants to customers, rather than via distribution centres. And we're optimising our planning of delivery times in cities to spread them throughout the day and night, reducing CO<sub>2</sub> emissions by avoiding the busiest times which prolong journey and waiting times.

We're developing our intermodal transport, balancing rail and road to transport products more efficiently. We've already switched on some of our Belgium-to-Italy and Belgium-to-France routes. Switching from road to intermodal road/rail cuts the tonnage of CO<sub>2</sub> by 50 per cent.

This year we've also been looking at how we can get more bottles or packs onto a pallet, thereby optimising the truckload. Because of the gaps between bottles up to 40 per cent of the load on most pallets can be empty space. If all bottles and other packaging were shaped like bricks the amount of air being transported on these pallets would be greatly reduced but customers don't necessarily want to buy products in uniformly rectangular containers and, anyway, these shapes often aren't the strongest when it comes to stacking and loading.

#### Hand wash bottles redesign

This year the McBride packaging technologists were challenged to sharpen our cost competitiveness for our range of hand wash bottles.

The team focused on redesigning the bottle shape to increase the efficiency of palletisation thereby minimising the costs of transport in the overall product cost. Given the bottles still needed to contain 250ml and 500ml of product, with the pallet dimensions and layers remaining the same, this was quite a challenge.

The outcome was a chunky design which achieved 98% palletisation efficiency, with a resulting reduction of up to 19% lorry loads per annum.

This not only delivers better value to our customers but also benefits the environment in terms of reduced fuel emissions.



### Managing CO<sub>2</sub> – intermodal example

**We continue to find ways to measure, manage and target opportunities to reduce both direct and indirect CO<sub>2</sub> emissions across the Group. As an example, our Belgian operations reviewed opportunities to reduce emissions from its transport network using methods which emit the least amount of CO<sub>2</sub> per tonne/kilometre.**

**This review led to a shift towards using intermodal road and rail transportation.**

**By switching to this form of transport between our Belgian factories to customers in Italy and France, it has been calculated that for a 15 month period between January 2011 and March 2013, CO<sub>2</sub> emissions were reduced by 2,573 tonnes or 8%, compared with traditional road transport.**

## What we have been doing to deliver sustainability

### continued

In France, the Group is working on what is known as 'mutualisation'. This involves co-loading with other suppliers. In other words, we collaborate with other suppliers to put together a full truck load of each of our various products to go to one customer, rather than each supplier sending its own truck, which might well be half empty. We have started this work in France where customers are particularly requesting more frequent deliveries of small quantities.



#### Did you know?

In Western Europe all lorries carrying McBride products have roof wind deflectors to make them more aerodynamic, which increases the efficiency of the lorry, thereby saving fuel.

'Pooling', which, is similar to mutualisation has also been developed this year. It allows us to work with other suppliers, to stock a single distribution centre. A single order combining a mixture of products from various suppliers goes from this one distribution centre to the customer.

We're optimising our delivery network, too. This means decreasing the number of kilometres that trucks run empty by combining the return of empty pallets with delivery of new products. We're working with other suppliers to create a pooled pallet system, too. So, where a customer has amassed a stock of empty pallets, a haulier making a product delivery can take these pallets back to the distribution centre or onto a manufacturer. This system makes the most of round trips so that trucks are always loaded, be it with products or empty pallets.

In addition to this, we are making our fork lift trucks more efficient. We are changing to high frequency battery chargers and more efficient batteries that last longer and recharge more quickly. The result is an estimated reduction of more than 500,000kg of CO<sub>2</sub> emissions in the UK and Western Europe from our fork lift trucks.

All these developments require a more sophisticated and responsive transport management and more effective logistics planning, but we're finding that other suppliers are keen to be involved as more efficient transport is not only sustainable but it helps to cut costs. For McBride, for our customers and for the planet, it's a win-win situation.

## Driving sustainability

We are also finding novel ways to reduce our oil consumption at our factory in Spain. They are using icing sugar, (a by-product from a local food factory), to help maintain a constant temperature in the water treatment plant during winter to improve the effectiveness of the process and reduce the amount of oil needed to heat the treatment unit.



Icing sugar is a by-product of a local food company



Adding icing sugar maintains the activated sludge temperature to a range of 30-40°C even in the winter months.



Reduces the amount of diesel for heating by almost 80%

## Social

# Our principles

We have strong, clear business principles that apply to every director, manager and employee across all our operations around the world.

Passionate  
about  
Private Label

## Quick read

- Our Business Ethics Policy outlines our clear and unequivocal approach to business integrity and ethical behaviour
- New practices and facilities are safeguarding the wellbeing of our employees at our plants
- We donated around £210,000 of household cleaners and toiletries to be distributed to charities
- We launched a pilot fitness programme called Start to Run in Belgium to mark the 10th anniversary of the McBride Run

## Social

### continued

## Our principles

We have strong, clear business principles that apply to every director, manager and employee across all our operations around the world. These have been developed in conjunction with staff and they are strictly adhered to in all our business dealings. They extend to our supply chain as well. For example, suppliers are selected not only on the basis of specification quality, service and economic factors but also, wherever possible, on their own commitment to minimise the impact of their operations on the environment and to corporate social responsibility in general.

Our Business Ethics Policy outlines our clear and unequivocal approach to business integrity and the ethical behaviour that underlies the group's values of fairness, honesty and openness. Our policy sets out the standards and behaviour that our employees are expected to meet in all the business activities they carry out on behalf of McBride.

The key principles contained within the policy are:

- We respect the customs and cultures of the places in which we operate and will comply with all relevant local regulations and legislation.
- We have a zero tolerance approach to bribery and corruption, anti-competitive behaviour, insider dealing and breach of legislation. We do not make political donations.
- Our employees are key to successful business and we seek to create a positive and open working environment wherever we operate.
- We place the highest priority on the health and safety of our employees and the safety of the environment in which they work.
- Any personal interest that may prejudice or might reasonably be deemed to by others to prejudice the impartiality of employees must be formally declared.
- We are committed to achieving long-term sustainability, to managing and developing our operations and to the sale of our products, without compromising the quality of life and the lives of future generations.

## Workplace culture

Our employees are the lifeblood of our business and we understand that skills and motivated people are fundamental to our performance. We invest considerable time and resources in ensuring the safety and wellbeing as well as the developmental needs of our employees. We also recognise the importance of supporting our people so that they can deliver better results, allowing us to maintain a competitive advantage in the markets in which we operate.

## Mentoring and Coaching

We have increased opportunities for coaching and mentoring significantly this year. Staff are being given help to become both mentors and mentees. From November 2013 we are piloting mentoring as a tool alongside the McBride internal accredited coaching programme, which was established with Sheffield Hallam University in 2007.

From the outset Chris Bull, our CEO, has been keen to see that the service meets the needs of all those being mentored and is focussed on their individual developmental priorities. It is an ideal way of transferring knowledge from more senior, experienced staff to less experienced employees, in a practical, informal environment.

Our accredited internal coaching programme is available to all those who have identified coaching as a way of supporting their performance and career development. Each mentoring relationship begins with a three way meeting between mentor, mentee and manager in order to agree the goals for the relationship.

We now have 28 accredited coaches across the group, drawn from six nationalities, with a further 27 due to complete their training. During the period 2012-13 we arranged for over 800 hours of coaching to take place involving more than 100 colleagues. Since the scheme began almost 500 people have worked with a McBride coach.

As a key element of the EMT Talent Review process, selected employees are invited or nominated to become mentees. Mentors are selected from a small group of business leaders. The mentoring programme has been kept small but representative during the pilot stage with just 14 relationships established so far. The type of mentoring that we offer allows the mentee to take the initiative and to set the goals.

Pilot mentoring teams focus on key individuals who are currently working in areas that have strategic priorities or present significant challenges. For example it is also targeted at mobile managers for new growth areas in the business and at those who are identified in the Senior management level Talent Reviews with a view to becoming more visible to the Executive Management Team.

## Work place initiatives



### Hearty Lives Hull

Hearty Lives Hull is a three-year partnership between the British Heart Foundation, NHS Hull and Hull City Council. It aims to improve the heart health of local people through sport and physical activity plus weight management, healthy eating and help with giving up smoking.

Staff at our Hull plant have expressed a keen interest in taking part in this initiative. For example following a series of on site consultations, Hearty Lives have been lending pedometers to McBride employees so that they can take part in a four week pedometer competition, aimed at getting them to walk more.



## Social continued



### Health in the workplace

The Healthy Workplace Awards Scheme has been developed by NHS North Lincolnshire and adopted by NHS Hull as a way of recognising organisations that value workplace health. In this case, a needs assessment was carried with a questionnaire offered to all employees. Employees were then given guidance by qualified health promotion/public health specialists who also introduced activities aimed at helping employees enjoy all the benefits of a co-ordinated, customised health promotion programme appropriate to the workplace.

The activities our staff chose from the menu of options were Healthy Eating, Mental Health and Wellbeing, Smoking Cessation, Relaxation and Weight Management. The first activities began in January 2013 and were completed in June 2013. The total weight loss over the initial period was 123lbs with four employees stopping smoking and continue to abstain. Healthy Workplace initiatives continue and the British Heart Foundation is available for additional support.

As a result of our staff's efforts our Hull site has been awarded the Workplace Health Bronze Award. The support from the NHS and British Heart Foundation has inspired our Hull employees to engage in further healthy workplace activities and to work to win the Silver Award.



### Start to Run

The McBride run has a major event in our employees' calendars for the last ten years. It's aimed at helping our staff to get fitter and to stay in shape. To mark its tenth anniversary we've launched an event called our Start to Run which has been a huge success with McBride people from all departments taking part, whatever their age and level of fitness.

In June, we held the 10th annual McBride run, a fun filled event that saw 47 more experienced runners hitting the pavements to do a half marathon between leper and Poperinge. For those less experienced runners we also held a seven kilometre run in Poperinge itself. Some were aiming to finish the full seven kilometres while others simply wanted to see how far they could get.

The aim was to help newcomers to running and those who were getting back into it, as well as more experienced runners who wanted to raise their game. Staff at Estaimpuis and leper in March organised a training schedule of 26 sessions, held after work and under the guidance of a qualified coach from a corporate fitness consultancy called Running Nation.

An online training tool helped participants with their own personal training sessions. In response to demand from some employees for something more challenging our Start to Run team are looking to establish a 10km run or even a half marathon.



"The best way to leave a stressful day behind me? I just lace up my running shoes and get out into the fresh air and countryside surrounding Estaimpuis. It's great to run with colleagues from so many different departments. Who said running is boring?" Mieke Van Impe

### Charity work

McBride staff are constantly identifying opportunities to make charitable donations and to contribute their time, knowledge and experience to help charities, young people and vulnerable members of society.

The company encourages them to do this and it accommodates staff who want to take time off during working hours to get involved in worthwhile voluntary causes. We also encourage mentoring both within the company itself and for external

organisations such as charities, schools and voluntary groups. As well as making a valuable contribution to society we know that offering these opportunities to our employees boosts morale and loyalty. It helps them to develop their skills and widen their experience too.

### Donations

Just as our effective, safe and easy-to-use products help the millions of people who buy them in shops, they can also benefit charities and voluntary organisations. McBride donates to charities working in the fields of healthcare, sport, environmental protection and animal welfare, family and ethnic minorities support plus training and education.

For instance, we donated products with a retail value of over £210,000, including toiletries, baby shampoo and lotions, bath creme, biological liquitabs and Dentimint mouthwash to an organisation called In Kind Direct. In Kind Direct was founded in 1996 by HRH The Prince of Wales and it redistributes surplus goods from manufacturers and retailers to British charities working at home and abroad.

It distributed the products we donated to some 374 charities around the country. They include nurseries, hospices and homeless shelters.



One of the charities that received our products was the Burnley Play Association, which provides play and leisure activities for children and young people, in particular those with special needs.

"Everyone who visits us comments on how clean and fresh the building is, and that's all down to the cleaning equipment, laundry, and toiletries we receive." Burnley Play Association.

# Performance

## Health and safety

McBride strives to maintain a safe workplace at all locations in which it operates. We continue to ensure that our business activities are undertaken in a responsible manner and in accordance with relevant statutory legislation and that all employees participate in the development, promotion and maintenance of a safe and healthy working environment for employees, visitors and the public. Health and safety is driven by risk assessments, regularly updated, which drive site improvement plans.

Management systems are in place at all sites verified by external audit, across 12 of our production sites currently and it is our intention that this will cover all the Group's manufacturing sites in the future.

### Accidents

During the year we suffered a set back in the number of accidents involving more than three days lost time, reversing the previous five years of improving trends in accidents with >3 day lost time accidents at 116 (2012: 97) accident frequency and the rate of seriousness also suffered poorer results.

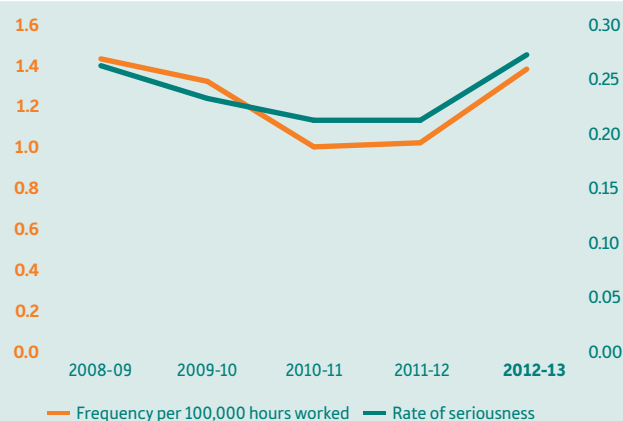
Accidents in the UK contributed to the majority of the increase while the number and rate of accidents in our European and Asia sites broadly similar to the prior year.

Analyses of the causes of the accidents indicate that main causes were due to factors of handling, carrying and moving, slips, trips and falls as well striking against an object. These factors accounted for more than 50% of the accidents in the Group. These areas will be the focus of our training and communication activities in the next 12 months.

### Lost time incident trends >3 days lost time incidents



### Accident frequency and rate of seriousness trend 2008-09 to 2012-13



Rate of seriousness: total number of days lost due to LTI x 1,000/man-hours worked. Frequency rate: number of accidents x 100,000/man-hours worked.

The leper distribution centre reached 1,000 days without accidents. This is a great achievement for the 60 people who work there.



At the leper distribution centre in Belgium, which employs 60 people, the site achieved 1,000 days without accidents and builds on the progress made at the warehouse in the prior year, when the site was recognised for its safety training and awareness programme. The distribution centre handles almost 1,500 pallets received, handled and shipped every day. The pallets are handled with electro pallet trucks, reach trucks and fork lift trucks, which is a potential high risk environment.

The Group has a strong Health and Safety awareness programme supported by training initiatives, so a key objective for the Group for the coming year will be to reduce the rate of accidents and return to our previous standard of performance in this critically important area for our staff and colleagues.

## Performance

### continued

## Environment

### Environmental KPI performance

The Group is currently working with Deloitte to evaluate additional Sustainability KPIs which are directly related to McBride plc's specific business model, manufacturing operations and product portfolio.

### Energy and CO<sub>2</sub> efficiency KPIs

The Group's Gross energy usage based on Kg Production per Giga joule of Energy fell slightly to 1,482 Kg Production/Gj (2012: 1,493 Kg Production/Gj) largely due to the impact of higher oil and gas usage in the particularly cold winter snap in Northern Europe.

The Group has under gone a rationalisation of its manufacturing base and we are seeing volume growth in our Developing and emerging markets offsetting volume declines in our more mature markets of Western Europe. The Group has a number of energy saving projects across the Group with the benefits only now starting to be delivered.

The Group's CO<sub>2</sub> efficiency showed a slight improvement on the prior year overall 16,836 Kg Production/Tonne CO<sub>2</sub> (2012: 16,800 Kg Production/Tonne CO<sub>2</sub>) whilst recognising we have a significant challenge to meet our 20/20 targets. Excluding Green energy which powers our Belgium factories the CO<sub>2</sub> performance fell as the proportion of volume out of our Belgium factories fell in relation to total Group production and energy usage and resulted in the proportion of Energy from Sustainable sources falling to 18% which is below our target of 20%.

The Group recognises it has more to do in this area and needs to ensure that the growth of our production facilities in developing and emerging markets can benefit from more sustainable energy sources and more energy efficient production.

The Group has however made significant gains in reducing emissions from distribution currently outside our KPI's and has reduced emissions from our European distribution footprint by circa 2,000 tonnes CO<sub>2</sub> through intermodal transport, improved palletisation efficiency and more concentrated products.

### Waste KPIs

We have made further significant improvement in the amount of waste which is reused, recovered or recycled. This now accounts for 84% of our waste (2012: 78%). Reducing waste is a key objective for the Group and we were pleased that waste as a percentage of total production fell to 1.3% (2012: 1.6%) and helps bring the company closer to its target of 1% waste as a percentage of production.

### Comparison of performance with targets

	2009	2009-10	2010-11	2011-12	2012-13	Target
Kg production/ Gj (including green)	1,608	1,615	1,608	1,493	1,482	1,930
Kg production/ TCO <sub>2</sub> Total	18,364	18,383	17,868	16,800	16,836	22,037
Kg production/ TCO <sub>2</sub> minus green energy	20,271	22,311	21,577	19,951	19,803	24,325
% Energy from renewable sources	11	21	21	20	18	20%
% waste sustainably treated	67	70	77	78	84	1% increase pa
Waste as % of production	1.15	1.1	1.25	1.57	1.3	1.0

# Performance continued

## Energy

Absolute energy consumption was marginally higher during the year despite a fall in production, resulting in our energy efficiency also being slightly lower than the prior year. The increase in energy consumption was due to increased oil and gas usages to heat our factories and warehouses during the cold winter spell in Northern Europe with oil and gas consumption up 6% year on year. Electricity, consumption was down 2% compared to the prior year reflecting the initiatives put in place across the Group to improve energy efficiency.

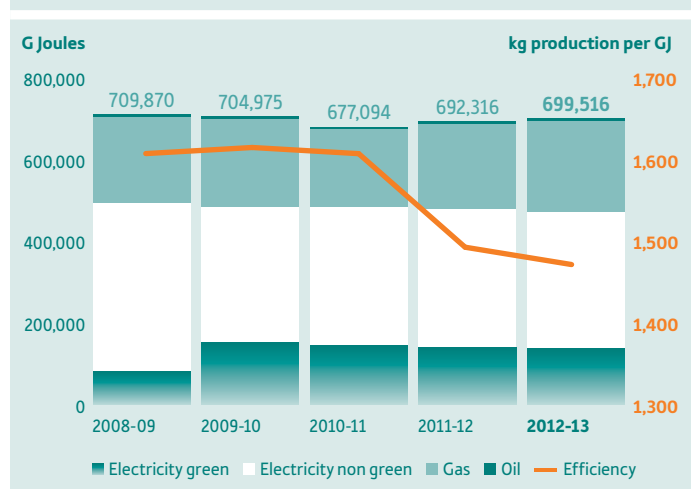
All electricity used by the three factories in Belgium is 'Green' either from solar panels or purchased on Green contracts from the supplier. Green electricity accounted for 19% of the Group's total energy consumption (2012: 20%) and reflects the lower proportion of Group production arising from the Belgium factories as the Group's production base in Central and Eastern Europe and Asia continues to expand.

Green energy as a percentage of our total energy consumption at 19.0% is just short of our target of 20% for energy from renewable sources. Growing energy consumption in our factories in Eastern Europe and Asia will continue to contribute to this decline unless we are able to utilise more renewable energy particularly at our Polish factory and also explore opportunities for renewable energy across the Group's other European factory locations.

## Green energy performance

	2009	2010	2011	2012	2013
% of green energy as % of total energy of Group	11.2	21.4	21.4	20.3	19.0
% of solar energy as % of total energy of Group	0.2	0.5	0.7	0.7	0.7

## Total energy consumption 2008-13 in GJ



A major part of our electricity consumption is related to our in-house bottle blowing facilities. Consumption therefore varies depending on the relative proportions of bottles blown in-house and those bought in.

This year the proportion of bottles blown in house was 83% (2012: 86%), the lower figure in the year was due to more bottles bought in at our Polish factory to support the rapid increase in demand for Private Label products in the region, while investment in new blow moulding capacity at Strzelce was put in place. A further factor was the increase in customer specified personal care bottles.

Despite the success in reducing electricity usage across our sites, the savings were unable to offset the increased demand for oil and gas during the extremely cold winter period across Northern Europe. Oil however is becoming a less important energy source for the Group.

# Performance continued

## Greenhouse gas emissions

No GHG emissions other than CO<sub>2</sub> are reported currently, nor do we measure and report on ozone depleting substances.

Total emissions fell 1% compared to the prior year. Scope 1 emissions from oil and gas increased 6% resulting from the need to heat factories and warehouses. Scope 1 emissions have increased for the last three years.

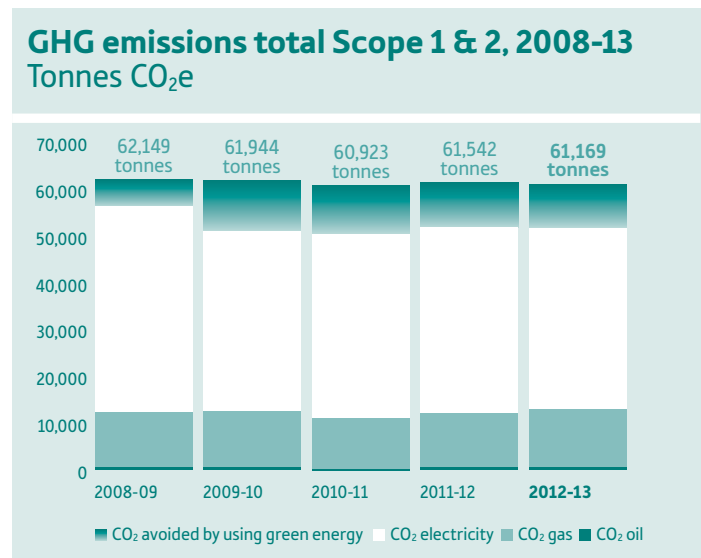
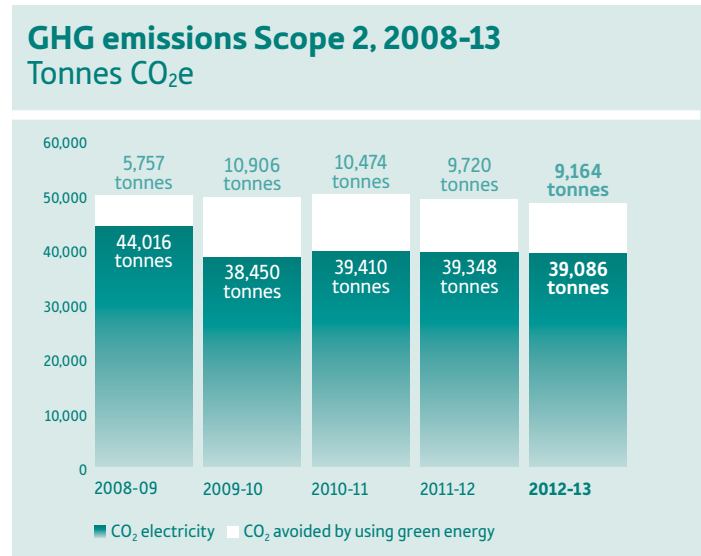
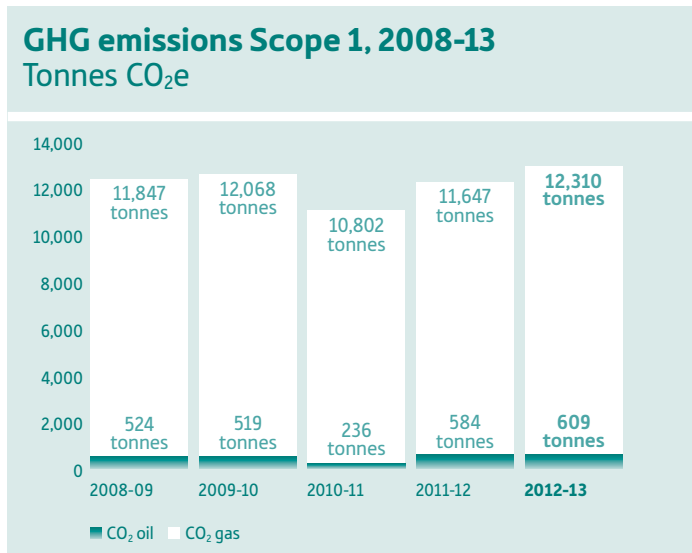
Scope 2 emissions from Electricity fell 3% resulting in overall emissions down 1% or 1,000 tonnes less CO<sub>2</sub> generated before the impact of Green Energy is taken into account. Scope 2 emissions have been falling for the last three years.

Our CO<sub>2</sub> efficiency therefore improved slightly to 16,868 Kg product per tonne CO<sub>2</sub>e (2012: 16,800 Kg product per tonne CO<sub>2</sub>e).

This is a step in the right direction but the Group recognises it has to do more.

Actions taken to reduce emissions include installation of sub meters, compressed air leakage programmes, and new compressors with heat recovery, insulation and investment in more efficient blow moulding machines.

A contract is currently being negotiated for material handling equipment for the whole Group replacing gas fork lift trucks with electric fork lift trucks. The Group are looking at the combination of batteries and chargers in order to minimise energy used and lost during charging.



# Performance

## continued

### Water consumption

Total water consumption fell by 2% in absolute terms primarily driven by the continuing move to more concentrated products resulting in the Group's water efficiency improving by 2% to 1,027 Kgs production per m<sup>3</sup> water (2012: 1,009 Kgs production per m<sup>3</sup> water).

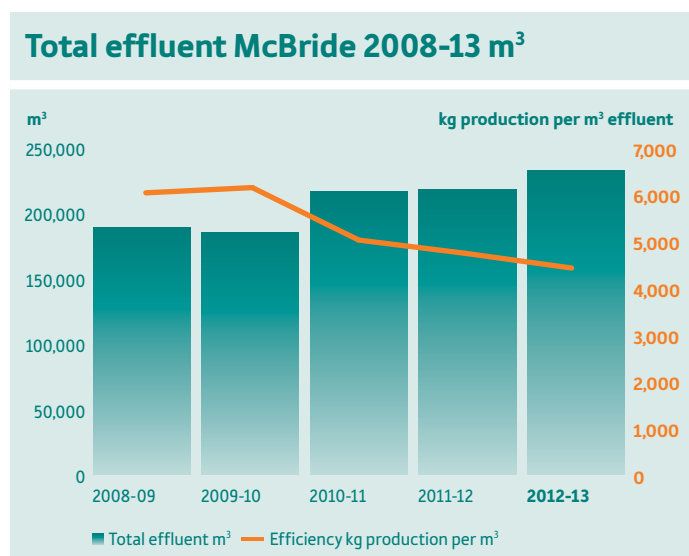
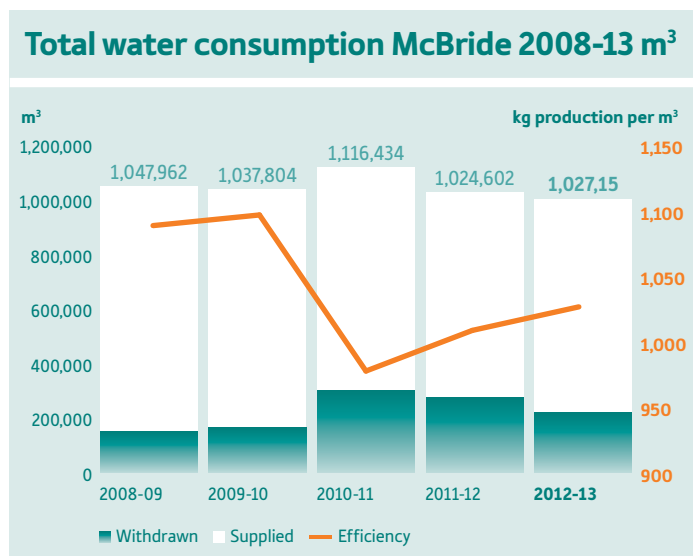
The Group continues to explore ways to further reduce water consumption, for example in Bagnatica the site has been able to reduce the amount of water used within its cooling systems resulting in significant savings of almost 30% in water consumption at the site with water use down from 196,157 m<sup>3</sup> to 135,000 m<sup>3</sup> in the current year.

### Effluent generation

In contrast to overall Group water usage reduced, the effluent generated by the Group increased by 7% on an absolute basis with efficiency also lower at 4,435 Kgs production per m<sup>3</sup> effluent (2012: 4,751 Kgs production per m<sup>3</sup> effluent).

Much of the water used by the Group is for cleaning purposes, necessitated by the wide product portfolio which requires many small production runs with clean downs in between.

The increasing mix of concentrated products and increasing internal hygiene standards to meet the requirements of external accreditation bodies such as IFS means the Group now undertakes a greater number of clean downs resulting in a larger volume of effluent.



# Performance

## continued

### Waste

Our targeting of reducing waste and increasing the amount of waste that is reused, recycled or recovered has continued to improve as we continue to drive our operational efficiency objectives.

Total amount of waste generated as a percentage of production fell to 1.4% (2012: 1.6%). The amount of sustainably treated waste (reused, recycled or recovered) further increased to 84% of total waste, up from 78% last year.

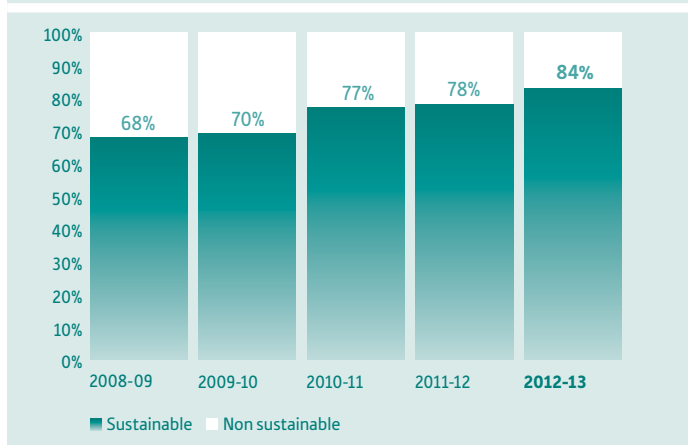
The improvement in waste management has been delivered despite the inclusion of demolition waste and obsolete stocks disposal resulting from the closure and clearance of factories in the prior period.

The Group is continuing to expand its programme of waste segregation to further identify and separate out more streams for recovery, reuse and recycling, for example paper packaging and wooden pallets.

Our lean activities also highlights stored, redundant items and improves housekeeping, all of which contribute to waste generation in the short term whilst providing a platform for long term efficiency gains.

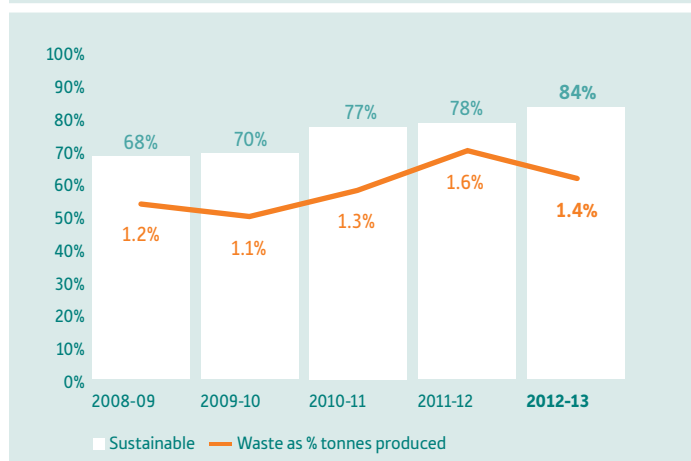
A further improvement has been seen in the reduction of the amount of waste going to landfill which reduced by 20% and is part of a longer term goal of zero waste to landfill.

### Increasing momentum in recovered, reused and recycled waste (sustainable)



Sustainably treated waste is that which is reused, recycled or recovered.

### Total waste McBride 2009-13



# Appendix

## 1. Overview

### Management and governance of the Group's CSR and sustainability activities

The Board has overall responsibility for maintaining and enhancing the Group's CSR policies, guidelines and code of conduct which are available from the Group's website at [www.mcbride.co.uk](http://www.mcbride.co.uk). The Chief Executive Officer is accountable for ensuring that the Group operates in accordance with these policies. The Group monitors its performance through rigorous management systems and key performance indicators. Detailed reports are prepared by the Chief HR Officer every six months and submitted to the Group's Executive Directors who report any issues of major significance to the Board.

As a minimum, the Group seeks to comply with existing laws, regulations and best practice guidelines governing its activities in each of the markets in which it operates, and in many areas standards exceed minimum compliance requirements. We have senior management representation on various trade associations and we adhere to industry association guidelines. Our policies and principles apply to every director, manager and employee in all our businesses across our global operations; they also extend to our supply chain. For example, suppliers are selected not only on the basis of specification, quality, service and economic factors but also, where possible, on their commitments to minimise the impact of their operations on the environment and to CSR more generally.

Our approach to the environment, product safety and health and safety in our operations, to how we treat our people, our customers, our suppliers, our local communities and other key stakeholders is embedded in our culture and values and outlined in the following policies which are available on the Group's website at [www.mcbride.co.uk](http://www.mcbride.co.uk).

- Policy on Business Sustainability
- Policy on Business Ethics
- Policy on Health and Safety
- Policy on Environmental Sustainability
- Policy on Product Responsibility
- Policy on Animal Testing
- Policy on Product Packaging
- Policy on Enzyme Management

### CSR principles

Our aim is to build a long-term successful and sustainable business based on strong, positive relationships with all our stakeholders. We recognise the importance of social responsibility in our business and the contribution it makes to our success.

### Sustainability reporting

This is the 10th Sustainability Report and the second which is aligned to GRI reporting principles. Data given in the report have not been independently audited, although discussions have been held with potential assurance partners. The Group has commissioned Deloitte to work with McBride to further evaluate relevant and measurable sustainability KPI's.

The report covers all 17 manufacturing sites in operation during 2012-13 as well as office locations and separate warehouse facilities.

### Stakeholder engagement – community, social, employees

A full stakeholder review was completed by the Sustainability Steering Group in 2012/13 and we have plans for more in-depth engagement with key stakeholders in the coming year.

### Employees

Our employees are the lifeblood of our business. We depend on their commitment and we recognise that the effective management of people is critical to achieving our business objectives.

We continue to invest in the resources necessary to maintain a competitive advantage in the markets in which we operate. Our code of ethics aims to promote a culture where all employees behave with honesty, discretion and respect to each other when dealing with all stakeholders.

Details of our engagement with employees are given in section 4 of this appendix.

### Community/Social

McBride seeks to play an active role in the local communities in which it operates. As well as providing significant employment opportunities, we aim to make positive contributions to these communities, building goodwill and a reputation as a good neighbour and employer.

This year there has been no single Group activity addressing our social and community responsibilities but there have been hundreds of small site-based activities all geared at helping local organisations and people in a variety of different ways. A small number are recorded in the report.



## Appendix

### continued

#### Customers

Our business is built on our customer relationships and we strive at all times to be the chosen provider of Private Label Household and Personal Care products to the leading grocery retailers around the world. By working closely with our customers at all levels of the business we can understand and meet their needs through consumer focused product and category development, excellent customer service and a joint focus on minimising cost. Our ability to respond to our customers' needs in a timely and effective way is key to our success and we have continued to work on strengthening the depth and breadth of our relationships with them during the past year. Top-to-top meetings have been held with senior executive teams from major European retailers, and also with a number of the leading retailers in Asia. We are continuing to seek to forge strategic partnerships based on deep category understanding and a responsiveness that is second to none in our Private Label categories of Household and Personal Care. International customer teams have been established for multinational customers and we continue to roll out a leading category management programme to work more closely with retailers to drive both the growth of the Private Label business and work closely with them to understand their sustainability agendas and objectives.

Customer service is the Group's main operational priority and is a highly visible benchmark that directly influences our ability to maintain commercial leadership, and supports the Group's overall growth strategy. Success is measured in this area by reference to the ability to deliver products ordered by customers in the correct volumes and within agreed timescales.

We treat our customers' Private Label product offerings as brands in their own right. We support our customers with guidance in product and category development and undertake regular consumer panels. Ongoing product testing ensures our products are delivered to the highest consistent quality.

## 2. Economic

Summary financial data is provided on page 28 of this report. More detail can be found in our Annual Report & Accounts, available on the Group's website.

## 3. Environment

The Group is committed to making continuing progress in minimising the environmental impact of its operations and building a business which is sustainable in the long term. We endeavour to comply with and surpass all relevant legislative requirements and industry standards and use the best practicable means to continually improve our environmental performance. This is supported by comprehensive internal environmental management systems, the use of KPIs and achieving external environmental accreditation for our operations. Twelve sites now hold the ISO 14001 accreditation and we are working towards accreditation for all our manufacturing sites.

During the year the company had one minor discharge at its Estaimpuis plant in Belgium, when a pump failed due to electrical fault and waste water overflowed into the public sewer system, which resulted in the waste effluent being directed to the communal waste water treatment works, impacting its functioning. For this the site received a fine of €2,000. However there was no release to the natural environment.

At the Estaimpuis factory the study to investigate how historic soil contamination could be rectified has been completed and presented to the authorities. We are now in the phase of delivering further information on the project to the authorities in order for them to evaluate the remediation project.

None of our facilities are in or near areas of high diversity, natural habitats or special scientific interest. This is checked when permits to operate are granted by national or local authorities.

None of our products impact diversity or protected areas.

The major source of our direct energy consumption is gas which is used for facilities heating and so varies by season. The recent very cold winter resulted in an increase in gas as well as fuel oil consumption.

Indirect energy consumption is entirely from mains electricity except in Belgium. All Belgian sites (Estaimpuis and leper) have contracts for the supply of energy with Green Certificates confirming that energy consumed is without CO<sub>2</sub> emissions (i.e. hydro-generated). In addition, the leper site has installed solar panels on the roof which generate a small but important proportion of electricity.

#### Proportion of Green and Solar energy 2012-13

	kwh
leper sites solar energy use	1,314,029
leper sites electricity use – non solar	18,723,971
Belgian electricity use (100% green)	35,340,112
Group electricity use	129,286,821
Group energy use	193,011,620

	Green electricity purchased	Solar Energy
% of leper's site electricity use	93.4	6.6
% of Belgian electricity use	96.4	3.6
% of Group electricity use	27.3	1.0
% of Group energy use	18.3	0.7

Although we have many different initiatives at sites to reduce indirect energy consumption, many of these are still in progress of implementation. We are still working on how best to record and collate results achieved from our efforts.

## Appendix continued

### Greenhouse Gas emissions

No GHG emissions other than CO<sub>2</sub> are reported currently, nor do we measure and report on ozone depleting substances.

Total emissions fell 1% compared to the prior year. Scope 1 emissions from oil and gas increased 6% resulting from the need to heat factories and warehouses and Scope 1 emissions have increased for the last three years.

Scope 2 emissions from Electricity fell 3% resulting in overall emissions down 1% or 1,000 tonnes less CO<sub>2</sub>e generated before the impact of Green Energy is taken into account.

Scope 2 emissions have been falling for the last three years.

Our CO<sub>2</sub> efficiency therefore improved slightly to 16,868 Kg product per tonne CO<sub>2</sub>e (2012: 16,800 Kg product per tonne CO<sub>2</sub>e).

### Water effluent and waste

Total water consumption fell by 2% in absolute terms primarily driven by the continuing move to more concentrated products resulting in the Group's water efficiency improved by 2% to 1,027 Kgs production per m<sup>3</sup> water (2012: 1,009 Kgs production per m<sup>3</sup> water).

In contrast to overall Group water usage reducing, the effluent generated by the Group increased by 7% on an absolute basis with efficiency also lower at 4,435 Kgs production per m<sup>3</sup> effluent (2012: 4,751 Kgs production per m<sup>3</sup> effluent) with the majority of the water used by the Group is for cleaning purposes.

Our targeting of reducing waste and increasing the amount of waste that is reused, recycled or recovered has continued to improve as we continue to drive our operational efficiency objectives.

Total amount of waste generated as a percentage of production fell to 1.4% (2012: 1.6%). The amount of sustainably treated waste (reused, recycled or recovered) further increased to 84% of total waste, up from 78% last year.

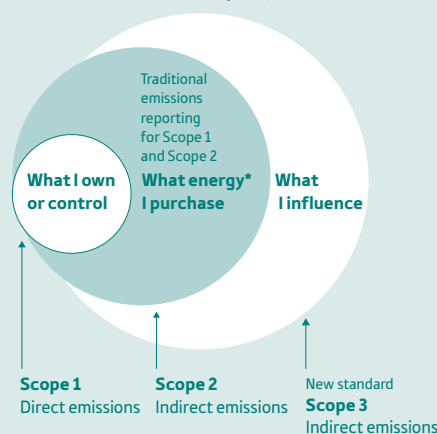
The Group is continuing to expand its programme of waste segregation to further identify and separate out more streams for recovery, reuse and recycling for examples paper packaging and wooden pallets.

A further improvement has been seen in the reduction of the amount of waste going to landfill which reduced by 20% and is part of a longer term goal of zero waste to landfill.

Studies have shown that the environmental impact of most of our products is greatest during use so efforts have focused on developing laundry and cleaning products that work well without high temperatures. Other efforts on product concentration not only reduce water and packaging content but also reduce transportation impacts.

## Carbon disclosure project

### Operational boundaries (Scopes)



\* The term 'energy' is used as shorthand for electricity, steam, and heating/cooling.

### Carbon Disclosure Project (CDP)

McBride along with over 3,700 companies' world wide, reports its energy usage and emissions into the CDP database. Last year 655 institutions with over \$78 trillion of assets signed up to access the data in the system. 61% of the FTSE 350 companies, 90% of the Euro 300 and over 80% of the Global 500 companies reported via CDP.

The mission of the CDP is 'to accelerate solutions to climate change and water management by putting relevant information at the heart of business, policy and investment decisions'. By agreeing to sign up to CDP, McBride has been able to compare our own performance with that of other companies and learn how they embed and integrate climate change and energy efficiency into their operations.

We have made good progress but there is still more to do. In May 2013 we reported our Scope 1 emissions created from burning gas and oil and Scope 2 emissions, from the electricity we buy. Last year we achieved a rating of 77C out of the maximum 100, a very encouraging second year rating.

## Appendix

### continued

#### 4. Labour practices

We endeavour to create a culture whereby employees are recognised as a valuable asset. The Company is continuing to implement initiatives to engage employees with the business and to ensure they feel valued in an environment where they can make a positive contribution. There is a focus on helping employees to give of their best at work and to achieve their full career potential through the provision of training and development opportunities. To enhance individual performance we have a coaching programme as an element of our training resource.

We recognise that to be successful the business must recruit, retain and develop its people and help them to achieve their full potential. We provide equal opportunities for all in recruitment, selection, promotion, employee development, training and reward policies and procedures. We are committed to adherence to international human rights standards. We have no involvement in the use of child labour or forced labour in our business and check the status of our overseas suppliers in this respect. We do not tolerate unfair discrimination of any kind. We also comply with applicable national laws and industry standards on working hours and insist on high standards of personal behaviour from our employees.

There are a number of initiatives in place to recruit and retain people within the McBride organisation:

- The annual Personal Development Review scheme reviews individuals' performance and assesses development opportunities, which could include secondments to other sites. The review provides a forum where an individual's needs and aspirations can be discussed.
- A talent management and succession planning process allows for the most capable to be identified and considered for appropriate development within the Group. The outcomes are re-assessed every year and the process is used to obtain peer group feedback and draw up tailored personal development plans.
- We have 45 McBride accredited coaches in the business whose role is to support and encourage other colleagues to improve their performance and development. Our Shaping Our Coaching Culture programme helps to develop a coaching culture within the business.
- Training (both internally and externally facilitated) is available to all employees and everyone is encouraged to participate and be involved in courses that will maximise their potential. A number of courses are run with participants from across different functions, sites and divisions which help employees develop an understanding of our global operations, and behaviours and principles of colleagues across the Group.

Our Group-wide McBride Development Programme (MDP) is highly successful and innovative and in the UK we also operate a First-Line Management programme. The UK business is a recognised Investors in People, Bronze accreditation. Regular opinion surveys are undertaken of all staff to measure and monitor employee satisfaction. These surveys provide an opportunity for employees around the world to express their views and feedback to management their opinions on issues which affect both them and the business. The results are used to develop action plans to improve communication and engagement.

Our MVP programme is aimed at building on our cultural strengths, better engaging our people and driving alignment of purpose. The programme is helping to build a workforce that has behaviours and a culture aligned to the Company's strategy and objectives. Communication is central to MVP and this is supported around the Group by senior management, visits involving open discussions and briefings, listening groups and Q&A sessions at each site. Regular information bulletins are cascaded down through the business and a management conference is held twice a year to publicise the Group's strategy and performance, and assess how local site objectives support the Group objectives.

We also have local activities such as suggestion schemes and the Passionate about Our People (POP) Award, a UK-wide Colleague Recognition Scheme. The scheme was introduced in January 2012 and MVP Teams at each site are responsible for agreeing the winner(s) each month. The award aims to recognise and reward colleagues for exceptional performance in line with the principles of MVP and Operational Excellence (OPEX):

- Great quality
- Customer satisfaction
- Lowest cost
- Involving all of our colleagues
- Elimination of waste

##### Health and safety

McBride strives to maintain a safe workplace at all locations in which it operates. We continue to ensure that our business activities are undertaken in a responsible manner and in accordance with relevant statutory legislation and that all employees participate in the development, promotion and maintenance of a safe and healthy working environment for employees, visitors and the public. Health and safety is driven by risk assessments, regularly updated, which drive site improvement plans.

# Appendix

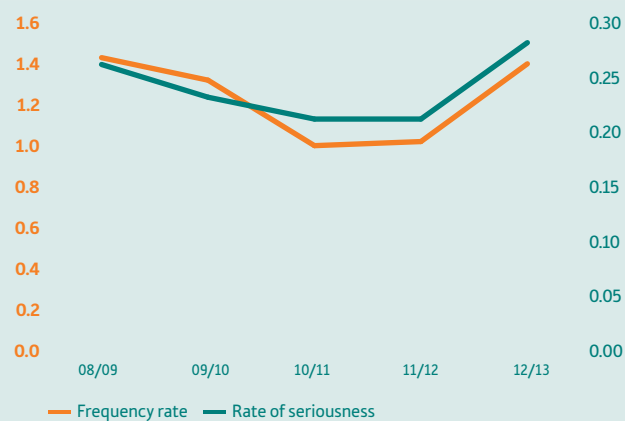
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## Injury and Illness

No fatalities, major injuries or occupational illnesses were recorded. All accidents and major incidents are reported internally and are investigated fully to determine appropriate corrective and preventative measures. Incidents that result in more than three days lost time are monitored. This year the number of >3 day lost time accidents increased to 116 (2012: 97).

Year	Lost time incidents >3 days	Frequency per 100,000 hours worked	Rate of seriousness	Risk rate	Hours lost through accidents
2000-01	148	1.79	0.25	0.67	Not available
2001-02	144	1.78	0.27	0.70	Not available
2002-03	117	1.47	0.28	0.64	17,586
2003-04	149	1.72	0.27	0.68	18,881
2004-05	158	1.88	0.31	0.76	21,165
2005-06	117	1.44	0.29	0.65	18,824
2006-07	162	1.96	0.35	0.83	23,252
2007-08	160	1.72	0.36	0.79	27,201
2008-09	125	1.42	0.26	0.61	18,376
2009-10	121	1.31	0.23	0.55	17,324
2010-11	99	0.99	0.21	0.46	16,498
2011-12	97	1.01	0.21	0.46	15,780
2012-13	116	1.39	0.28	0.62	18,553

### Accident frequency and rate of seriousness trend 2008/09 to 2012/13



Seriousness = days lost through accidents x 1000, divided by hours worked.  
Risk rate = square root of seriousness x frequency.

Our major risk of illness is occupational asthma and we continue to monitor exposure to airborne enzymes and to record incidence and prevalence of sensitisation. This information is fed into procedural control and risk assessment. Training on risks from all hazardous chemicals is provided regularly to all employees with potential for contact and as well as to visitors and contractors who might be exposed.

## 5. Human rights

McBride takes very seriously the issue of human rights, which becomes more and more important as our interests, our own facilities and our supply chain, extends beyond Europe. We recognise that there is potential for forced/compulsory labour and child labour issues to affect our business and that further action is needed to strengthen our policies and management systems.

There have been no incidents of discrimination or violations of the rights of indigenous people.

## 6. Society

We have in place strong business principles which apply to all employees and set a minimum standard for their behaviour in all their business dealings. Failure to comply with our core business principles is a matter for disciplinary action.

Policies covering business ethics and risks (covering conflicts of interest and compliance with all relevant laws and regulations, including competition, anti-bribery and dealing with sensitive information) were formalised with a group approach and implemented in 2011. They were reviewed in the past year and are available on the website [www.mcbride.co.uk](http://www.mcbride.co.uk). These policies include a clear statement that donations to political parties or causes will not be made.

Lobbying is undertaken only via trade associations on issues of interest to the whole industry such as regulatory proposals and texts.

All business units have been assessed for risks relating to corruption. All directors, senior executives and colleagues in commercial, purchasing and other 'at risk' functions have been trained in anti-corruption policies and procedures. There have been no incidents of corruption in the past year, no legal action taken in relation to anti-competitive behaviour or anti-trust or monopoly practices and no fines for non-compliance with regulations.

All sites undergo ethical audits by external consultants and any non conformances and observations are addressed. Those sites supplying into the UK have their audit reports loaded onto the SEDEX web site so that they can be viewed by participating customers.

## Appendix

### continued

## 7. Product responsibility

McBride is committed to understanding safety issues related to its products and for ensuring that all products are suitable and safe for their intended use. Our product responsibility policy is supported by comprehensive management systems that reflect legal and regulatory compliance as a minimum standard and cover raw material use and product assessments, labelling and packaging requirements. McBride contributes to voluntary initiatives on product safety by industry associations such as A.I.S.E. (International Association for Soaps, Detergents and Maintenance Products). Product safety evaluations are made in our operations without tests on animals. Our animal testing policy statement is available on the Group's website at [www.mcbride.co.uk](http://www.mcbride.co.uk). We support the development and acceptance of alternative product safety evaluation methods that reduce or replace the use of animals.

There have been no fines or non-compliances to any laws of voluntary codes relating to our products, safety impacts, labelling, claims, advertising etc.

All European products are subject to EU legal requirements with respect to safety and labelling.

Systems are in place at all sites for the recording of, and responding to, complaints about products from consumers.

Products are continually assessed for potential improvements to impacts at all stages of the life cycle. Improvements are undertaken both as a company e.g. bottle light weighting, packaging reduction, and on an industry basis e.g. product concentration of laundry liquids and fabric conditioners.

### Legislation

We continue to be actively involved in the key National and European Trade Associations of relevance to McBride's product portfolio. This activity is especially important as implementation deadlines for new legislation approach.

### Biocidal Products Regulation

We are working to rationalise the products that McBride will support in future through the biocidal products authorisation process. To date the only active substance of interest to McBride to obtain Annex 1 approval is Hydrochloric Acid and dossiers for products containing this active will be prepared.

Other activities include monitoring of developments on potential dual regulation of cosmetics with secondary biocidal claims and on the recently introduced EU Biocidal Product Regulation.

### Classification, Labelling and Packaging Regulations 2008 (CLP)

Work continues to determine new product classifications on the basis of the information available and identify opportunities to reformulate products where appropriate. CLP information documentation has been developed to explain and to manage consistent implementation of the changes. Documentation has also been developed to standardise the environmental claims that can be made for products and the technical support that is needed for each claim. McBride maintains involvement in all aspects of the CLP work being undertaken in A.I.S.E.; CLP Strategy Steering Group; Classification Network Process development, in vitro test methodology evaluation and the CLP Technical Task Force. The work aims to develop and promote science-based, consistent and appropriate classification of detergent & cleaning products under CLP.

### Cosmetics Regulation

McBride began notification of cosmetic products in line with the new regulation in March 2012. New Cosmetic Product Safety Report requirements for safety assessments and updated tools for compliance with Product Information Dossiers have also been implemented.

### REACH

Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) McBride is predominantly a downstream user of chemicals, supplied mostly by companies within the EU. McBride advised all of its suppliers of its uses of substances supplied in time to meet the 2013 registration requirements. McBride is obligated to confirm that it handles/uses substances in accordance with the requirements detailed in the extended safety data sheet (eSDS) provided by the supplier. A process has been agreed/partially implemented between Regulatory Affairs/Development/Health & Safety to ensure that the required evaluations are conducted on received substance eSDS to remain compliant. A project team is currently working to implement software to generate SDS automatically from SAP formulation database.

The European Chemicals Agency, ECHA, has continued to add to its Candidate List of Substances of Very High Concern. McBride monitors substances affected and impact on the chemicals supplied to the business. This is essential in order to be able to respond promptly to inquiries from customers or consumers.

### Transport

We now have an additional qualified 'Safety Advisor for the Carriage of Dangerous Goods', covering carriage linked activities on Belgian sites.

## Group five-year summary

	Year ended 30 June				
	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Revenue	<b>761.4</b>	813.9	812.4	812.2	792.4
Adjusted operating profit	<b>24.0</b>	29.5	29.0	50.0	36.2
Amortisation of intangible assets	<b>(1.1)</b>	(1.7)	(2.9)	(2.0)	(1.7)
Change in contingent consideration	<b>(1.6)</b>	1.9	-	-	-
Exceptional items	<b>(5.9)</b>	(11.6)	(12.3)	(12.8)	(7.1)
Operating profit	<b>15.4</b>	18.1	13.8	35.2	27.4
Net finance costs	<b>(5.9)</b>	(6.0)	(6.7)	(5.6)	(5.2)
Profit before tax	<b>9.5</b>	12.1	7.1	29.6	22.2
Taxation	<b>(3.6)</b>	(3.0)	(1.8)	(7.5)	(5.6)
Profit after tax	<b>5.9</b>	9.1	5.3	22.1	16.6
Earnings per share					
Diluted	<b>3.2p</b>	5.0p	2.9p	12.1p	9.1p
Adjusted diluted	<b>7.5p</b>	9.7p	9.3p	18.1p	12.8p
Payments to shareholders (per ordinary share)	<b>5.0p</b>	5.0p	6.8p	6.8p	6.0p
	At 30 June				
	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Non-current assets					
Property, plant & equipment	<b>173.6</b>	175.6	190.9	179.9	189.2
Intangible assets	<b>34.1</b>	35.7	38.6	38.4	35.4
Other assets	<b>6.2</b>	2.9	3.1	3.5	3.1
	<b>213.9</b>	214.2	232.6	221.8	227.7
Current assets	<b>236.8</b>	229.8	252.1	218.6	203.6
Current liabilities	<b>(251.8)</b>	(252.9)	(278.9)	(229.4)	(220.4)
Non-current liabilities	<b>(92.2)</b>	(78.7)	(80.4)	(86.3)	(92.4)
Net assets	<b>106.7</b>	112.4	125.4	124.7	118.5
Net debt	<b>86.8</b>	81.2	83.7	60.0	82.4

## Accreditations



### FTSE4Good

McBride has been accepted into the FTSE4Good Index Series of leading companies which meet globally recognised corporate responsibility standards.



McBride has been a leading contributor in the development of the A.I.S.E. Charter for sustainable cleaning and was the first Private Label company to achieve Charter status.

## McBride Site Certification 2013

Site	Quality and product safety		Environment	Occupational health and safety	Ethics	GMP cosmetics	Sustainability
	BRC	IFS	ISO 14001 Environment	OHSAS 18001 Occ H&S	Sedex ethical self-assessment	ISO 22716 cosm GMP	A.I.S.E. Charter coverage
Barrow	Yes	In progress	No	No	Yes	n/a	Yes
Bradford	Yes	In progress	Yes	No	Yes	Yes	n/a
Hull	Yes	In progress	Yes	No	Yes	Yes	Yes
Middleton	Yes	In progress	Yes	No	Yes	n/a	Yes
Bagnatica	No	In progress	Yes	No	No	n/a	Yes
Estaimpuis	Yes	In progress	Yes	Yes	Yes	n/a	Yes
Etain	No	In progress	Yes	No	No	n/a	2014 yes
leper PC	No	Yes	Yes	Yes	No	In progress	Yes
leper HH	Yes	Yes	Yes	Yes	Yes	n/a	Yes
Moyaux	Yes	In progress	Yes	Yes	Yes	n/a	Yes
Rosporden	Yes	Yes	Yes	Yes	Yes	In progress	Yes
Sallent	No	Yes	No	Yes	Yes	n/a	Yes
Brno	Yes	Yes	No	No	Yes	Yes	n/a
Foetz	Yes	In progress	Yes	Yes	Yes	n/a	Yes
Strelze	Yes	In progress	Yes	Yes	Yes	In progress	2014 yes
China	Yes	In progress	No	No	Yes	n/a	n/a
Malaysia	n/a	n/a	No	No	Yes	GMP Asia	n/a
Vietnam	n/a	n/a	No	No	Yes	GMP Asia	n/a
Number of production sites	12	5	12	8	15	5	11
Percentage of production sites covered	67%	28%	67%	44%	83%	28%	61%

## Abbreviations

<b>A.I.S.E.</b>	European Federation of Trade Associations for the Detergent & Cleaning Product Industry
<b>BRC</b>	British Retail Consortium
<b>CDP</b>	Carbon Disclosure Project
<b>CLP</b>	Classification, Labelling & Packaging Regulations 2008
<b>CSR</b>	Corporate Social Responsibility
<b>CO<sub>2</sub>e</b>	Greenhouse gases expressed as carbon dioxide equivalents
<b>EOS</b>	Employee Opinion Survey
<b>FLT</b>	Fork Lift Truck
<b>FTSE4Good</b>	System for objective measurement of performance of companies that meet globally recognised standards of corporate social responsibility
<b>GHG</b>	Greenhouse gas
<b>GMP</b>	Good Manufacturing Practice
<b>GRI</b>	Global Reporting Index for socially responsible reporting of sustainability performance
<b>IFS</b>	International Food Standard
<b>HSE</b>	Health, Safety & Environment
<b>KPI</b>	Key Performance Indicator
<b>LED</b>	Light Emitting Diode lamps – lower energy consumption lighting
<b>LPG</b>	Liquid Petroleum Gas
<b>LSPL</b>	Laundry Sustainability Project – Liquids, developed by the industry via A.I.S.E.
<b>MVP</b>	Mission, Vision & Principles programme
<b>NPD</b>	New Product Development
<b>R&amp;D</b>	Research & Development
<b>REACH</b>	Registration, Evaluation and Authorisation of Chemicals Regulation 1999
<b>eSDS</b>	extended Safety Data Sheet
<b>Scope 1</b>	Emissions from the burning of primary fuels such as gas, oil, coal
<b>Scope 2</b>	Emissions from use of secondary fuel, electricity, which vary depending on the manner of generation of the electricity
<b>Scope 3</b>	Emissions not arising within the boundary of the facilities e.g. transportation and product use



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## Our online resources

McBride communicates its financial and sustainability performance as well as providing additional information about the Group at its website:  
[www.mcbride.co.uk](http://www.mcbride.co.uk)



McBride's Sustainability Reports are available to view online or to download from:  
[www.mcbride.co.uk/our-responsibilities/reports](http://www.mcbride.co.uk/our-responsibilities/reports)

McBride's Annual Report and Accounts are available to view online or to download from:  
[www.mcbride.co.uk/investors](http://www.mcbride.co.uk/investors)

Latest announcements can be found at the McBride online media centre at:  
[www.mcbride.co.uk/media-centre/regulatory-news](http://www.mcbride.co.uk/media-centre/regulatory-news)

