

# Manufacturing our future

McBride plc Sustainability Report 2015



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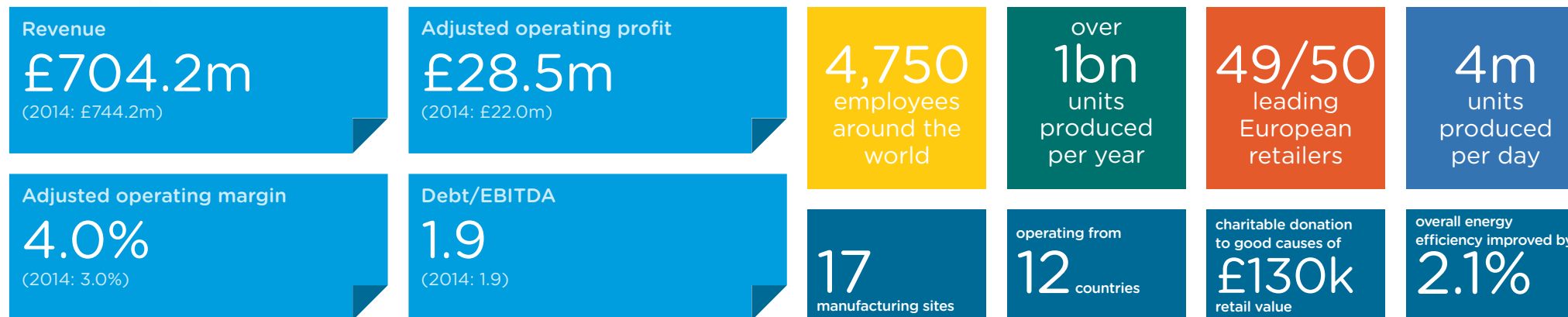
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# Introduction to McBride products and services

## 2015 highlights

McBride was established in 1927. From its historic UK base, the Company has grown both organically and by acquisition, expanding its range of products and its manufacturing base into key continental European markets and Asia Pacific. The Company listed on the London Stock Exchange in 1995.





# Welcome to our 12th Sustainability Report

## Chief Executive Officer's introduction

### Manufacturing a sustainable future.

#### Introduction

Profitable growth is essential to the future of McBride. We recognise that markets, customers and competition have moved forward in a fast-changing environment and McBride needs to adapt as well. We have realigned our corporate strategy and launched our new company slogan 'Manufacturing our future' designed to translate our manufacturing excellence and scale into cost leadership and sustainable competitive advantage.

The totality of actions and initiatives we will undertake to deliver this strategy will be known as "Repair, Prepare, Grow" and our newly established leadership team has the right focus and determination to deliver these objectives.

We will need to "Repair" some aspects of the Company by simplifying everything we do which will result in proportionally less resource required to manage a simpler business.

The cost repositioning that results from the "Repair" phase will allow us then to "Prepare" the Company to have the right and effective platform for growth development.

As a result of the "Repair" and "Prepare" phases, our "Grow" ambition will be focused on those products, customers and geographies where we really offer a sustainable competitive differentiator. The new organisation and culture will provide the right-sized engine to deliver upon this growth ambition.

Under "Repair, Prepare, Grow" we now have clear themes and behaviours for the business ensuring that our sustainability work is totally linked and aligned with our new corporate strategy as we continue apace to integrate sustainable approaches in every aspect of our operations.

In practice we have built on the success of last year and the launch of our sustainability roadmap, supporting our customers by providing them with sustainable and achievable options for their products.

I am very pleased to report that our sustainability record and improvement programme has been recognised after we were shortlisted for a PLC Awards 'Achievement in Sustainability Award'. One of my first and most welcome tasks after joining the Company was to attend the award ceremony in London where our sustainability initiatives were acknowledged by leading UK companies.

I have also appointed a Health, Safety and Sustainability Director, fully dedicated to focus on sustainability for the Company, supporting a Company-wide Sustainability Steering Group (SSG).

The Board receives regular presentations from the SSG to ensure that our sustainability activities align with our strategic plan. A key element of this is the continual development of our five core sustainability objectives: customers and consumers; product and design; production and operations; our people and community and society.

Our new sustainability roadmap is a vital part of our business, setting clear objectives and key milestones over the short, medium and long term. The SSG is currently reviewing these activities and targets to ensure they remain appropriate, challenging, achievable and essentially, aligned with our new corporate strategy.



**Rik De Vos >**  
Chief Executive Officer



# Welcome to our 12th Sustainability Report

## Interview with Mario Morsiani and Malcolm Allan

Mario Morsiani is Chairman of the Sustainability Steering Group and Malcolm Allan is Director of Health, Safety and Sustainability.



Mario Morsiani



Malcolm Allan

### What does the review of alignment involve?

First while we have the five pillars of our Sustainability Plan, we are looking at our approach in four main areas: customers and competitive advantage; cost saving and efficiency areas; stakeholders interests; and regulation and compliance.

We see these all help to promote the benefits of a sustainable approach and help all our colleagues relate sustainability to their everyday activities. We want to show these are things that are not just helping the long-term future of the planet, but make good commercial sense too.

### What areas need to be improved?

We have made solid progress in a number of key areas and it is clear that our new philosophy and the key work of the Sustainability Steering Group is making a difference. We want to make further improvements in areas such as employee engagement, alignment with our customers' requirements, understanding our own capabilities and pragmatically promoting our capacity.

### What about legislation? Do you need to improve compliance?

We have a range of certifications and accreditations in place and we are compliant as a whole business. However, this is a constantly changing field, and within the EU there remains national government responsibility for legislation. We are working hard to keep on top of compliance in all our territories and we are looking to make things consistent across the business and its geography.

### Have you made progress in the last twelve months and are you on track?

In simple terms yes and no. Yes we have made progress and in some areas we have achieved considerable success and this report will highlight some of those key wins. However, we have not hit all our targets and we are open and honest about that. We are looking in more detail at what we need to do to achieve our targets and we are revising our plan accordingly.

### What will be changed in the plan?

We need to make sure that our plan is still appropriate against the changing and challenging nature of our business. We are reviewing the targets to ensure they remain realistic and achievable and align seamlessly with our Company strategy.

### What is the future of the Sustainability Steering Group?

We are in the process of further strengthening the Sustainability Steering Group. It will be aligned with the new Company strategy and structure and importantly, still be made up of a team of our own people who have functional jobs in the business, alongside a number of sustainability professionals. This will ensure we stay connected to the business and our customer and stakeholder needs.



# The sustainability roadmap

## Introducing the sustainability roadmap

Our sustainability roadmap has guided us for twelve months now. We hold regular meetings with pillar reports submitted in advance with a focus on our achievements to date and what we need to do next to continue our progress against the plan’s targets.

The five pillars are:



### Customers and consumers

“Identify customer specific and good practice sustainability initiatives and targets and work to integrate into category and key account plans.”



### Product and design

“Design, create and supply value products which are safe to use, whilst minimising environmental impact.”



### Production and operations

“Maximising operational efficiency and value through the pursuit of operational excellence to minimise our environmental impact and reduce emissions.”



### Our people

“Creating an environment where people want to work and are able to give of their best.”



### Community and society

“Work to ensure McBride’s products and operations benefit local communities in which we operate and wider society as a whole.”

The Sustainability Steering Group team:

- **Malcolm Allan**  
Director Health, Safety and Sustainability
- **Kim Ariff**  
National Account Manager, Business Unit, UK
- **Craig Beard**  
General Manager Operations, UK
- **Olivier Chevalier**  
Group Development Category Leader, Laundry, Liquid and Sachets
- **Gianluca Distratis**  
Plant Manager, Bagnatica, Italy
- **Neil Jones**  
Business Unit Director, UK
- **Francis Lietaert**  
Business Unit Director North
- **Ghislaine Malouki**  
Technical Support Manager Business Unit North
- **Mario Morsiani**  
Business Unit Director, Italy
- **Huan Quayle**  
Deputy Company Secretary
- **Mark Robson**  
Group Purchasing Director
- **Ian Ryder**  
Strategic Marketing Director
- **Francesca Sesana**  
HR Manager, Bagnatica, Italy
- **Patrick Vanderstichele**  
Group Project Manager R&D
- **Nick Woods**  
Central HSE Manager, UK



# The sustainability roadmap continued Customers and consumers



## Customers and consumers

“Identify customer specific and good practice sustainability initiatives and targets and work to integrate into category and key account plans.”




Owner  
**Francis Lietart**  
Business Unit Director,  
North

Deputy  
**Neil Jones**  
Business Unit Director,  
UK

Our sustainability roadmap continues to be presented to our key customers across Europe. It confirms our commitment to corporate responsibility and sustainability matters and is designed to foster even closer ties to our customers' visions in this area.

We are continuously monitored and audited by our customers on a number of key areas including corporate, ethical and social matters. We take our responsibilities seriously and remain ethically responsible and sensitive to consumer needs.

Under our other four pillars we have done work which also interfaces with our customers including: ethical auditing, certification, life cycle mapping, footprint work, formulations claims and work with AISE to support customers.

 Once again we have been recognised by Carrefour with the award of a gold medal for our sound sustainability practices, including governance, human rights, environmental impact, ethics, consumer protection and our local community interface.

The report citation said: “You have an excellent level of commitment to sustainable development”.

This is not only a great achievement for the business, but also deserved recognition for the McBride team, and an improvement on the silver medal presented last year.



McBride has been a core campaign leader and partner of the AISE campaign “I prefer 30°”

which raises awareness of the benefits of low temperature washing.

The campaign calls on all industry stakeholders and their partners to take responsibility for the maintenance of sustainable standards in low temperature washing.

Many consumers wash at a high temperature out of habit and on occasions when it simply isn't necessary. A reduction in wash temperatures helps to cut CO<sub>2</sub> emissions, save energy and household bills and is good for the environment.

If everyone in Europe reduced their average wash temperature by 3° when possible, the energy savings would be equivalent to the emissions produced by more than 127,000 cars.

Washing clothes at low temperatures gives great results thanks to advances made in the manufacture of washing machines and detergents. Today's clothing products are designed to achieve high performance results, look good and last longer when washed at low temperatures and McBride has led in promoting the campaign to its customers.

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“Getting a strong financial result at the same time as doing business the right way for the environment has to be the ambition; we have proven these are not mutually exclusive.”

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**Neil Jones**  
Business Unit Director, UK



# The sustainability roadmap continued

## Customers and consumers

### Customers and consumers continued



McBride can exploit growth opportunities by fully utilising our scale, operational excellence and driving a lower cost base.

#### Market and customer dynamics

By working with Private Label manufacturers, supermarket retailers have developed their own “brands” to attract and retain customers. Furthermore, retailers have been “tiering” their Private Label offering, either with store wide banners, such as “Finest” or with labels such as “Value”. Private Label manufacturers can help retailers with this tiering by enabling a store brand to have an image of its own that shoppers can identify with. Private Label products are typically low priced and value for money and are associated with a quality product for an affordable price. Scale producers of Private Label products, such as McBride, are well positioned to develop this quality and price dynamic for the retailers to differentiate themselves from

their competition. We also support “green” products and sustainability claims.

#### Product and service differentiation

For supermarket retailers, a Private Label manufacturer is essentially a contract manufacturer offering a cost effective means to outsource production of a specified product to bear the retailers’ store banner or other exclusive store brand. Private Label manufacturers of an appropriate scale can engage with customers in a deeper R&D and supply chain integration for the benefit of both parties. This can include offerings to support the retailers’ own specific sustainability agenda.

#### Channel development alignment

A key dynamic in McBride’s markets is the evolving nature of the channels we sell into. The retail markets in many of the countries we operate in are highly concentrated, with a limited number of supermarket retailers and, as a result, there is fierce competition. Private Label is a key part of that value chain, so supermarket retailers need large, sophisticated Private Label manufacturers able to provide them with a competitive advantage, this includes sustainability activity. Discounters have experienced a steady increase in sales across Europe, which has been fuelled by the economic downturn. Discounters’ combined market share of the EU grocery

market in 1999 was 8.4%, grew to 15.2% by 2014 and is forecast to show a compound annual growth approaching 5% per annum to 2020 with total growth of c. €60bn. The discount format successfully competes on price, quality, consistency and simplicity rather than offering a wide choice, access to manufacturer brands or an unnecessary level of service. Because of the focus on price and quality, most products offered by discounters are either Private Label or other exclusive store brands developed by Private Label manufacturers.

Other supermarket retailers are responding to the challenge from discounters in their national markets by reducing complexity in their on-shelf ranges, including both manufacturer brands and Private Label ranges, in order to drive economies of scale in their buying and distribution. This process favours Private Label manufacturers with the scale to supply large volumes of these new Private Label products, whilst being able to provide specialist offerings in aspects like sustainability.

#### Co-manufacturing production for brand owners

Private Label manufacturers often use their asset capacity to co-manufacture for brand owners. While this is not a new phenomenon, there is a noticeable increase in the demand for such

arrangements. These types of agreements also show a trend of becoming more structural in nature, both in size and duration. We are also able to match the brand owners ethical and sustainability credentials. For McBride, the requirements, apart from scale, to serve this opportunity are not different from direct supply to major retail customers, while assisting in maximisation of asset utilisation.

#### Regulation

As seen in McBride in the past few years, the burden on businesses from global, regional and national regulations continues with little sign of slowdown. The Classification, Labelling and Packaging Regulation, which came into effect in June 2015, required extensive technical and commercial efforts for both McBride and our customers. Increasingly this regulation relates to the sustainability agenda. Retailers will need to manage the cost implications of these processes and will increasingly rely on their suppliers to ensure their products comply, which will favour the larger and better resourced Private Label manufacturers, such as McBride.





# The sustainability roadmap continued

## Product and design

### Product and design

“Design, create and supply value products which are safe to use, whilst minimising environmental impact.”



Owner  
**Ian Ryder**  
Strategic Marketing  
Director

Deputy  
**Patrick Vanderstichele**  
Project Manager R&D

#### CLP Regulation

The quality and safety of our products is paramount. We take our responsibilities seriously and we are committed to ensuring that all our products are suitable and safe for their intended use.

During the year we have completed the classification reassignment of products and raw materials as required under the CLP European regulation. We have aligned these new classifications with our sustainability agenda.

European Regulation (EC) No 1272/2008 on classification, labelling and packaging of substances and mixtures came into force on 20 January 2009 in all EU Member States, including the UK. It is known by its abbreviated form, ‘the CLP Regulation’ or just plain ‘CLP’.

The CLP Regulation adopts the United Nations’ Globally Harmonised System on the classification and labelling of chemicals (GHS) across all European Union countries, including the UK. It is a voluntary agreement rather than a law and has to be adopted through a suitable national or regional legal mechanism to ensure it becomes legally binding.

#### Palm oil

McBride has joined the Roundtable on Sustainable Palm Oil (RSPO) and has been audited at three sites and been passed for mass balance. The mass balance supply chain model

administratively monitors the trade of RSPO certified palm oil and its derivatives throughout the entire supply chain, as a driver for mainstream trade in sustainable palm oil.

We are providing sustainable palm oil solutions for some customers. We don’t buy or use palm oil directly but instead take a derivative for use in the manufacture of detergent cleaning and personal wash products that has a small palm oil content.

While McBride is not a leading international user of sustainable palm oil, we believe we are leaders within Own Label product.



#### Ecolabel

This year we have received accreditation for 52 Ecolabel formulations and each is supplied to between one and ten retailers.

Ecolabel is a voluntary scheme run under the European Commission. To achieve Ecolabel accreditation for a product, a dossier is submitted covering the environmental impact of raw materials used, product formulation and a product life cycle assessment. A successful accreditation and compliance allows for the use of the logo.

The dossier is assessed by the government’s ‘competent body’ in the country of production, but once approved it applies to any European Union (EU) state and the logo can be used on that product anywhere within the EU.

“Consumers are now increasingly aware that their actions have an impact on our planet. McBride is proactive in driving sustainability initiatives with retailers where sustainability is part of their strategic direction.”

**Kim Ariff**  
National Account Manager



# The sustainability roadmap continued

## Product and design

### Product and design continued



Products under the Nordic Swan Ecolabel scheme have also been developed and placed on the market for our customers.

#### Phosphate reduction

The move out of phosphate in Automatic Dish Washing (ADW) is the next step in the global strategy to decrease the release of phosphate in the waste water of domestic appliances.

Driven by legislation, the change to phosphate-free detergent products was anticipated by some countries including France and Italy, where some constraints including an additional tax or a half-way limitation are already in force.

The reason for the changes in legislation is that phosphate is the primary cause of eutrophication, where surface waters become over-rich in organic and mineral nutrients, causing algae growth and the depletion of the oxygen supply.

At our Foetz site in Luxembourg we will remove 9,300 tonnes/year of phosphate and replace it with a phosphate-free 'builder', the chemical system comprising the raw materials which generate the detergent effect. Within the McBride ADW portfolio, we are aiming to replace 13,000 tonnes per year in the next two years.



#### 'PREP-P3' project - a sector initiative towards more sustainable laundry detergents

With our member colleagues in the AISE, McBride is part of the 'PREP-P3' project. This uses industry innovation to minimise the environmental impact of laundry powder detergents through compaction and concentration. This aims to help consumers to achieve the correct dose while getting the best results from their detergent and at the same time benefiting the environment.

Compaction and concentration allows us to reach a recommended dosage  $\leq 75$  g/wash and  $\leq 115$  ml/wash for a normal washing machine load, delivering at least the same performance as before. Compaction and concentration has the added benefit of optimising the size and scale of packing materials. The project is communicated to consumers through on-pack messaging.

After its full implementation, PREP-P3 is estimated to deliver the following potential environmental load reductions per year (versus 2011):

- 116,000 tonnes of raw materials
- 8,300 tonnes of packaging materials
- 5,900 truck journeys
- more efficient/effective use of shelf space

#### Compressed aerosols

Within our aerosols category we are, in common with others in the industry, producing compressed aerosols. Using technical innovations, consumers receive the same product in a much smaller aerosol can. With the obvious savings in terms of reduced packaging and lower volumes and weight, this has additional benefits in the supply chain with reduced transportation and storage costs and provides retailers with greater efficiencies in product handling and increased space on the shelf. It has been said by our industry that if one million Belgians changed to a compressed format (of aerosols), we can save the equivalent in CO<sub>2</sub> emissions of a car travelling 100 times around the world and save enough aluminium to produce as many as 14,000 bicycles.

#### Concentrated all-purpose cleaner

We currently manufacture 'all purpose cleaners' for a number of customers. Using our technological expertise along with our manufacturing capability we have developed a new and greatly improved concentrated formula. The new product, which is two and half times more concentrated, uses our specialist manufacturing equipment to produce a new surfactant system, which will be offered to retailers by the end of 2015. The product packaging will also include a specially designed dosing cap to ensure the correct dosage is used.



# The sustainability roadmap continued

## Production and operations

### Production and operations



“Maximising operational efficiency and value through the pursuit of operational excellence to minimise our environmental impact and reduce emissions.”



Owner  
**Gianluca Distratis**  
Plant Manager  
Bagnatica, Italy

Deputy  
**Craig Beard**  
Operations General  
Manager

While our total energy consumption increased slightly during the year by 0.4%, our overall energy efficiency improved by 4.3%. Breaking this down, consumption of electricity increased by 3.7%, but was offset by significant reductions in usage of gas, a decrease of 10% and oil, a decrease of 24%.

#### Greenhouse gas emissions

During the latest financial year, we engaged an independent auditor to verify our greenhouse gas data in accordance with ISO 14064. This was completed and confirmed the figure we reported last year for 2013/14.

#### AISE membership



McBride plc is a member of AISE, the European Federation of Trade Associations for the Detergent & Cleaning Product Industry, the official representative body of this industry in Europe, which seeks to improve industry performance for consumers. With 31 national associations across Europe and beyond, it represents more than 900 companies supplying both household and professional cleaning and maintenance products and services.

Its vision is to benefit society by contributing to the sustainable improvement of the quality of life through hygiene and cleanliness, in a constructive, competitive and innovative way.

Once again we achieved charter status following a recent assessment by the AISE, with an improved overall outcome, confirming we are a leader in the sector with others around the AISE table.

#### ISO 50001 at Moyaux, France



ISO 50001 is a framework designed to make it easier for organisations to integrate energy management to improve quality and environmental management. Using energy efficiently helps organisations save money as well as to conserve resources to tackle climate change.

This year our detergent powder operations in Moyaux, France was successfully audited by the Association Française de Normalisation (AFNOR) for ISO 50001.

The audit found no non-conformities and we received congratulations from AFNOR's auditor for the quality of the systems in place, our structured approach, the level of controls in place and the involvement of all staff in the process.

We are very proud of this achievement, allowing us to guarantee the implementation of a continuous improvement process in the control of our energy consumption.

“It is only when you list what is done that you are surprised about the quantity and the quality of the efforts achieved. It is important we do this and communicate well about it internally as our people, working on projects, will unconsciously take sustainability into account. By highlighting the outcomes we will achieve even better results.”

**Patrick Vanderstichele**  
Project Manager R&D



# The sustainability roadmap continued

## Production and operations

### Production and operations



#### Energy champions

We have a team of 'Energy champions' at each manufacturing site, tasked with identifying and sharing energy saving solutions across the business. They meet regularly, using video conference, under the leadership of Gianluca Distratis, Plant Manager at Bagnatica, Italy, who is a member of the Sustainability Steering Group.

Within the sites we always have a number of sustainability projects in progress and we have regular meetings of the Energy champions to 'go-look-see' and share best practice, or transfer knowledge, which is driving sustainability best practice throughout our operations.



Gianluca Distratis - Plant Manager, Bagnatica, Italy

At the end of the year there were 96 separate projects with measured payback. Overall these have saved more than £700k of energy on a full year basis.

The projects included:

- in Bagnatica an automation management system was put into blow moulding to improve the plc programming and saved over £6k on a full year, and required no investment
- in Estaimpuis by removing absorption dryers and replacing them with water dryers we saved £14k in the year and around £32k on a full year basis
- in Etain by modifying the pneumatic network in blow moulding we saved £15k in the year
- in Foetz by replacing two old compressors with new machines we saved in excess of £10k on a full year basis
- at Brno we installed a new chiller water cooled evaporator saving £16k per year
- in all sites we have changed from conventional battery chargers for fork lift trucks to high frequency chargers, as reported last year at our Ieper site alone that gave a £16k saving

Air leak detection at our Middleton factory saved £15,000 >

- Ieper also replaced waste water pumps with high efficiency pumps (nearly £7k saving) and changed the settings for warm water in formulations (£10k saving)
- we continue to work on air leak detection which at our Ieper site has already saved £30k and at Middleton £15k
- at Middleton just replacing redundant lighting saved £3k and at Brno replacing corridor lighting with energy saving bulbs and a light sensor saved £1k
- in Rosporden replacing HID lights by waterproof LED saved £14k and we are working on similar projects elsewhere

- in Moyaux, a centralised control unit for compressors was installed with no capital required and in Sallent a new compressor has saved £9k
- additionally in Moyaux, the temperature for drying powder was reduced by 50°C without adversely affecting quality or production with an 18% energy reduction

These give examples of small and large projects and changes locally and Group-wide which have contributed to our total achievement. In this area especially we are convinced that we need to look at all types of savings, however small, whilst still looking for bigger projects. In sustainability, small gains are especially important as they build culture and often lead to larger gains.





# The sustainability roadmap continued

## Our people

### Our people

“Creating an environment where people want to work and are able to give of their best.”



Owner  
**Francesca Sesana**  
HR Manager  
Bagnatica, Italy

Deputy  
**Malcolm Allan**  
Director of Health, Safety and Sustainability

#### Staff opinion survey

In the autumn of 2014 McBride carried out a Company-wide staff survey. Our Employee Opinion Survey was sent to colleagues across eleven countries, presented in twelve languages and garnered an 87% response rate from 4,750 colleagues. A selection of specific questions relating to the Company's sustainability activities are detailed in the table below.

The survey demonstrated reassuring results from across the national spectrum and exceeded our Sustainability Plan first year target of staff communication. With positive results from this widely circulated and well-received survey, we have a platform to further improve our sustainability work ahead of the next survey.

#### Sustainable skills

Performance coaching, providing our people with the skills to make a more sustainable future, is carried out at McBride by colleagues who are trained with accreditation from Sheffield Hallam University in the UK.

#### Improved safety data

With our health and safety statistics improving, we continue to work hard with local teams applying HSG 65, Management of Health and Safety, and the way they are managed within the production process.

Our goal with regard to our people's wellbeing continues to be to create a safe working environment for all, ensuring our business activities are carried out responsibly and in accordance with local legislation.

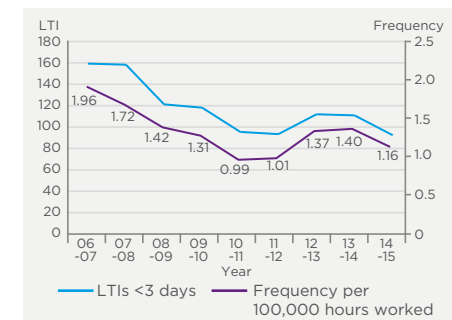
We continue to make positive improvements in reducing accidents at work. We measure those involving more than three days lost time, as well as accident frequency per 100,000 hours worked, which was down 17% on the prior year to 1.2 (2014: 1.4). The actual number of accidents at work reduced by 15%.

Our Etain site in France has achieved more than 700 days without a lost time accident.

These results show an improvement on the previous year but we are not complacent and we are working very hard to reduce the numbers further. Our target is zero lost-time incidents.

“We see the importance of engaging all our colleagues in sustainability as our key ongoing priority.”

**Mario Morsiani**  
Chairman of the Sustainability Steering Group



Question	Positive and neutral response	
	Positive response	Positive and neutral response
Health and safety is taken seriously in this Company	74%	86%
I believe this Company does all it reasonably can to protect the local environment	71%	92%
I am aware that McBride has a programme in place to improve sustainability	60%	87%



# The sustainability roadmap continued

## Our people

### Our people continued



#### Foetz health initiative

Our powder operation at Foetz, Luxembourg, commenced a health and safety initiative focused on accident prevention, which has seen tangible results.

Initially we undertook a defined risk analysis looking at targeted elements which included fire extinguishers, ladders, safety cabinets, showers and racks. The analysis is repeated annually and the target areas are audited on a monthly basis, and driven by employee feedback.

In addition we have introduced regular medical assessments which are also used to guide employee safety and wellbeing. We had seen an increase in the number of employees suffering back problems and tendonitis, which generated an increase in restrictions at workstations.

The Quality Health and Safety Manager, Human Resources and occupational health physician started a study on workstations and the potential risks to staff.

The objectives and implications of the study highlighted the most demanding positions.

Following valuable feedback from staff a number of new initiatives were developed including a consultation with human resources to organise a campaign, a project presentation with the union committee, specific staff communication, and a medical assessment of each role.

As part of the consultation process the study results were presented to the Joint Committee and the Management Team of Foetz and communicated to all staff.

Corrective measures have seen improvements made to staff posture, height and the ergonomic design of workstations, taking into account the organisational solutions and technical measures.

Following the study a number of new measures have been introduced including:

#### Organisational

Production requires a certain amount of plastic sheeting, used to pack tablets or for grouping boxes together or to film pallets prior to secure transportation to the customer. These film coils can weigh between from 5kg and 30kg.

The new measures ensure that coils weighing more than 5kg will now be handled by two people rather than one.

During the pressing and setting process for detergent tablet manufacture there is some residue tablet wastage. These are recovered and placed in a plastic box.

The new measures have incorporated better labelling of the plastic boxes and to limit the weight of each box to 5kg.

This resulted in an increase in the number of transfers but the weight carried was reduced, minimising the risk of overloading and, where possible, the recovered tablets are recycled.

#### Technique

Some production lines require manual pallets, causing repetitive motion and a lowering of body to place the first layer on the pallet.

A new machine has been purchased to simplify this task and avoid the risk of lower back injury.

The staff welcomed these initial changes in working practices and the health benefits they bring and look forward to more assessments and the introduction of new measures in the future.

The progress of the action plan is presented monthly to the Management Committee and once the assessments are complete and the new measures adopted, the occupational health doctor will review the improvements.



Powder operation at Foetz, Luxembourg >



# The sustainability roadmap continued Community and society



## Community and society

“Work to ensure McBride’s products and operations benefit local communities in which we operate and wider society as a whole.”



Lifeline Community Action

Owner  
**Malcolm Allan**  
Director of Health, Safety and Sustainability

Deputy  
**Huan Quayle**  
Deputy Company Secretary

Our sites are proud to support local communities and charities, with many projects undertaken this year. We continue to make a positive local contribution, be a good neighbour and a key employer in our locations.

### Donations In Kind

In Kind Direct redistributes surplus or obsolete stock to UK charities. The organisation reaches a wide range of charities and our products are of practical help to many organisations helping communities across the UK.

Products such as washing up liquid and toiletries are valuable and easy to donate. Over the last year, via In Kind, we donated to 1,159 voluntary and community organisations.

Throughout this year we have provided cleaning products and toiletries worth more than £130,000. In total, we have now contributed £500,000 towards helping the most vulnerable in our society.

Examples of the organisations that have benefited from McBride’s association with In Kind include the Mary Tozer House Social Club, a sheltered housing scheme based in Sheffield, supporting residents wishing to maintain their independence.

Through the scheme we have also been able to support Lifeline Community Action, a charity tackling poverty in Newton Aycliffe and the surrounding area. Its philosophy is ‘the best to the people with the least’ and helps provide skills training,

counselling, debt advice and support for addiction, helping more than 2,500 vulnerable people.

### FTSE4Good again this year

Once again this year McBride plc is included in the FTSE4Good Index Series, designed to measure the performance of companies demonstrating strong environmental, social and governance practices. Transparent management and clearly-defined environmental, social and governance criteria make FTSE4Good indices suitable tools to be used by a wide variety of market participants when creating or assessing responsible investment products.

### The McBride run

Now in its twelfth year, the McBride run between Ieper and Poperinge and organised by the Flanders Athletic Club, is a charity half marathon and a mini 7k run, supported by McBride since the run’s inception.



McBride staff all smiles ahead of the half marathon

“McBride recognises the added value and sustainability a successful enterprise can deliver to its local neighbours and communities.”

**Malcolm Allan**  
Director of Health, Safety and Sustainability

For a €2 entrance fee more than 1,200 runners took the challenge of running between Ieper and Poperinge and raised more than €2,500 to support the poorest communities in Wa in the upper west region of Ghana in West Africa.



# The sustainability roadmap continued

## Community and society

### Community and society continued



#### Workplace Health promotion

Our campaign 'Health is not everything, but without health everything is nothing', was based in the Lombardia region in partnership with the local health institute and the industrial companies association of Bergamo.

The successful campaign received the accreditation of 'A workplace which promotes health' reflecting our best practice in health promotion and sustainable development.

The campaign promoted a healthy diet in our canteen with physical activity. All staff were also given a pedometer and access to a fitness trainer at the on-site gym.



Manchester & Salford Bank, Middleton 1892  
Photograph by Andy Marshall

Roberto Fiandri, responsible for Industrial Environment in the regional government said: "Workers who are healthy, healthy because they adopt healthy lifestyles, because they eat healthy food, consequently have higher morale, and offer companies a competitive advantage. The good practices are then transferred within families giving benefits for the entire community".

#### The Edgar Wood project

We continue to chair the Edgar Wood and Middleton Townscape Heritage Initiative project, which received a grant from the Heritage Lottery Fund. The funding helped to repair and restore Middleton's unique collection of pioneering arts and crafts architect Edgar Wood's buildings, along with other local historic buildings.

The five-year project not only gives local people the opportunity to learn about their internationally recognised local heritage, but also encourages them to take part in helping to conserve it for future generations.

#### Crest Awards

At our Middleton plant we worked with the Matthew Moss High School helping students with science projects known as Crest Awards. The students had to complete a project looking at surfactants.

Two McBride chemists, Dominic Young and Nicole Thompson, spoke about their work to eager students and returned later in the year to review their work and make awards to the winners.

The winning students undertook a week of work experience in our Middleton Laboratory, helping to provide a positive experience of the manufacturing environment.

#### From risk to rally

Last year, we welcomed student Marine Pereira into McBride's office in Estaimpuis, Belgium, working within our risk analysis team. To thank her for her work we supported her charitable project "2M en Vadrouille" for the 4L Trophy.

The 4L Trophy is a rally held annually for European students with the objective of crossing the Moroccan desert in a Renault 4L. The annual event is in support of "Enfants du désert" (Children of the desert).

#### Supporting our local communities

We donated cash of €500 to seven charity organisations linked to a McBride employee at our Ieper site. Each employee had the opportunity to propose a local initiative with which he/she was linked and seven initiatives were chosen to receive €500.

The seven charities which received McBride awards were:

- youth movement 'DE IRIS' from Poperinge, which organises activities for disabled children
- VZW Heuvelzicht in Klerken, a school for children with special needs
- Muco-organisation VZW, which offers support for people suffering from cystic fibrosis
- MS-House Ludwina (multiple sclerosis), which organises events for people suffering from MS
- Dominiek Savio Institute in Gits, which is organising a trip to the snow for its pupils and who wants to buy specially adapted pushcarts and sledges
- Julie Zutterman, the daughter of one of our employees, who is studying to be a midwife and travelled to a maternity clinic in Uganda as part of her internship
- Think Pink walk, a fundraiser for Think Pink, an organisation raising money for breast cancer research





# Performance review

## 1 | Accidents

We have had an improved year in 2014/15, with all the key data moving in the right direction.

### Accidents

We have had an improved year in 2014/15, with all the key data moving in the right direction. The number of Lost Time Incidents (LTI) (involving more than three days lost time) fell by 15% to 96 (2014: 113) and the frequency rate of the LTIs also fell by 17% to 1.16 (2014: 1.4). This is a very encouraging trend and we are also much more confident than last year that all our areas across the world are reporting accurately and consistently. Nevertheless we are not complacent and realise that we cannot take focus off the basic processes that support such an improvement. We have measurement of accidents in all "Comm. Cells" held under our OPEX initiative in lean manufacturing.

We have a system of proceduralised documented investigation, with investigators trained under a McBride standard, identifying causes, with actions to remedy. We use an early reporting method to alert all our areas via HSE professionals. This allows us to share information regarding accident causation

along with preventative measures that should be implemented at all sites.

The rate of seriousness, which is a measure of the length of absence a given accident causes, also fell by 30% but off a low base already, to 0.26 (2015: 0.37). We believe that this might be showing our focus on the most serious accidents or near misses and supports us starting to move the focus onto less serious incidents on a priority basis. The risk rate which we also measure internally as the square root of frequency times seriousness is therefore also bound to reduce; from 0.72 to 0.55, a drop of 23%.

All these figures are still above the levels we have achieved in the past, albeit potentially in times of less standardised reporting. We have set ourselves targets which will further improve our performance to below these former levels.

One action that we believe has been helping this overall situation is a focus on five or six key priority areas for the whole business, overlaid by local site action plans covering the more particular and unique local risks. For the last two years we have identified annual priorities on aspects such as transport segregation, enzyme management and blow mould safety.

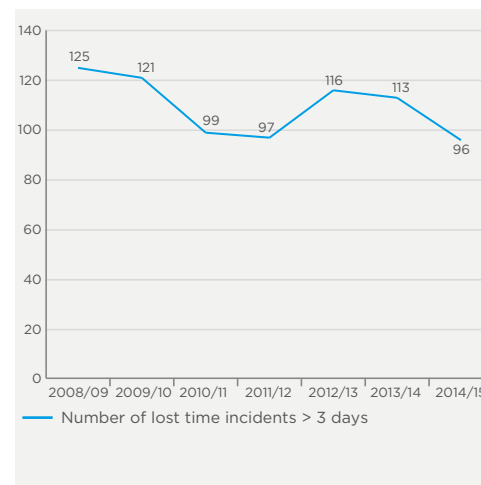
This direction and highlighting of key risks is helping us to not only improve but also share best practice and take the best from each site in what we do.

Looking in detail at our 20 reporting sites, eleven have achieved an improved frequency rate (reduced the figure) year-on-year and three stayed the same, nine reporting 0 or 1 three-day LTIs in the year. At the same time, total accident/incident rates were higher with a total of 702 in the year compared with 618 in 2014 (13.6% increase). We are comfortable with this increase for now as it shows a healthy open and frequent reporting of all incidents, most of which result in no lost time. The theory behind the "Bird"

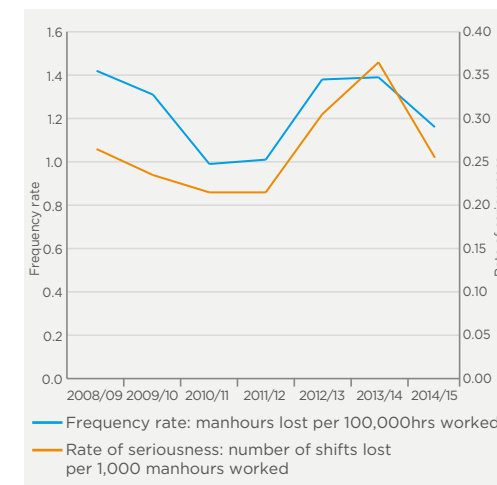
pyramid encourages us to promote more reporting, and this is also an initiative we continue to press forward using near miss reporting, when no accident or incident has taken place. This has been very successful in some locations but still needs work in others.

We are continuing to promote occupational health and health awareness generally, and elsewhere in this report some initiatives are covered, for example at Bagnatica and Foetz.

### LTI trends



### Accident frequency and rate of seriousness trend





# Performance review

## 2 | Energy

Energy consumption and efficiency are showing the benefits of the focus on energy by our site-based Energy champions.

Total Group energy consumption reduced by 0.3% to 614,605 G Joules (2014: 616,402 G Joules), reflecting a combination of energy saving initiatives and higher production volumes overall. The proportion of bottles blown in house has remained at 85% but as a proportion of a larger total. In blow moulding our energy consumption reduced giving a 6% improvement in efficiency. Energy efficiency also improved overall by 2% compared to the prior year. We are pleased that both energy consumption and efficiency are showing the benefits of the focus on energy by our site-based Energy champions.

The Group's energy usage and emissions have been prepared in line with GHG protocol with Scope 1 and 2 emissions reported for the Group. An analysis of energy consumption, emissions, water usage and effluent by financial business reporting units is provided on pages 18-23. Data is collected for all our manufacturing operations, warehouses and offices which are attached to production sites. Data has not been consolidated for independent sales offices or leased offices as these are not considered material in the overall Group's consumption of energy and emissions.

Scope 1 includes the Group's gas and oil consumption. Mobile emissions from Company vehicles are considered to be of low materiality but a review of emissions is under way to confirm this is in line with ESOS reporting requirement for December 2015. We already have ESOS surveys commissioned under EU regulations Directive 2008/98, where necessary. The achievement of ISO 50001 at Moyaux exempted us from this requirement under the regulations.

Oil and gas consumption was also lower compared with the prior year. This was in part due to energy reduction initiatives put in place, and the efforts of our local Energy champions.

### Green energy performance

	2010	2011	2012	2013	2014	2015
% of green energy as % of total energy of Group	21.0	21.0	20.6	19.5	20.4	<b>20.6</b>
% of solar energy as a % of total energy of Group	0.5	0.8	0.8	0.7	0.8	<b>1.1</b>
% of green sourced energy as a % of total energy of Group	21.5	21.8	21.4	20.2	21.2	<b>21.7</b>

All electricity used by the three factories in Belgium is 'green', either from solar panels or purchased on green contracts from our electricity supplier. Solar panel installation was made at the Estaimpuis factory in Belgium, with the benefits starting to come through at the end of the year.

Green electricity accounts for 21.7% of the Group's total energy consumption (2014: 21.2%). This remains in line with our objective of 20% of energy coming from renewable sources. The Group is examining alternative options for further use of and potential sources of green energy but the overriding objective of the Group is to reduce overall energy consumption and thereby improve our long-term energy efficiency in line with our 2020 targets.

A major part of the Group's energy consumption is related to the in-house bottle blowing facilities. Energy consumption therefore varies at sites depending on the relative proportions of bottles blown in house and those bought in.

In the twelve month period to end June 2015, the proportion of bottles blown in house was 85% but on a higher total, up by 7.8%.



# Performance review

## 2 | Energy continued

All sites have energy reduction programmes in place and are participating in improvement projects set up by local authorities or recognised sector federations; e.g. in the UK the Group is involved in the Energy Savings Opportunity Scheme (ESOS) in conjunction with Envantage to identify further opportunities to improve energy efficiency in our UK factories.

Estaimpuis in Belgium has subscribed to a new 'accord de branche' energy reduction plan for the chemical industry sector.

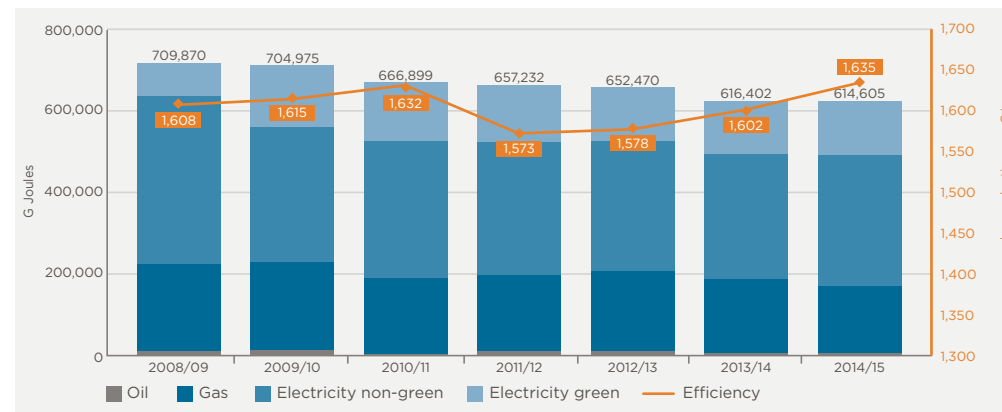
Energy based on renewable sources currently accounts for 21.7% of the Group's energy, with further solar panels being installed. Non-green electricity accounts for 52% of the Group's needs at present with gas providing an increased level at 25.6% of the Group's energy, with fuel oils now accounting for almost 0.6% of the Group's energy needs, a further reduction.

### Targets

The Group's energy efficiency 2020 target is 1,930kg production/G Joules. During the year we achieved 1,635kg production/G Joules (2014: 1,602kg production/G Joules), a 2% improvement and reflecting some hard work in the right direction. The Group however remains in line with the target of a minimum of 20% of energy renewably sourced recognising this is an area for further potential.

For further information on the actions and initiatives we have been taking during the year to improve our energy efficiency go to page 11 in the Sustainability Report.

### Total energy consumption 2008-2015



### Energy consumption by business unit

G Joules	2012/13	2013/14	2014/15
UK	243,472	224,053	<b>197,358</b>
Western Europe	355,055	339,699	<b>334,620</b>
Rest of World	53,943	52,650	<b>82,627</b>
<b>Total</b>	<b>652,470</b>	<b>616,402</b>	<b>614,605</b>



# Performance review

## 2 | Energy continued

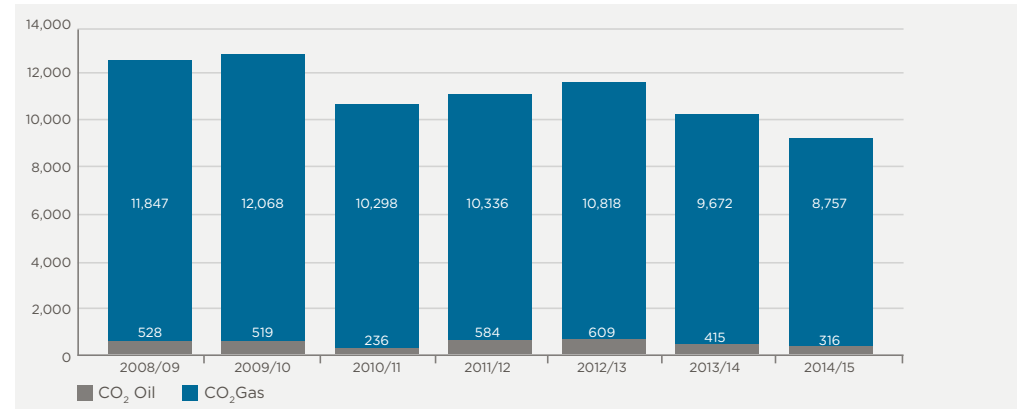
### Greenhouse gas emissions

Total emissions increased by 6.2% compared to the prior year to 58,243 tonnes CO<sub>2</sub>e (2014: 54,816 tonnes CO<sub>2</sub>e). Scope 1 emissions from oil and gas fell by 10% compared to the prior year reflecting lower usage thanks to a variety of initiatives at a local level, resulting in the Group's lowest Scope 1 emissions on record.

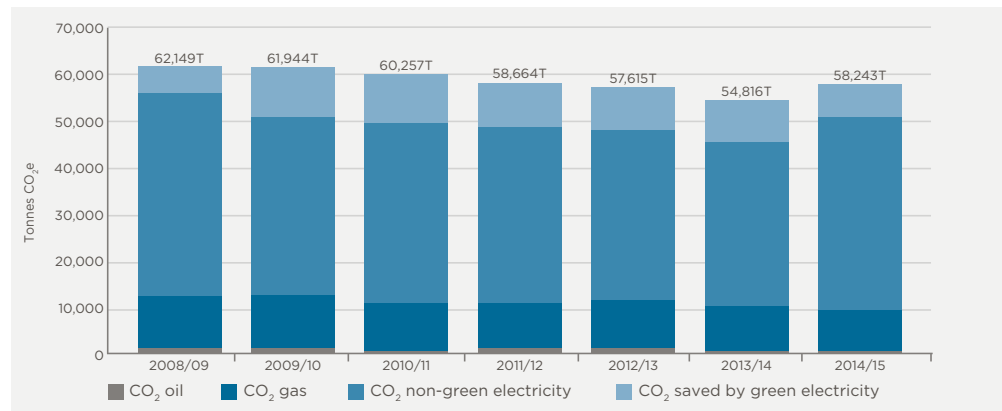
Scope 2 emissions from electricity increased by 10% reflecting our increased use of electricity. This is due to the expansion of our Polish plant, to cope with additional demand from Germany and Eastern Europe. Without this effect we achieved an overall reduction in Scope 2, including improvements in UK and Western Europe. We will use this knowledge to introduce improvements in Poland.

Our CO<sub>2</sub> efficiency therefore reduced slightly to 17,254kg production per tonne CO<sub>2</sub>e (2014: 18,017kg production per tonne CO<sub>2</sub>e).

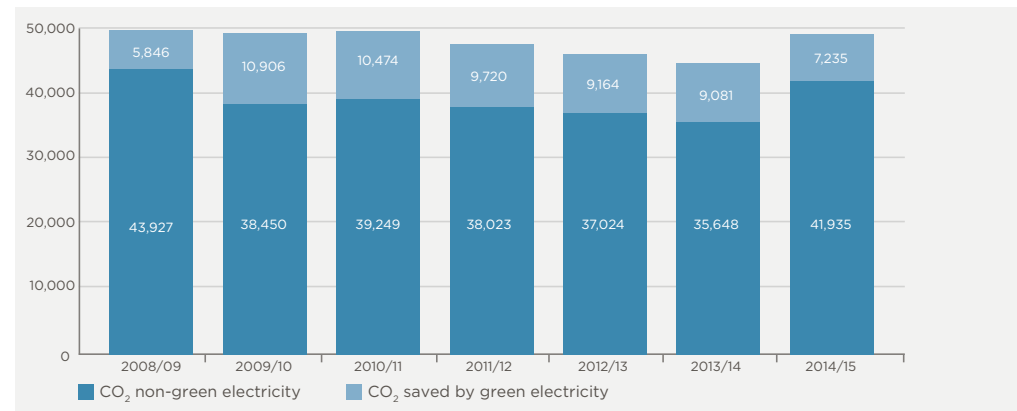
### GHG emissions Scope 1 2008-2015



### GHG emissions 2008-2015



### GHG emissions Scope 2 2008-2015





# Performance review

## 2 | Energy continued

A number of initiatives are being shared across the Group by our Energy champions to reduce emissions including installation of sub meters compressed air leakage programmes, new compressors with heat insulation recovery, and investment in more efficient machines. Other initiatives such as investigation into lowering water processing temperatures have had beneficial results in reducing energy required for heating process water.

### CO<sub>2</sub>e targets

When the impact of green sourced energy is included the efficiency figure is 19,702, compared with last year at 21,594.

The Group has a target of 22,037kg product per tonne CO<sub>2</sub>e as its 2020 objective. Progress is being made towards this target but we need to further accelerate the progress made in reducing electricity consumption, continuing to deliver on our energy efficiency initiatives and maintain a minimum of 20% of energy from renewable sources to meet our targets.

### Scope 1 emissions by business unit

Tonnes CO <sub>2</sub> e	2012/13	2013/14	2014/15
UK	4,386	3,838	<b>3,191</b>
Western Europe	6,207	5,468	<b>5,063</b>
Rest of World	834	781	<b>719</b>
<b>Total Scope 1</b>	<b>11,427</b>	<b>10,087</b>	<b>9,073</b>

### Scope 2 emissions by business unit

Tonnes CO <sub>2</sub> e	2012/13	2013/14	2014/15
UK	22,089	20,751	<b>19,240</b>
Western Europe	17,343	17,184	<b>15,235</b>
Rest of World	6,756	6,794	<b>14,605</b>
<b>Total Scope 2</b>	<b>46,188</b>	<b>44,729</b>	<b>49,170</b>

### Scope 1 and 2 emissions by business unit

Tonnes CO <sub>2</sub> e	2012/13	2013/14	2014/15
UK	26,475	24,589	<b>22,431</b>
Western Europe	23,551	22,652	<b>20,488</b>
Rest of World	7,590	7,575	<b>15,234</b>
<b>Total Scope 1 and 2 emissions</b>	<b>57,615</b>	<b>54,816</b>	<b>58,243</b>



# Performance review

## 3 | Group water usage

Water is used to ensure products are at a suitable concentration for safe and effective performance by the consumer.

Water is a key component of the Group's operations being used as a key ingredient in the finished products leaving our factories. Water is used to ensure products are at a suitable concentration for safe and effective performance by the consumer.

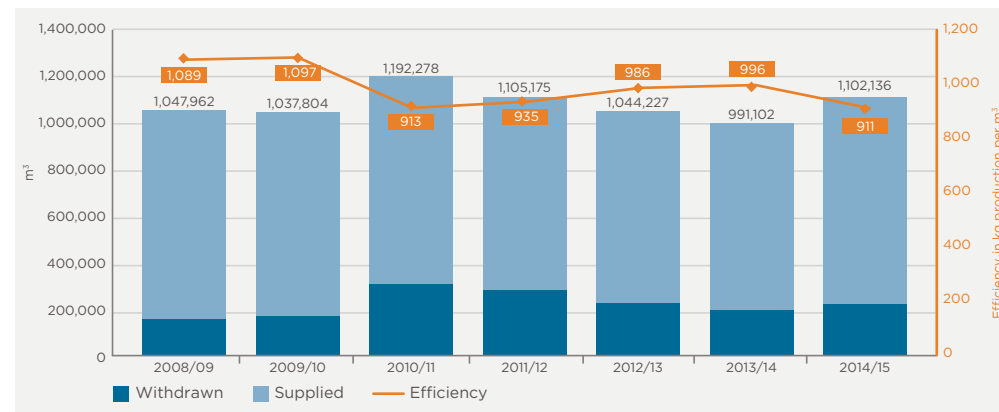
Water is also used as part of our hygiene and cleaning processes between production batches. Increasing hygiene standards are putting further demands on water usage.

Total water usage increased by 11% in absolute terms to 1,102,136m<sup>3</sup> (2014: 991,102m<sup>3</sup>).

The Group's water efficiency consequently fell 9.4% to 912kg production per m<sup>3</sup> water (2014: 996 production per m<sup>3</sup> water).

The Group continues to explore ways to reduce water use.

Total water usage 2008-2015



Water usage by business unit

m <sup>3</sup>	2012/13	2013/14	2014/15
UK	296,356	275,357	<b>300,418</b>
Western Europe	599,068	554,143	<b>590,719</b>
Rest of World	148,803	161,602	<b>174,032</b>
<b>Total</b>	<b>1,044,227</b>	<b>991,102</b>	<b>1,102,136</b>



# Performance review

## 4 | Effluent generation

Much of the water used by the Group is for cleaning purposes, a necessity due to the large product portfolio.

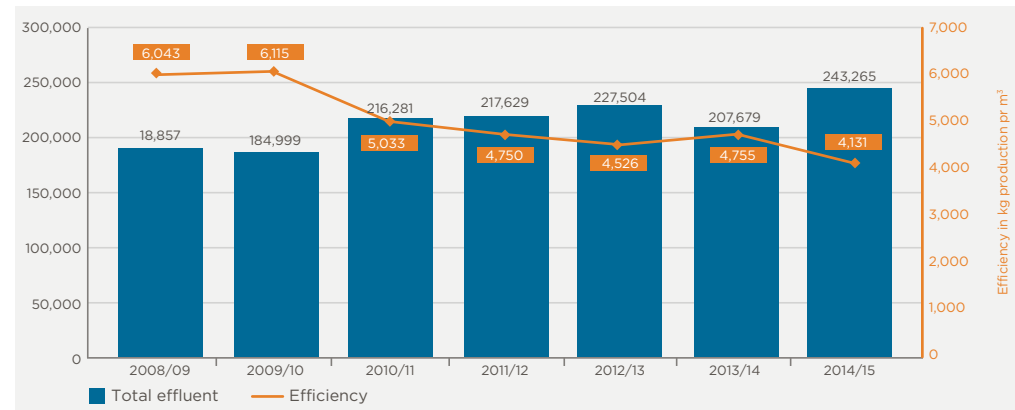
The effluent generated by the Group showed an increase of 17% on an absolute basis while the efficiency also decreased by 13% to 4,131kg production per m<sup>3</sup> effluent (2014: 4,755kg production per m<sup>3</sup> effluent).

Much of the water used by the Group is for cleaning purposes, a necessity due to the large product portfolio which requires many small production runs with clean downs in between batch production.

Again we have seen the effect in Poland of additional production volume.

The combination of an increasing proportion of concentrated products within the product mix 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.

Total effluent 2008-2015



Effluent generated by business unit

m <sup>3</sup>	2012/13	2013/14	2014/15
UK	17,392	16,570	<b>16,340</b>
Western Europe	141,442	142,220	<b>150,154</b>
Rest of World	68,670	48,889	<b>96,771</b>
<b>Total</b>	<b>227,504</b>	<b>207,679</b>	<b>243,265</b>



# Performance review

## 5 | Waste

The improvement in waste management has been delivered despite the fact that we have higher requirements on hygiene standards.

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 leaving our sites as a percentage of production reduced slightly to 1.25% (2014: 1.5%).

In addition, what we consider to be the increasingly important KPI i.e. the amount of sustainably treated waste (reused, recycled or recovered) further increased to 90% of total waste, up from 89% last year.

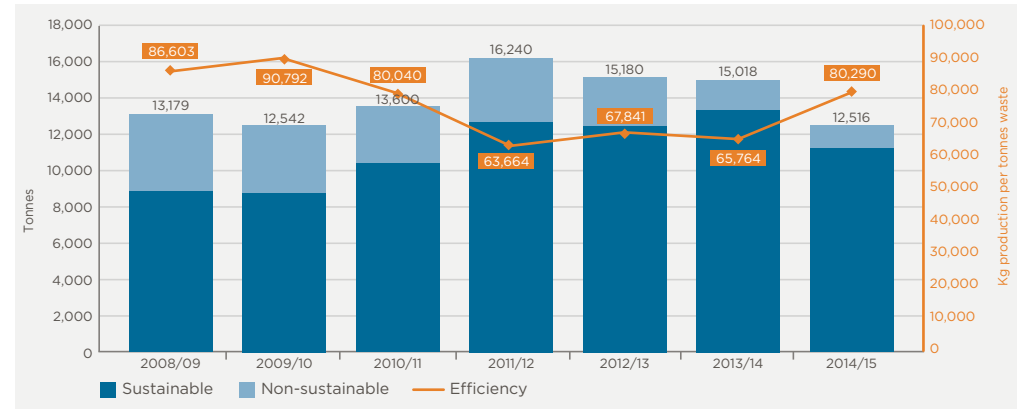
The improvement in waste management has been delivered despite the fact that we have higher requirements on hygiene standards which results in greater waste of protective packaging within the process e.g. protection of empty bottles.

The Group and industry as a whole is continuing to expand its programme of waste segregation to further identify, separate and report more streams of waste for recovery, reuse and recycling for example paper packaging and wooden pallets. It is not just important to know what is leaving our sites but to know what the end use of waste streams is.

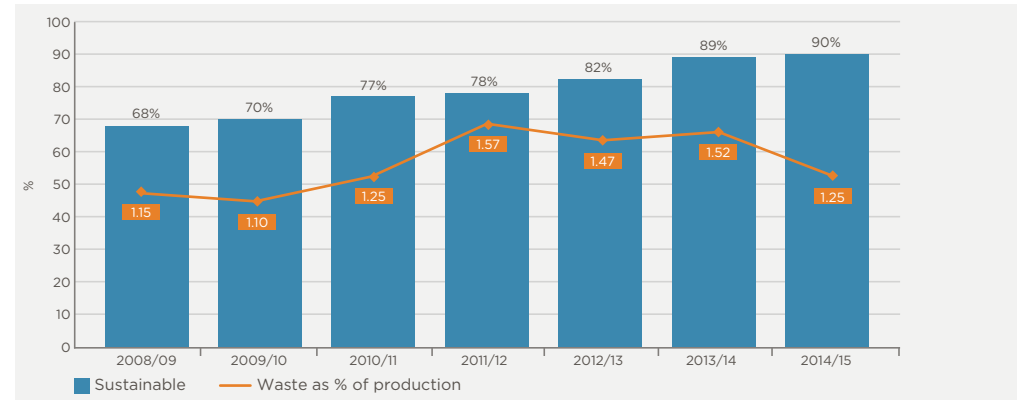
Our lean activities also highlights stored and redundant items and improves housekeeping, all of which contribute to waste generation in the short term whilst providing a platform for long term efficiency gains.

A further small improvement has been seen in the reduction of the amount of waste going to landfill maintaining the huge improvement achieved last year. Efficiency related to landfill waste has increased by 1% this year. It is pleasing the efficiency related to the re-used and recycled waste has improved by 20%.

Total waste 2008-2015



Total waste 2008-2015 (fraction vs total)







# Performance review

## Appendix

### 1. Overview

The Board has overall responsibility for maintaining and enhancing the Group's CR 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 Director of Health, Safety and Sustainability every six months and submitted to the Group's Executive Directors and 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 CR 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 from 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 Sustainability and the Environment
- Policy on Product Responsibility
- Policy on Animal Testing
- Policy on Packaging
- Policy on Anti-Bribery and Corruption

### CR 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 twelfth Sustainability Report and the third which is aligned to GRI reporting principles. Data given in the report has not been independently audited, although discussions have been held with potential assurance partners.

The report covers all 17 manufacturing sites and warehouse operations during 2014/15.

### Stakeholder engagement – community, social, employees

The Sustainability Steering Group includes our own people and our local communities as two of its pillars, reviewing activities and actions at each meeting.

### 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 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.

### 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 are 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 work with multinational customers and we continue to work closely with retailers to drive both the growth of the Private Label business to understand their sustainability agendas and objectives.



# Performance review

## Appendix

### Customers continued

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. This year we have achieved 95% which is below last year (2014: 98%) but affected by a number of challenges including CLP.

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 data on McBride plc financial performance is provided on page 30 of this report. More detail can be found in our Annual Report and Accounts, available on the Company website.

### 3. Environment

The Group is committed to making continuous 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 in places 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. Thirteen sites hold the ISO 14001 accreditation and we are working towards accreditation for all our manufacturing sites.

Following agreement with a local authority in June 2014, environmental costs have been provided in relation to historical environmental contamination at one of our sites in Belgium. Short-term precautionary measures are in place to mitigate the possible impact of any potential future contamination and an action plan running over 20 years has been agreed to mitigate the pollution and its potential future impact. Accordingly a discounted provision of £2.5 million has been recognised in relation to the agreed plan

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.

### Energy

Total Group energy consumption reduced by 0.3% to 614,605 G Joules (2014: 616,402 G Joules), reflecting a combination of energy saving initiatives, lower production volumes overall. Energy efficiency also improved by 2% compared to the prior year 1,635kg per G Joules (2014: 1,602kg per G Joules). We are pleased that both energy consumption and efficiency are showing the benefits of the

focus on energy by our site based Energy champions who continue to meet regularly and share best practice.

Indirect energy consumption is entirely from mains electricity except in Belgium. All Belgian sites (Estaimpuis and Ieper) 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, both the Estaimpuis and Ieper sites have installed solar panels on the roof which generate a small but important proportion of electricity. This has increased by 1.6% year-on-year.

### Proportion of green and solar energy 2014-15

	kWh	
Energy derived from solar panels	1,830,773	
Purchased green electricity	35,083,382	
Non-green electricity	88,910,421	
Gas	43,783,313	
Fuel oil	1,129,432	
<b>Total Group Energy</b>	<b>170,737,321</b>	
	Green electricity purchased	Solar energy
% of Belgian electricity use	95.0	5.0
% of Group electricity use	27.9	1.5
% of Group energy use	20.6	1.1

### Greenhouse gas emissions

Total emissions increased by 6.2% compared to the prior year to 58,243 tonnes CO<sub>2</sub>e (2014: 54,816 tonnes CO<sub>2</sub>e). Scope 1 emissions from oil and gas fell by 10% compared to the prior year resulting from initiatives to improve lagging and insulation at a number of our sites, resulting in the Group's lowest Scope 1 emissions recorded.

Scope 2 emissions from electricity increased by 10% which is the reason for the increase in emissions.

Our CO<sub>2</sub> efficiency reduced to 17,254kg production per tonne CO<sub>2</sub>e (2014: 18,017kg production per tonne CO<sub>2</sub>e), which is 4.3%.

No GHG emissions other than CO<sub>2</sub> are reported currently, nor do we measure and report on ozone depleting substances. These are only found in closed cooling systems and are gradually being replaced.

### Water usage and discharge

Total water usage increased by 11% in absolute terms to 1,102,136m<sup>3</sup> (2014: 999,102m<sup>3</sup>) after four years of successive improvement.

The Group's water efficiency fell by 8.4% to 912kg production per m<sup>3</sup> water (2014: 996kg production per m<sup>3</sup> water).

Water is a key component of the Group's operations being used in the finished products leaving our factories ensuring products are at a suitable concentration for safe and effective performance by the consumer.



# Performance review

## Appendix

### Water usage and discharge continued

It is also used as part of our hygiene and cleaning processes between production batches and increasing hygiene standards are putting further demands on water usage. The effluent generated by the Group also showed a lowering trend with the efficiency decreased to 4,131kg production per m<sup>3</sup> effluent (2014: 4,755kg production per m<sup>3</sup> effluent).

Much of the water used by the Group is for cleaning purposes, a necessity due to the large product portfolio which requires many small production runs with clean downs in between batch production.

The combination of an increasing proportion of concentrated products within the product mix 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, and we continue to look for ways to mitigate this effect.

### 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. The total amount of waste leaving our sites as a percentage of production reduced to 1.25% (2014: 1.5%).

In addition, what we consider to be the increasingly important KPI i.e. the amount of sustainably treated waste (reused, recycled or recovered) further increased to 90% of total waste, up from 89% last year.

The improvement in waste management has been delivered despite the fact that we have higher requirements on hygiene standards which results in greater waste of protective packaging within the process e.g. protection of empty bottles.

This year we have made significant strides in improving our waste efficiency, reducing the waste produced per tonne of production from 15.21kg to 12.45kg, an improvement of 18%. This reflects activity on a wide variety of small projects across all sites.

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

### Carbon Disclosure Project (CDP) emissions and water/supply chain reporting

McBride along with over 3,700 companies worldwide, reports its energy usage and emissions into the CDP database.

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.

McBride submitted both emissions and supply chain including water usage and discharge to CDP in 2015.

Last year McBride achieved a rating of 69C out of the maximum 100 for both its emissions and supply chain submissions, against an industry average of 53.

### 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 and 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 42 McBride accredited coaches in the business whose role is to support and encourage other colleagues to improve their performance and development. Our "Building Our Coaching Culture" programme helps managers to develop a coaching style 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



# Performance review

## Appendix

### 4. Labour practices continued

Our McBride Development Programme (MDP) (which extends across the Group) is highly successful and innovative we also operate a First-Line Management programme run locally using our own resources.

Regular opinion surveys (EOS) 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 feed back 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.

This is run in locations in local languages and the latest took place in autumn 2014.

Company-wide we focus and emphasise four behaviours that we believe are key to business success:

- teamwork
- leadership
- engagement
- communication

The CEO has introduced a monthly award for the colleague or team, nominated by their peers, who has best demonstrated these behaviours. There is a financial reward and communication throughout the Group of the reason for the nominations and the award winner chosen.

We also have local activities such as suggestion schemes and the Passionate about Our People (POP) Award, a UK-wide Colleague Recognition Scheme.

This scheme was introduced in January 2012 and 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 our strategic principles 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 regularly updated risk assessments, which drive site improvement plans.

These are followed through common KPI reporting systems and managed through comprehensive internal health and safety management systems which are verified by external independent parties. The four UK sites are verified through joint audits carried out by the Company insurers and brokers who audit against the internal management standard on health and safety. Eight sites hold OHSAS 18001 certification.

### Injury and illness

The Group is pleased to confirm that once again it has had no fatalities during the year. 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 decreased to 96 (2014: 113).

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 also to visitors and contractors who might be exposed.

Year	LTIs >3 days	Frequency per 100,000		Rate of seriousness	Risk rate
		hours worked			
2000/01	148	1.79	0.25	0.67	
2001/02	144	1.78	0.27	0.70	
2002/03	117	1.47	0.28	0.64	
2003/04	149	1.72	0.27	0.68	
2004/05	158	1.88	0.31	0.76	
2005/06	117	1.44	0.29	0.65	
2006/07	162	1.96	0.35	0.83	
2007/08	160	1.72	0.36	0.79	
2008/09	125	1.42	0.26	0.61	
2009/10	121	1.31	0.23	0.55	
2010/11	99	0.99	0.21	0.46	
2011/12	97	1.01	0.21	0.46	
2012/13	116	1.39	0.31	0.65	
2013/14	113	1.40	0.37	0.72	
2014/15	96	1.16	0.26	0.55	

(Seriousness = days lost through accidents x 1,000, divided by hours worked.  
Risk rate = square root of seriousness x frequency.)

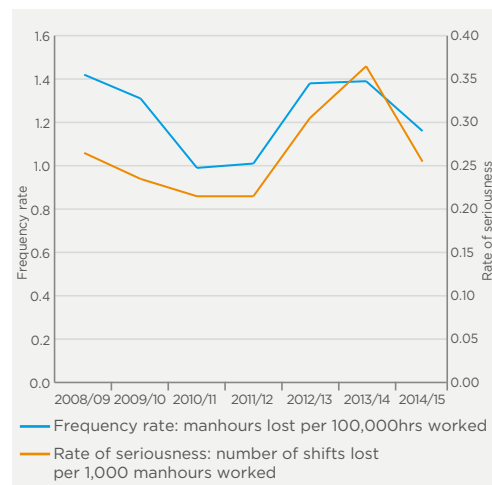


# Performance review

## Appendix

### Injury and illness continued

#### Accident frequency and rate of seriousness trend



### 5. Human rights

We take the issue of human rights seriously and continue to strengthen our policies and management systems in this area. Our employee policies are set locally to comply with local law within the overall Group framework and we monitor the employment practices of our supply chain. Our business ethics and business sustainability policies set out clear standards of behaviour that we can expect all our people to demonstrate and adhere to and underpins our social, ethical and environmental commitments and send a clear message to our stakeholders of our commitment to responsible business practice.

We carry out third-party ethical audits which are run under the Sedex System wherever possible or, alternatively, under a specific retailer's own system.

All conform with the Ethical Trading Initiative (ETI) and our sites are independently audited at a frequency determined by risk. We maintain full data disclosure under the Sedex System for all sites regardless of audit frequency. This system also recognises best practice and we are pleased to have many aspects recorded as such by the auditors.

### 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 can be found 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.

### 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. European Federation of Trade Associations for the Detergent & Cleaning Product Industry. Product safety evaluations are made in our operations without tests on animals. Our animal testing policy statement is available from 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.

All 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 for improvements, to impact 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 aerosols cleaners.

### 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 new legislation is enacted and to ensure we support and encourage industry-wide responses to new challenges in sustainability.

### 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 be included on the union list of approved actives is hydrochloric acid and dossiers for products containing this active substance are currently being prepared. McBride is currently the only Private Label company able to supply biocidal products containing this active substance to the EU market.

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.



# Performance review

## Appendix

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

McBride's scale and competence within its R&D teams and legislative expertise means we are well placed to ensure our customers' Private Label products are compliant with the latest European wide product safety legislation.

All relevant McBride products (in the region of 7,000) have been accessed and new product classifications determined on the basis of the information available and we have identified opportunities to reformulate products where appropriate.

Our R&D teams supported by our raw material suppliers, our SAP and back office processes, worked together to identify the current classification of all our products and what changes to classification were required under CLP.

We worked closely with customers and label suppliers to ensure a smooth introduction of the new style labels in time for the regulatory deadlines. A series of steps including where necessary reformulation, packaging changes, product testing and new label design working in conjunction with our customers have been implemented to ensure compliance with the legislation. Products sold across national borders requiring multi-lingual labels provide a particular challenge for smaller pack formats.

### 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.

### Registration, Evaluation and Authorisation of Chemicals Regulation (REACH)

McBride is predominantly a downstream user of chemicals, supplied mostly by companies within the EU. McBride advises all of its suppliers of its uses of substances in line with REACH. 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 implemented to ensure that the required evaluations are conducted on received substance eSDS to remain compliant.

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.

### Certification

McBride plc has BRC or IFS certification in place in the majority of its sites. See page 31 for site accreditation.

### Product Environmental Footprint (PEF)

McBride has been active in the pilot studies of household cleaning product foot printing with the A.I.S.E.

### Sustainable Palm Oil

During the year McBride plc has been accepted as a member of the Roundtable on Sustainable Palm Oil (RSPO). The RSPO aims to transform markets to make sustainable palm oil the norm. In McBride's case we use a number of ingredients such as surfactants derived from palm kernel oil (PKO) and palm oil derived from a complex international supply chain involving growers, traders, importers and manufacturers. Three sites have been certified under RSPO for mass balance materials.

### Transport

We now have qualified "Safety Adviser for the Carriage of Dangerous Goods", covering the carriage of materials.



# Performance review

## Group five-year summary

	Year ended 30 June				
	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Revenue	<b>704.2</b>	744.2	761.4	813.9	812.4
Adjusted operating profit	<b>28.5</b>	22.0	23.6	29.5	29.0
Amortisation of intangible assets	<b>(1.0)</b>	(1.4)	(1.1)	(1.7)	(2.9)
Exceptional items	<b>(17.8)</b>	(34.5)	(7.5)	(9.7)	(12.3)
Operating profit/(loss)	<b>9.7</b>	(13.9)	15.0	18.1	13.8
Net finance costs	<b>(7.1)</b>	(7.4)	(6.0)	(6.0)	(6.7)
Profit/(loss) before tax	<b>2.6</b>	(21.3)	9.0	12.1	7.1
Taxation	<b>(3.3)</b>	2.2	(3.5)	(3.0)	(1.8)
(Loss)/profit after tax	<b>(0.7)</b>	(19.1)	5.5	9.1	5.3
Earnings per share					
Diluted	<b>(0.4p)</b>	(10.5p)	3.0p	5.0p	2.9p
Adjusted diluted	<b>8.3p</b>	5.3p	7.3p	9.7p	9.3p
Payments to shareholders (per ordinary share)	<b>3.6p</b>	5.0p	5.0p	5.0p	6.8p

	At 30 June				
	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Non-current assets					
<b>Property, plant and equipment</b>	<b>129.8</b>	<b>143.4</b>	<b>173.6</b>	<b>175.6</b>	<b>190.9</b>
<b>Intangible assets</b>	<b>19.7</b>	<b>26.3</b>	<b>34.1</b>	<b>35.7</b>	<b>38.6</b>
Other assets	<b>21.5</b>	14.6	6.2	2.9	3.1
	<b>171.0</b>	<b>184.3</b>	<b>213.9</b>	<b>214.2</b>	<b>232.6</b>
<b>Current assets</b>	<b>225.4</b>	<b>245.8</b>	<b>231.9</b>	<b>229.8</b>	<b>252.1</b>
<b>Current liabilities</b>	<b>(218.0)</b>	(229.8)	(246.9)	(252.9)	(278.9)
Non-current liabilities	<b>(120.9)</b>	(131.7)	(92.2)	(78.7)	(80.4)
Net assets	<b>57.5</b>	68.6	106.7	112.4	125.4
Net debt	<b>92.4</b>	84.7	86.8	81.2	83.7



# Performance review

## Accreditations

The following table is a map of the McBride site accreditations.



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.



### FTSE4Good

We are proud to continue to be a constituent member of the FTSE4Good Index of socially responsible companies, which recognises our commitment to corporate responsibility and the ethical way in which we approach our business activities.

Site	Quality and product safety		Occupational health and safety			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	No	No	No*	Yes	na	Yes
Bradford	Yes	No	Yes	No*	Yes	Yes	na
Hull	Yes	No	Yes	No*	Yes	Yes	Yes
Middleton	Yes	No	Yes	No*	Yes	na	Yes
Bagnatica	No	No	Yes	No*	Yes	na	Yes
Estaimpuis	Yes	Yes	Yes	Yes	Yes	na	Yes
Etain	No	No	Yes	No	Yes	na	Yes
Ieper PC	No	Yes	Yes	Yes	Yes		Yes
Ieper HH	Yes	Yes	Yes	Yes	Yes	na	Yes
Moyaux	Yes	Yes	Yes	Yes	Yes	na	Yes
Rosporden	Yes	Yes	Yes	Yes	Yes	Internal audit done to approve conformity	Yes
Sallent	No	Yes	Yes	Yes	Yes	na	Yes
Brno	Yes	Yes	No	No	Yes	Yes	na
Foetz	Yes	Yes	Yes	Yes	Yes	na	Yes
Strelze	Yes	No	Yes	Yes	Yes	na	Yes
China	Yes	No	No	No	Yes	na	na
Malaysia	GMP	No	No	No	Yes	na	na
Vietnam	GMP	No	No	No	Yes	na	na
Production sites: 18	12	8	13	8	17	Ieper HH and PC calculated as 2 separate sites	
% of production sites covered	67	44	72	44	94	60	100



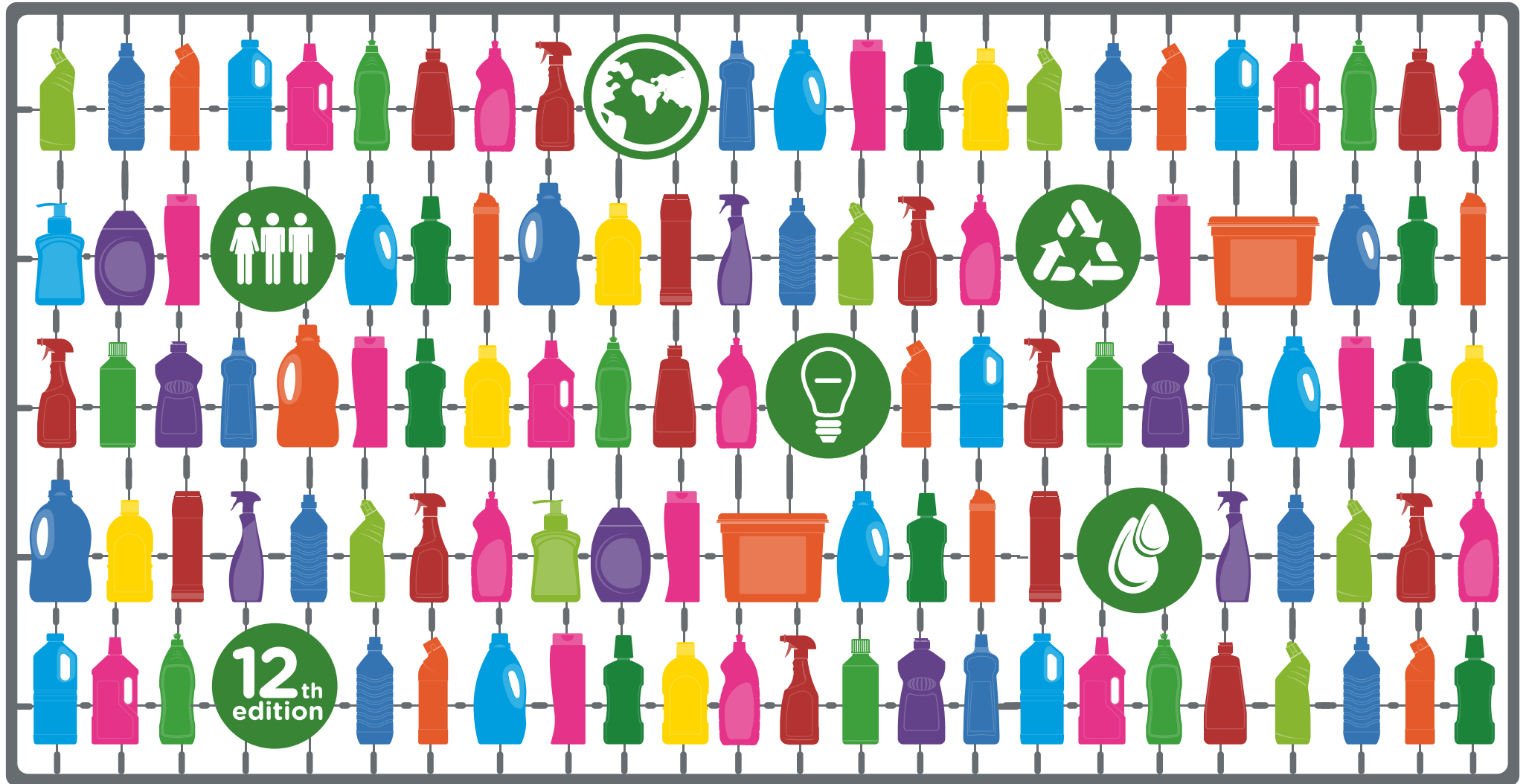


# Glossary

<b>A.I.S.E.</b>	European Federation of Trade Associations for the Detergent & Cleaning Product Industry	<b>IFS</b>	International Food Standards
<b>BRC</b>	British Retail Consortium	<b>ISO 14001</b>	ISO Environmental Standard
<b>CDP</b>	Carbon Disclosure Project	<b>KPI</b>	key performance indicator
<b>CLP</b>	Classification, Labelling & Packaging Regulations 2008	<b>LED</b>	light emitting diode lamps – lower energy consumption lighting
<b>CO<sub>2</sub>e</b>	greenhouse gases expressed as carbon dioxide equivalents	<b>LPG</b>	liquid petroleum gas
<b>EOS</b>	employee opinion survey	<b>R&amp;D</b>	research and development
<b>FLT</b>	fork lift truck	<b>REACH</b>	Registration, Evaluation and Authorisation of Chemicals Regulation 1999
<b>FTSE4GOOD</b>	system for objective measurement of performance of companies that meet globally recognised standards of corporate social responsibility	<b>eSDS</b>	extended safety data sheet
<b>GHG</b>	greenhouse gas	<b>SCOPE 1</b>	emissions from the burning of primary fuels such as gas, oil, coal
<b>GRI</b>	Global Reporting Index for socially responsible reporting of sustainability performance	<b>SCOPE 2</b>	emissions from use of secondary fuel, electricity, which vary depending on the manner of generation of the electricity
<b>HSE</b>	health, safety and environment	<b>Surfactants</b>	a substance, such as a detergent, that can reduce the surface tension of a liquid and thus allow it to foam or penetrate solids

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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)