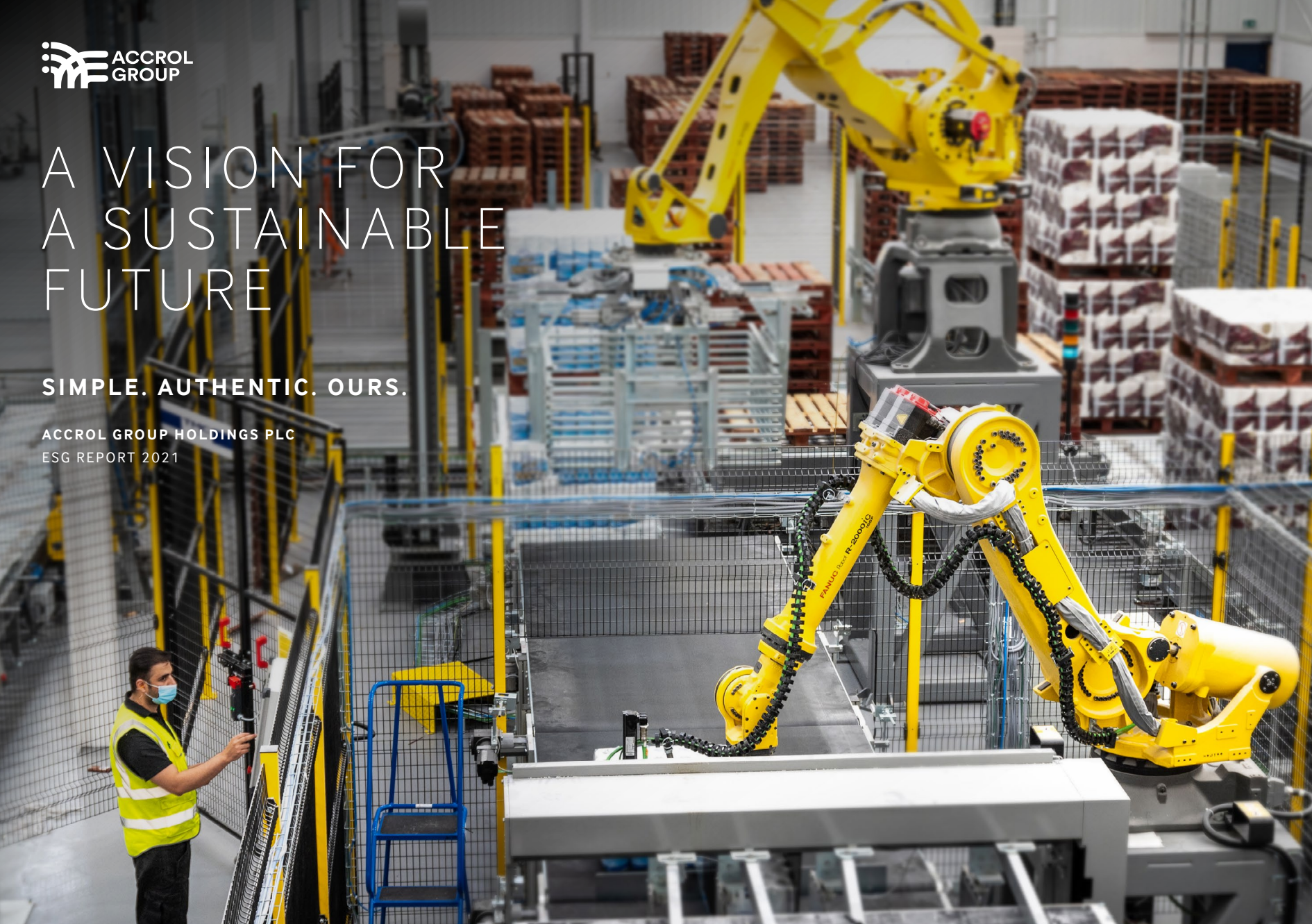


# A VISION FOR A SUSTAINABLE FUTURE

SIMPLE. AUTHENTIC. OURS.

ACCROL GROUP HOLDINGS PLC  
ESG REPORT 2021





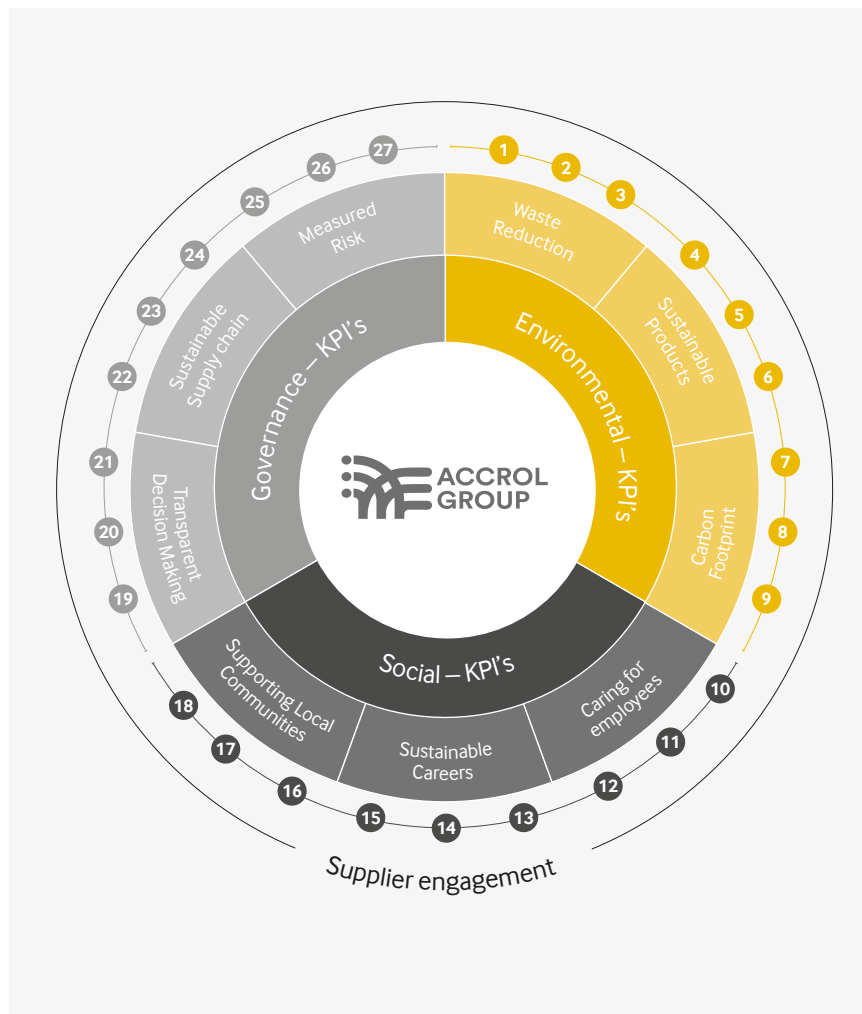
## OUR ESG REPORTING FRAMEWORK



**Our vision** for ESG is to be a carbon neutral business that improves the lives of its people and communities, while working in partnership with our suppliers to deliver sustainable products to customers and consumers and consistent results to our investors.

To achieve our vision, we have created a reporting framework aligned to clear targets and KPIs.

This framework is guided by a key principle in each segment.



### Environmental

**Guiding principle:** Carbon neutrality, plastic free, sustainable products.

Waste Reduction	.....	7-9
1 ... Material utilisation	.....	7, 9
2 ... Water use reduction	.....	7, 9
3 ... Zero to landfill	.....	7, 9
Sustainable Products	.....	7-9
4 ... Sustainable sourcing	.....	7, 9
5 ... Fibre performance	.....	7, 9
6 ... Recycled packaging	.....	7, 9
Carbon Footprint	.....	7-9
7 ... Renewable energy	.....	7, 9
8 ... Energy reduction	.....	7, 9
9 ... Optimised logistics	.....	7, 9

### Social

**Guiding principle:** Positively impact the lives of our people and communities.

Caring for employees	.....	11-13
10 ... Safety 1 <sup>st</sup>	.....	11, 13
11 ... Improving well-being	.....	11, 13
12 ... Employee engagement	.....	11, 13
Sustainable Careers	.....	11-13
13 ... Increasing inclusivity	.....	11, 13
14 ... Development & career path	.....	11, 13
15 ... Employee Experience	.....	11, 13
Supporting Local Communities	.....	11-14
16 ... Community projects	.....	11, 14
17 ... Knowledge sharing	.....	11, 14
18 ... Nurturing local talent	.....	11, 14

### Governance

**Guiding principle:** Delivering long-term success.

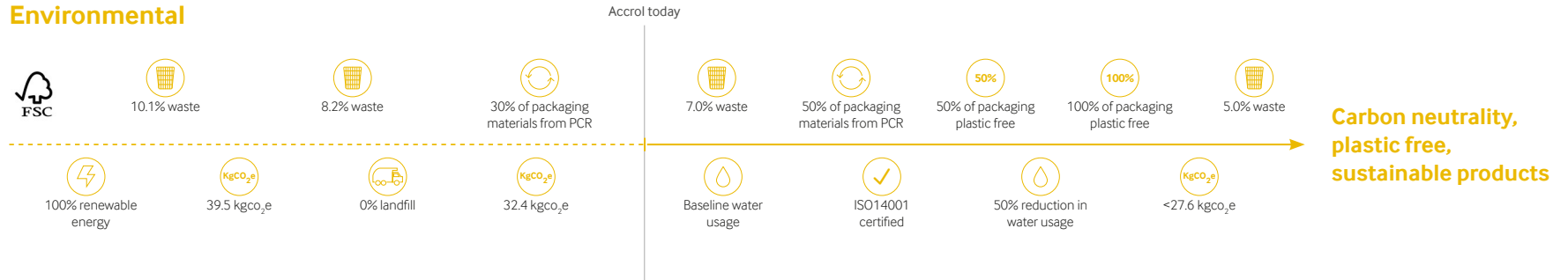
Transparent Decision Making	.....	15-16
19 ... 5-year vision	.....	15
20 ... Stakeholder engagement	.....	15
21 ... Robust processes	.....	15
Sustainable supply chain	.....	15-16
22 ... Strategic ESG alignment	.....	15
23 ... Tactical SEDEX alignment	.....	15
24 ... Procurement audit process	.....	15
Measured Risk	.....	15-16
25 ... Risk review process	.....	15
26 ... Risk mitigation	.....	15
27 ... Policy and standards	.....	15



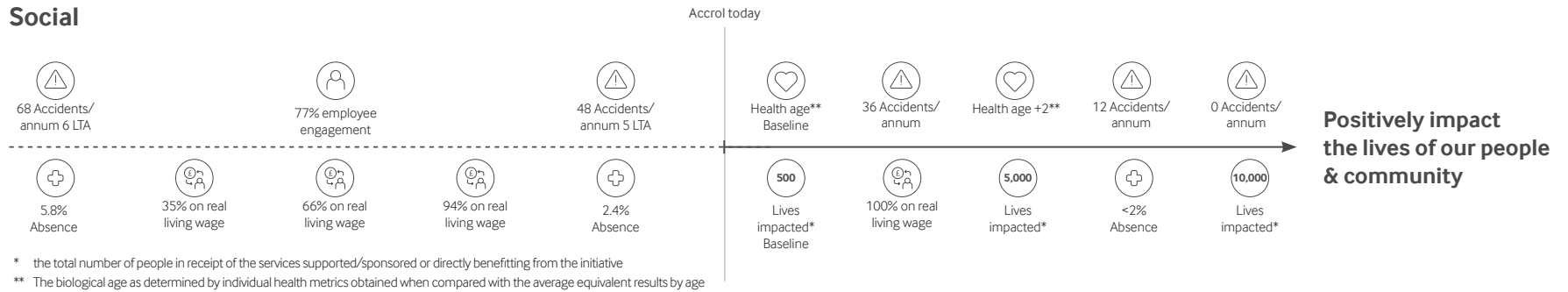
## PROGRESS TOWARDS ACHIEVING OUR ESG VISION



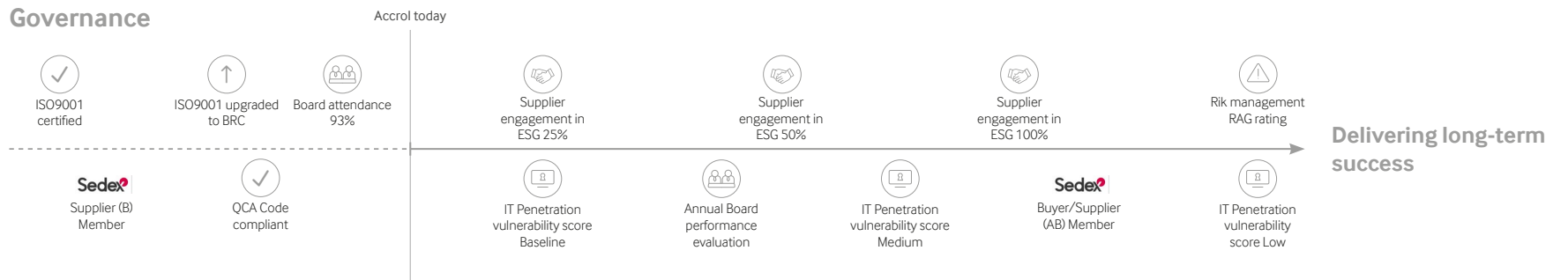
### Environmental



### Social



### Governance





## A MESSAGE FROM KATHRYN ROBINSON



This, our maiden report, allows us to share with all our stakeholders the good work that we have already achieved and to outline our plans to keep improving on what we do.

I am proud to be championing Accrol's ESG:

- We see the benefits to everyone of working in harmony with the environment and minimising our impact upon it
- We know that fulfilled, healthy and engaged employees give us their discretionary effort and perform at their best
- We appreciate that in a highly competitive environment the criticality of making the right decisions at the right time relies upon us having fully engaged with our stakeholders.

Every action we take has a consequence and, as an organisation run on the principals of lean manufacturing, we want to make sure that our actions count in the most positive way possible for all our stakeholders. To this end and in line with our culture of relentless improvement, we are continuously looking for new ways to do what we do even better.

***Simplicity in everything we do is one of Accrol's core principles and our approach to ESG is no different.***

Delivering consistently on our ESG targets means that our approach needs to be not just understood but owned by our team members across all levels of the business, to the point where they take pride in Accrol's actions and in their role in making them happen, every day.

**Kathryn Robinson**  
HR Director

September 2021

### Key stakeholder groups





## OUR VALUES



Our values help guide us on our ESG journey. Rooted throughout our operations, they bring every level of our business together.

We expect the best from each other, and are not afraid to challenge ourselves, our colleagues or our customers.

We do what we do well, delivering the best quality service and products internally and externally.



By understanding what makes our customers more successful and consumers happy, we can add value to everything we do.

We aim to do the right thing – being transparent, direct and honest in everything we do, and setting realistic expectations on which we can deliver.



## A MESSAGE FROM GARETH JENKINS



Whilst there is increasing governmental, investor and media attention on ESG, we are proud to say that it is genuinely important to us at Accrol. It is an integral part of our relentless improvement programme. We believe that protecting the environment, looking after our employees, our communities and monitoring our supply chain, while ensuring that our business is well managed through a strong governance framework, is the only way to ensure our business meets its growth plans and is sustainable for the long term.


*It is also the right thing to do.*

This is our first sustainability report, and we have tried to demonstrate what we are doing and how that benefits both our business and our stakeholders, and also outline what we plan to do next. Our relentless drive for operational excellence equally applies to our approach to ESG, and we have provided KPIs and measures which will showcase how we are performing over time.

Your feedback will form an important part of our ESG efforts, and we would love to hear how you think we are doing and, more importantly, what you think we could do better.

**Gareth Jenkins**  
**Chief Executive Officer**

September 2021


 Your feedback will form an important part of our ESG journey, click here to send us your thoughts.

### Our Business Model

*The right  
 people*

*Strong customer  
 relationships*

*Greater  
 shareholder  
 returns*

 See pages 06 and 07 of our 2020 Annual Report for more details on our Business Model and Strategy for growth.



# ACCROL FIVE YEAR PLAN



ESG runs throughout our five-year plan.

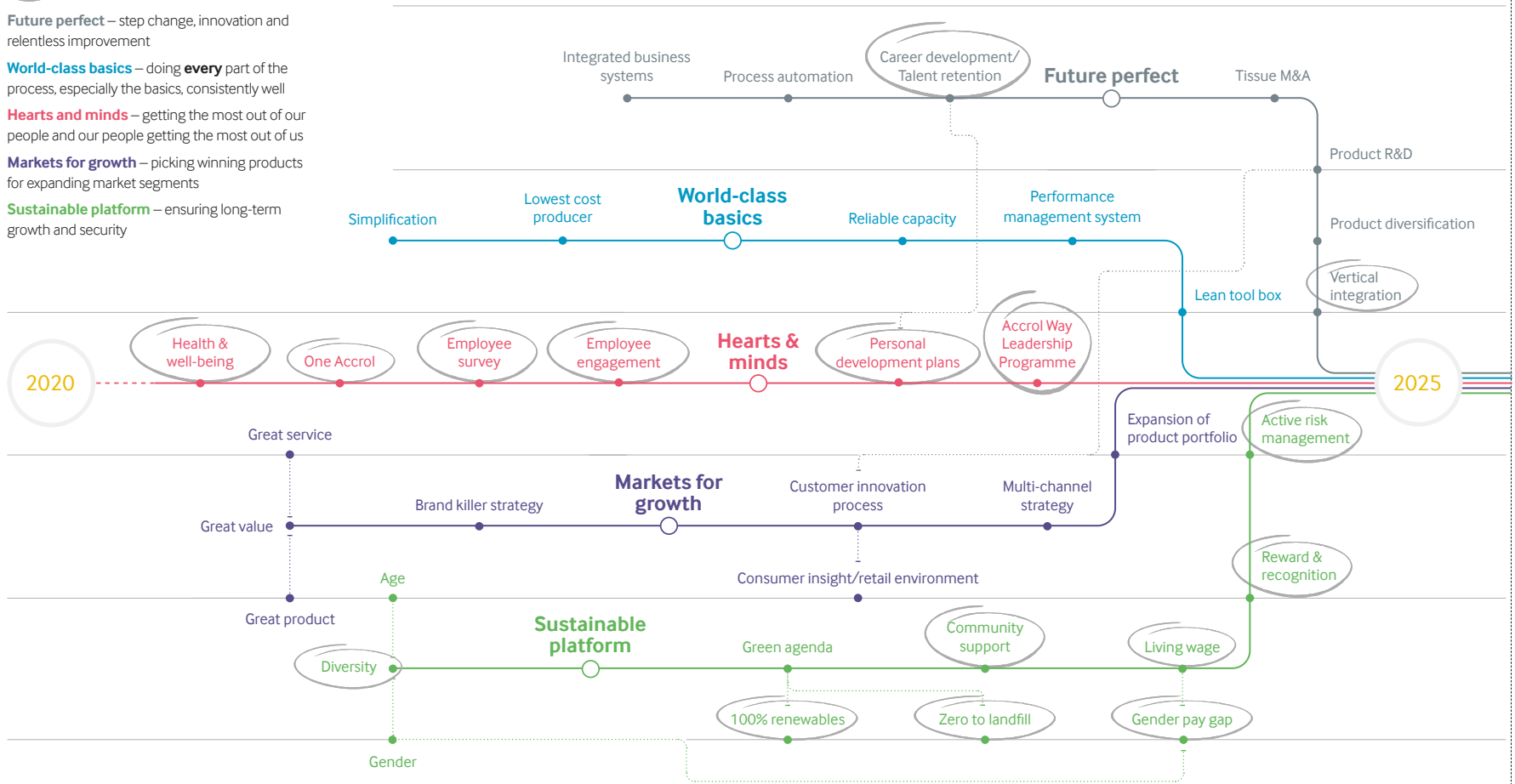
**Future perfect** – step change, innovation and relentless improvement

**World-class basics** – doing every part of the process, especially the basics, consistently well

**Hearts and minds** – getting the most out of our people and our people getting the most out of us

**Markets for growth** – picking winning products for expanding market segments

**Sustainable platform** – ensuring long-term growth and security



**Key**  
 ... ESG focus area

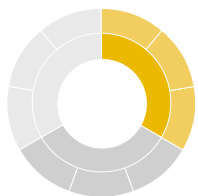
See pages 08 and 19 of our 2020 Annual Report for more details on our five-year plan.



## ENVIRONMENTAL



**Guiding principle:** Carbon neutrality, plastic free, sustainable products

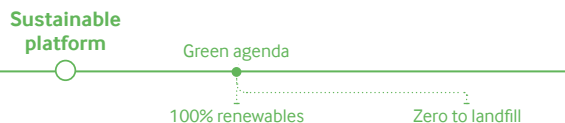


### OUR GOAL

Our aim is to have a sustainable business that does not negatively impact the environment.

We believe our responsibility starts with the areas we can affect every day.

### Woven into our 5-year plan



### Our environmental impact

Our business impacts the environment in the following ways:

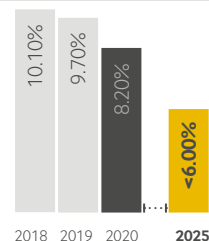
- Raw material
  - Paper used to produce tissue products
- Energy
  - Electricity used in production
  - Fuel used for transportation of our product around the country
- Waste – production

Environmental responsibly aligns with our relentless drive for operational excellence. Long-term operational excellence requires a sustainable material supply and ever-improving material utilisation. Reducing our carbon footprint also reduces our cost base as we seek ways to reduce our energy and transport requirements.

### Environmental material measures and “KPIs”

#### Waste reduction

- 1 ... Material utilisation
- 2 ... Water use reduction
- 3 ... Zero to landfill



**Waste reduction**  
% Waste

#### Sustainable products

- 4 ... Sustainable sourcing
- 5 ... Fibre performance
- 6 ... Recycled packaging



Our suppliers source all raw materials from FSC providers

30%

of film using Post Consumer Recycled materials in 2021

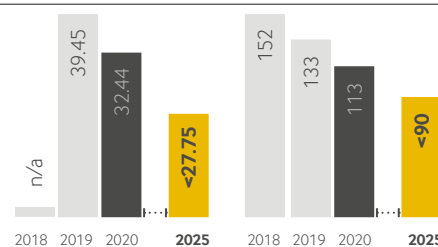
337,200

kilos per annum reduction in virgin film used



#### Carbon footprint

- 7 ... Renewable energy
- 8 ... Energy reduction
- 9 ... Optimised logistics



**Carbon emissions**  
kgCO<sub>2</sub>e/Tonne of Production

**Energy consumption**  
KWh/Tonne manufactured

#### Carbon footprint

15%

more rolls per journey

82%

journey utilisation ahead of national average





ENVIRONMENTAL CONTINUED



**Guiding principle:** Carbon neutrality, plastic free, sustainable products

Purpose of measure	Waste reduction				Sustainable products			Carbon footprint				
	Ensuring waste material is measured, minimised and recycled efficiently				Supply security and reduced environmental impact			Move towards carbon neutrality				
Where we are today	Process waste is currently collated and baled and sent for recycling		Zero waste to landfill by sending non-material waste to an Energy from Waste facility		Use of FSC sourced paper	Moving to post consumer resin (PCR) to replace virgin film, currently at 30% PCR		All electrical energy used across five manufacturing sites sourced from Renewable Energy Guarantees of Origin certified (REGO)	Overall energy consumption reduction via energy management team (18% reduction delivered since 2019)		Working in partnership with logistics provider to reduce lorry journeys and maximise back-fill, to reduce empty runs	
2020 performance	8.2% Waste		Zero Landfill		100% FSC paper	30% of film using PCR materials		100% Green	32.4 kgCO <sub>2</sub> /Tonne		82% Net trailer loading	
Future goals	Continue to focus on team-based waste measurement and waste mitigation activities	Recycle all tissue waste through our own tissue-making facility	Reduce non-material waste generation from site	Reduce water usage across all facilities	Maintain FSC accreditation and audit suppliers, adherence to FSC standards	Remove all plastic packaging from products	Deliver ISO14001 accreditation across all facilities	Move from green energy sources from the grid to off-grid carbon neutral sources – Solar, Wind, Energy from Waste	Continued targeted reduction of carbon emissions from Conversion facilities	To build a Tissue Mill to a sustainable design capable of achieving carbon neutrality	Whilst maintain trailer loading efficiency, increase the number of rolls per journey	Improve carbon emissions on vehicles by moving away from fossil fuels
2025 aspirations	5% Waste	100% Recycled tissue waste	50% Less waste	50% Less water	Full Compliance	Zero Plastic	Full Accreditation	100% Remain 100% green	<27.5 kgCO <sub>2</sub> /Tonne		15% More rolls per journey	25% reduction
How we plan to get there	Internal waste reduction teams focused on targeted projects across the business	Within the strategic five-year plan – target to own tissue production facility	Increase segregation of waste to improve recycling levels across all facilities	Maximise water collation, re-use and minimise water usage in process and facilities	FSC audit programme for all Tissue and Pulp suppliers.	Complete range in paper wrap and the elimination of shipping bags	Carry out gap analysis to the standard, embed current processes and procedures, close out gaps and invite external audit	Key part of the targeted Mill investment is a carbon neutral energy provision	Internal energy reduction programme working in conjunction with energy consultants	Mill design would be future proofed to utilise Solar, Wind, EFW and Hydrogen/Bio gas energy inputs	Product design utilising more optimal core size, alongside pack and pallet configuration to maximise the trailer cube	Promote the use of Hydrogen and Electric vehicles within our logistics partners fleet

## ENVIRONMENTAL CONTINUED

**Guiding principle:** Carbon neutrality, plastic free, sustainable products**Waste reduction**

Supported by

- 1 ... Material utilisation
- 2 ... Water use reduction
- 3 ... Zero to landfill

In addition to ensuring sustainability of supply, we are constantly innovating through R&D and in partnership with our suppliers to get the most from the raw material. This research is aligned with improving the quality of the end product to give the best possible performance per gram used. By doing this, we save money and use less raw material, which is a win-win situation.

**Waste reduction**

Waste is measured as waste material generated as a percentage of total tonnes converted.

In addition, we are already achieving through partnership with our refuse supplier achieving zero waste to landfill through partnership.

**Sustainable products**

Supported by

- 4 ... Sustainable sourcing
- 5 ... Fibre performance
- 6 ... Recycled packaging

Our products are made from natural raw materials – trees – which means we have a responsibility to ensure this valuable resource is sustainably sourced. To achieve this, we insist our suppliers source all our raw materials under the Forestry Stewardship Council. This ensures forests are managed to strict environmental, social and economic standards, and supply is subject to a rigorous chain of custody tracking from the forest to consumer.

Our packaging materials are predominantly plastic, however this is changing and we have a target to move away from all plastics by the end of 2025. This journey probably poses the greatest challenge, as plastic remains the most robust packaging for distribution, and has already begun. We have recently changed the plastic film used to wrap packs of toilet rolls to Post Consumer Recycled material (PCR). This material is made using recycled content. To date, 30% of all our film uses this material.

**Carbon footprint**

Supported by

- 7 ... Renewable energy
- 8 ... Energy reduction
- 9 ... Optimised logistics

We already use 100% renewable energy which is Renewable Energy Guarantees of Origin certified (REGO), and our target now is to reduce our energy use throughout the business.

We measure our impact on our carbon footprint using  $KGCO_2e/Tonne$ , and our aim is to reduce our footprint by 15% by 2025.

How we are achieving further reductions:

- Energy reduction programme – we have established a working group made up of our own employees from different levels in the business and external consultants, to ensure we are using the best available technology to measure specific usage in our manufacturing lines while exploring every opportunity available to us. As we invest in new machines and expand our manufacturing, we are working closely with suppliers to make sure we are using the most energy-efficient equipment and processes.



- Transport reduction – in partnership with our logistics provider EV Cargo, we have made great strides in this area in the last 12 months. In early 2020, we introduced extra-long trailers into the vehicle fleet and, coupled with our logistics system and the seamless connection between our own and our customers' planning systems, we have been able to ensure the vehicles are always available when needed, the trailer cube is 100% utilised and the opportunity of a return load is maximised.

Find out more about our work with EV Cargo Logistics on the next page.

*"Underpinning our relentless drive for operational excellence is our employees who are fully engaged with achieving our ESG targets and whose daily experience is critical to capturing all opportunities for improvement. This level of contribution from our employees makes an important and positive impact every day."*

**Kathryn Robinson,**  
HR Director

**Looking ahead**

During 2020, the actions we took helped us to achieve an 18% reduction in our  $CO_2$  emissions. Our ongoing energy reduction programme is underpinned by our culture of relentless improvement and aims to achieve further reductions by focusing on the following:

- LED lighting roll-out across all facilities
- Dimmer control on LED lighting
- Optimisation of compressed air generation
- Re-use of heat generated via air compressors
- Fork lift truck movement optimisation in warehouses



CASE STUDIES



**Guiding principle:** Carbon neutrality, plastic free, sustainable products



**Logistics Optimisation**

*Reduction in carbon footprint through improved trailer use*

We believe in long-term supplier partnerships, because together we generate value for each other over and above the expected commercial benefits. Partnerships allow us to learn from each other, and over time we align our business philosophies and strategies to create even more value through seamless and frictionless ways of working. So why does partnering with the UK's largest Privately-Owned Logistics Company align perfectly with Accrol's commitment to reducing its carbon footprint?

Working in partnership with EVCARGO, we have access to over 20,000 Euro VI delivery vehicles with the latest technology, available across the U.K. and Ireland. Coupled with the latest Transport Management Systems, EVCARGO improves routing and reduces empty running through a collaborative backhaul approach.

With two 'Longer length' trailers dedicated to our fleet, we instantly increase our loading capacity by 15% per movement. To increase our environmental credentials even further, we also utilise our longer trailers within our routing strategy, ensuring these vehicles are only running empty 18% of the time against a national average of 29.6% (2019 Gov.uk statistics).

As part of our commitment to safety, EVCARGO has a SAFED driver training programme which aims to improve driver performance and further reduce environmental impacts through driver behaviours. This is measured through fleet-wide TMS systems, which monitors each driver's fuel usage and efficiency.

All our orders leave as Full Trucks supported by a robust NPD process that ensures our pallet fill is best in class and every square inch of the trailer is utilised.

**15%**  
more rolls per journey

**82%**  
journey utilisation significantly ahead of national average of 74%\*

\* 2019: www.gov.uk/statistics

**Plastic use reduction**

*Introduction of Post-Consumer Resin (PCR) plastic*

The printed film that wraps toilet roll packs is our largest use of plastic and the most difficult to replace; our increasing use of paper continues at pace, although plastic wrap still dominates the shelves.

We began a process in January 2020 to find suppliers who could supply film that aligned with our environmental ambitions, to significantly increase the percentage of recycled content in our plastic material without supply or quality issues. The process was run by an internal team made up from technical, commercial and operations,

who are focused on supporting the Group's environmental targets and value engineering our packaging materials.

In May 2020, we entered into a two-year contract that enabled us to replace 30% of the virgin film traditionally used for printed film that wraps products with Post Consumer Resin (PCR), which meant a 337,200 kilos per annum reduction in virgin plastic use.

The next stage, which is well advanced, is to extend the use of PCR to other areas where we use plastic film, such as bundler film and pallet stretch wrap. In the near future, this will result in reducing our virgin fibre usage by an overall total of 577,200 kilos per annum.

**30%**  
PCR film used

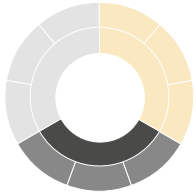
**337,200**  
kilos per annum  
Reduction in virgin film used



SOCIAL



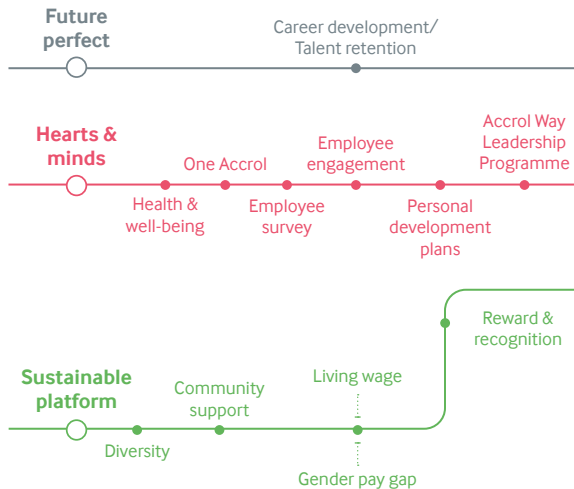
**Guiding principle:** Positively impact the lives of our people and communities.



**OUR GOAL**

Our aim is to ensure the fair and equal treatment of everyone impacted by our business and to employ transparent two-way communications with our key stakeholders that foster mutual respect and understanding of the others' needs.

**Woven into our 5-year plan**



**Social measures and "KPIs"**

**Caring for employees**

- 10 ... Safety 1<sup>st</sup>
- 11 ... Improving well-being
- 12 ... Employee engagement

**91%**

Proud to work for Accrol

**89%**

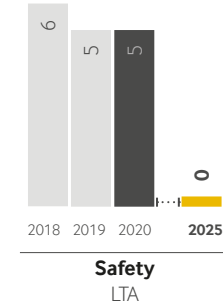
Think health and safety is a priority

**94%**

Know what is expected of them

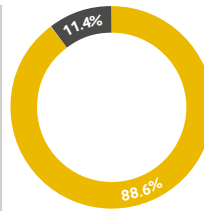
**88%**

Have the opportunity to do their best every day



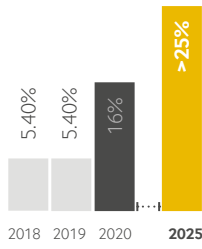
**Sustainable careers**

- 13 ... Increasing inclusivity
- 14 ... Development & career path
- 15 ... Employee experience

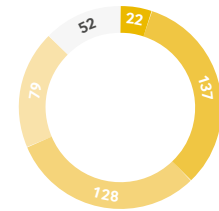


**Employees by gender**

● ... Male: 377 (2019: 544)  
● ... Female: 43 (2019: 32)

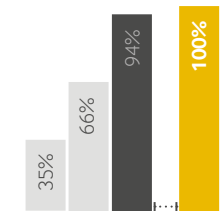


**% of females in leadership roles**



**Age diversity**

● ... <25    ● ... 45-55  
● ... 25-34    ● ... 65+  
● ... 35-44



**Living wage % of employees receiving**

**Supporting local communities**

- 16 ... Community projects
- 17 ... Knowledge sharing
- 18 ... Nurturing local talent





SOCIAL CONTINUED



**Guiding principle:** Positively impact the lives of our people and communities.

Purpose of measure	Caring for employees				Sustainable careers			Supporting local communities		
	Ensuring the safety and well-being of all employees				People are at the heart of what makes our business better every day			Ensuring we give back to the communities where we operate		
<b>Where we are today</b>	Focus on Lost time Accidents as core measure of safety performance	All accidents used as a secondary measure	A number of support services are available to our employees for both physical and mental health	Absentee levels monitored and reviewed across business	Tangible routes for career progression linked with personal development via grading system	Gender diversity within leadership roles has improved from historical levels of 5.4%	All legacy Accrol employees brought up to at least the Real Living Wage	Accrol is a founding patron of Blackburn Youth Zone (BYZ) and actively participates in fundraising and support events	Product donations provided for local organisations at specific times of need	Knowledge sharing with other local businesses on COVID-19 safe workplaces
<b>2020 performance</b>	5 LTAs	48 Accidents		2.34% Absence	Base Grading score baseline	16% of females in leadership roles	100% On real living wage		100,000 units/year	
<b>Future goals</b>	Eliminate Lost Time Accidents	All accidents will become the primary measure for our business and we will target an annual accident reduction rate of 50% per year	Creation of an inclusive Well-being programme, to encourage and support employees to improve their health and well-being	Continue to increase attendance	Continued focus on all employees, development through structured Personal Development Plan (PDP) process	We will continue to increase the number of females in leadership roles, as well as increasing diversity across the business	Bring employees from newly acquired businesses to the same pay and grading levels to Accrol standards	Deepening relationship with BYZ, to offer work placements for young adults	Develop a long-term relationship with the Trussell Trust, to allow us to reach all communities where we have facilities	Increase Accrol's visibility and participation in the communities where it operates
<b>2025 aspirations</b>	Zero LTAs	Zero Accidents	+/-2 yrs Below health age*	<2%	100% Employees have PDPs	25% of females in leadership roles	100% On real living wage	6 placements per year	>250,000 units/year	10,000 lives impacted
<b>How we plan to get there</b>	By focusing on All Accidents and using detailed route cause analysis techniques	Daily safety leadership engagement with employees in safety observation reporting to identify potential issues before they happen and taking proactive intervention actions	Introduction of health programmes, to encourage physical and mental well-being via regular health screening, counselling and proactive services	Work with employees to further improve attendance, linking with the Well-being programme to keep employees fit and able to work	Quarterly Job Chat programme for all front-line employees and a six-month Personal Development programme for Leadership positions. Each leading to a personalised training/development programme	Through internal development and promotion, as well as inclusive recruitment initiatives to maximise female applicants for key roles	Bring new employees up to real living wage as a basic standard, and include in skills development opportunities to improve salary levels	In partnership with BYZ, higher education and schools, provide opportunities to learn employment skills and create a potential onboarding route for entry level positions at Accrol	Regular food bank donations through the Trussell Trust membership	As well as our own employees, and families, lives, we will encourage employees to become more involved in impacting local lives via the various charities we partner with

\* biological age calculations



SOCIAL



**Guiding principle:** Positively impact the lives of our people and communities.

**Our social responsibilities**

How well we pay our people has a direct impact on the quality of their lives. How we treat our people not only improves their lives but impacts how they perform at work. Our culture of relentless improvement would not be possible without the engagement and commitment of our people. Our relationship is symbiotic, and we fully understand our responsibility to treat our people with the respect they deserve.

Our business has an opportunity to help and support the communities in which they operate. Community support benefits our business, and in turn we recognise our responsibility to support our local communities.

We also have a wider social responsibility, morally as good corporate citizens, to the people within our supply chain. In addition, we benefit from ensuring there are no unsustainable practices, including social injustice and illegal practices within our supply chain through decreased supply risk.

**Caring for our employees**

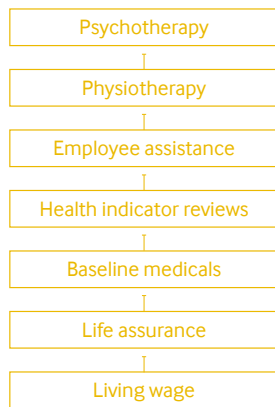
Supported by  
 10 ... Safety 1<sup>st</sup>  
 11 ... Improving well-being  
 12 ... Employee engagement

Our priority is to ensure the safety of everyone who interacts with the business. Our key measure for safety is Lost Time Accidents (LTA) and supporting that we measure the number of safety observations, which are a better measure of employee engagement with health and safety polices and the effectiveness of training. In 2020, this increased by 266%.

We aim to improve the lives of our colleagues by providing a safe and supportive workplace, and investing in their long-term physical and mental health and well-being. Taking a holistic approach and Practical occupational health initiatives, including:

- Preventative vaccination programmes (ie. Flu vaccinations),
- Health and lifestyle screening
- Mental health and psychotherapy support
- Comprehensive Employee Assistance Programme

**How we support our people**



**Engaged workforce**

We recognise that an engaged workforce is a productive workforce, and more likely to be a happier workforce. In keeping with our clear and simple approach, we run a twice-yearly engagement survey for all colleagues. This enables us to understand and focus on areas requiring improvement and to measure improvements in all areas of the employment relationship.

**Engagement survey results**

The engagement survey covers four main areas: Basic needs, which focused on employees having what they need to fulfil their roles; Management support, which looked at how supported employees were; Growth, what opportunities employees feel there is for personal growth within the Group; and Teamwork, looked at working to a clear common goal.

**COVID Measures**

As an essential business, we have remained operational throughout the lockdown periods in areas where COVID has been high. We have worked hard to ensure the safety of all our employees and visitors, such as logistics and incorporating measures aimed at protecting everyone. To this end, we have also produced a short video to reinforce the messages of how important it is to follow protocol and to bring a sense of unity to the workforce.

- All vulnerable employees were shielded at home from March 2020 on full pay;
- Social distancing is in place and has been implemented for factory-based employees;
- Increased cleansing facilities and protocols have been established across all sites;
- All office-based staff were moved to working from home during lockdown; and
- Temperature checks and questionnaires are completed at every entry point.

**Sustainable careers**

Supported by  
 13 ... Increasing inclusivity  
 14 ... Development & career path  
 15 ... Employee experience



**Diversity, Equity and inclusion**

We have recently invested in a new recruitment system to achieve a streamlined process which is more productive for hiring managers and delivers a great candidate experience. We utilise available technologies to tailor our selection process to the level of the vacancy, attracting the right level of talent for the needs of the business and affording the right opportunities to our local communities.

Working at Accrol is more than a job. We are investing in building career pathways to help every individual to reach their potential. We utilise our Apprenticeship Levy to create fulfilling development opportunities in partnership with our learning providers, and are seeking new ways to support and develop the future talent.

[Click here to watch our response video](#)



**Guiding principle:** Positively impact the lives of our people and communities.

Diversity is at the core of Accrol. We realise the benefits a broad range of perspectives can bring to the progression and success of a business.

While the workforce is predominantly male, over 88%, 16% of our leadership roles are held by females.

While we don't currently measure ethnicity, Accrol has an ethnically diverse workforce that is representative of the local community we operate in, ensuring we understand both the needs and opportunities.

**Contributing to the community**

- Supported by
- 16 ... Community projects
  - 17 ... Knowledge sharing
  - 18 ... Nurturing local talent

We are proud to serve the local communities in which we operate, and believe we have a duty to investment in them and their future development. We are active in our local community through initiatives supporting select local charitable organisations and community initiatives where we feel our business can make the most positive impact.



*"It's a real pleasure working alongside talented individuals who share a goal of witnessing the continued growth of Accrol. The most admirable thing about the company for me is how it values the opinions and skills of its employees, ensuring they are supported in every way. The management's friendly and approachable attitude makes Accrol a comfortable environment to work in."*

*"The management care about me as a person and continue to push the growth of myself and my team. Each day we face new challenges which together we adapt and overcome. With each baby step, we stride towards our goals and targets."*



**BLACKBURN  
YOUTHZONE**  
**KICKSTART  
SCHEME**

We also recognise that our local communities are a rich source of future potential Talent for our business. As Gold Patrons of the Blackburn Youth Zone, we support their initiatives to improve the lives and potential of young people in the Blackburn area.

This year, we are excited to get involved in the KickStart project, where we will be providing six individuals the opportunity to gain valuable work experience whilst on work placements at Accrol.



Being a manufacturer of essential goods, we have a clear opportunity to support our local communities, and have regularly donated to local care homes, youth centres, as well as responding to requests for toilet rolls from other local community initiatives.

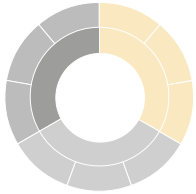
Recently, we have formalised these donations by joining the foodbank charity the Trussell Trust, and are proud to be supporting their organisation with the aim of having a positive impact on people who need it the most. The Trust is a national organisation, which enables us to contribute to all the geographic areas we operate in.



# GOVERNANCE



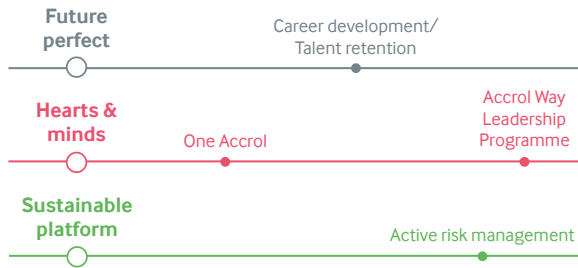
## Guiding principle: Delivering long-term success



### OUR GOAL

Our aim is to ensure we have secure and reliable business processes and measures to support and sustain our growth ambitions.

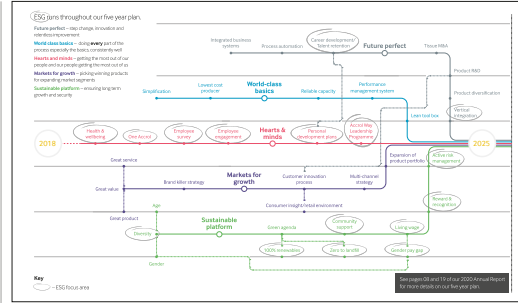
### Woven into our 5-year plan



### Governance measures and “KPIs”

#### Transparent decision making

- 19 ... 5-year vision
- 20 ... Stakeholder engagement
- 21 ... Robust processes

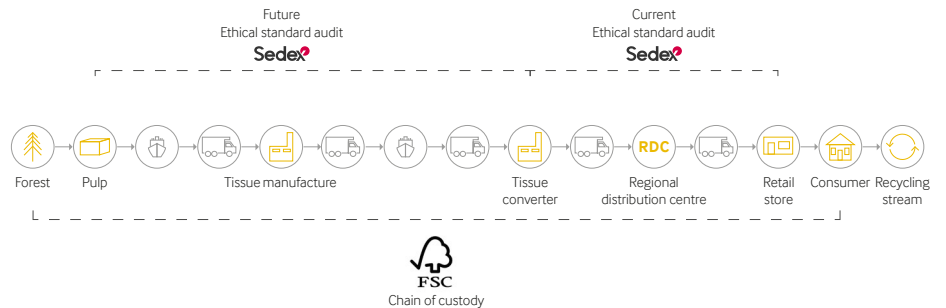


#### Our Five-year plan

See page 06 of this document

#### Sustainable supply chain

- 22 ... Strategic ESG alignment
- 23 ... Tactical SEDEX alignment
- 24 ... Procurement audit process



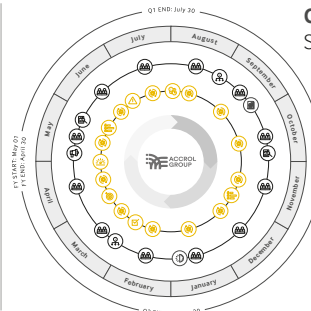
#### Measured risk

- 25 ... Risk review process
- 26 ... Risk mitigation
- 27 ... Policy and standards



#### Corporate calendar

See page 20 of this document



#### Board

#### Committees

#### Sub-committees

#### Board structure

See page 17 of this document





GOVERNANCE CONTINUED



**Guiding principle: Delivering long-term success**

Purpose of measure	Transparent decision making			Sustainable supply chain			Planned and measured risk		
	<i>We have a five-year vision that guides our direction of travel and decision making, ensuring accountability and allowing us to track timely progress</i>			<i>Ensuring processes are in place to support sustainability throughout our supply chain</i>			<i>Transparent and iterative risk planning, measurement and mitigation to improve business resilience</i>		
<b>Where we are today</b>	Five-year vision agreed and published	Stakeholder engagement published annually and half-year strategic updates shared during half-year communications	Board attendance	We have directly focused on 1st tier material suppliers, ensuring they have the appropriate standards, capacity and commercial options in place	Accrol are SEDEX members and are audited against SEDEX standards	We constantly evaluate suppliers based on delivery performance, quality and competitiveness commercially, and actively mitigate supply risks as they arise	Annual Report includes (p34 -35) Risk Heat Map and Risk Register with Change Key -this is a distillation of Business Intelligence on risk from the Shop Floor to the Board		
<b>2020 performance</b>	5-year vision established	Annual Report	<b>94%</b> Attendance		SEDEX compliant		Risk rating/risk		
<b>Future goals</b>	Continued review and delivery of the key elements of the rolling 5-year plan	Increase the level of transparency to a wider group of stakeholders, alongside an annual ESG report	We need to go deeper than simple attendance measures, and more formally ensure that we have the right Board composition and the appropriate level of expected performance, especially as the business grows	We will take a more holistic approach to our supply chain from "Forest to Flush" through an ESG lens	We intend to carry out a SEDEX audit in all core suppliers, to ensure they are aligned and compliant to our standards	We will formally measure supplier performance and rank this performance along with ESG alignment	Reconcile Board and Stakeholder risk appetite against recent risk experience	RAG rate risk management internally for: <ul style="list-style-type: none"> <li>• Ability to anticipate problems</li> <li>• Adequacy of resources to respond to changing conditions</li> <li>• Free flow of information to Board</li> <li>• Capacity to respond quickly to an incident</li> <li>• Willingness to learn from the experience</li> </ul>	
<b>2025 aspirations</b>	Key elements delivered	AR 5-year plan ESG	Annual Board evaluation	<b>100%</b> of core suppliers aligned	<b>100%</b> appraised	<b>100%</b> measured	<b>100%</b> appraised	Scoring established, Reviewed & benchmarked	
<b>How we plan to get there</b>	Ongoing quarterly review of key areas within the plan, with key objectives woven into leaders' performance targets and linked to reward	Utilise our website to provide a greater degree of transparency on progress against our 5-year plan and ESG journey, with communication around key events and milestone achievement	We will carry out a formal independent Board Performance Evaluation process, to ensure we have the right balance of skills, gender and diversity in the Board Room	This will start with us understanding our Customers ESG aspirations and assessing consumer trends. We will then be able to align and translate these as we share our ESG plans with our upstream Suppliers and ensure they are aligned with us	This initially will be a desktop process to understand any gaps in audit performance, which will then be prioritised into a visit plan, to physically review targeted areas where non-conformance is reported	Going forward, we will more formally measure supply performance and share this information as part of our Category Management process, which in turn will inform our decision making on long-term supply partners	Set and benchmark Board and Stakeholder risk appetite	Adopt three lines of defence model for risk management	Measure Annual Report 2021 against expected risks versus experienced risks



GOVERNANCE



**Guiding principle:** Delivering long-term success

**How we govern our business**

- 19 ... 5-year vision
- 20 ... Stakeholder engagement
- 21 ... Robust processes

The Chairman has responsibility for the governance of the company, and for ensuring that the Company's ethics and values are communicated and upheld throughout the business.

To support the work of the Board, there are three Board committees – Audit, Remuneration and Nomination. Details of each committee's role is set out in the Annual Report each year.

**Board of Directors**



**Daniel Wright**  
Executive Chairman



**Gareth Jenkins**  
Chief Executive Officer



**Richard Newman**  
Chief Financial Officer



**Euan Hamilton**  
Independent Non-Executive Director



**Simon Allport**  
Independent Non-Executive Director

**Operational Board**

The operating Board is responsible for all the day-to-day operations.

**Gareth Jenkins**  
Chief Executive Officer

**Richard Newman**  
Chief Financial Officer



**Mark Dewhurst**  
Chief Operating Officer



**Graham Cox**  
Managing Director – Tissue Division



**Kathryn Robinson**  
HR Director

**Key**

- ... Audit Committee
- ... Member
- ... Nominations Committee
- ... Chairman
- ... Remuneration Committee



**Guiding principle: Delivering long-term success**

Beneath the Board is an operating Board, made up of the CEO and the CFO plus the four key directors responsible for all the day-to-day operations – (see page 17) – this structure ensures clear lines of communication and responsibility across all aspects of the operating business and provides a solid framework for communicating the Company’s ethics and values from the top to all levels of the business, and also ensures that feedback from all levels has a clear route back to the Board, which is essential in supporting the Group’s ambitious growth strategy.

**Sub committees**

Sub committees are used to focus on a particular task or area in line with the strategic direction of the Board and to reinforce the Group’s focus on culture and relentless improvement. They also provide an opportunity for our people to move along their career path with Accrol.

Permanent sub committees of Health & Safety, HR, IT and Special Projects are led by Operational Board Members and made up of senior management, supported by people from different levels of the business who are relevant to the area of focus of the sub committee. The sub committee leader reports directly to the Board, and gives updates on a monthly basis in terms of progress and decision making.

Other sub committees are established as special situations with the same structure and reporting. One recent example of this is the COVID-19 sub committee, which has resulted in highly effective and cohesive COVID-19 procedures that have been held up as a leading example (see our video) and shared with other local businesses.

**Board structure**

**Board of Directors**

**Executive Chairman**

**Role and responsibilities**

- The Executive Chairman has the responsibility to lead the Board effectively and supervise the adoption, delivery and communication of the Company’s corporate governance model.
- The Chair is responsible for ensuring that the Board agenda concentrates on the key issues, both operational and financial, with regular reviews of the Company’s strategy.

**Chief Executive Officer**

**Role and responsibilities**

- The Chief Executive Officer (CEO) is responsible for the overall success of the business entity, and for proposing and implementing company strategy as agreed by the Board.
- The CEO has primary responsibility for setting an example to the Company’s workforce, communicating to them the expectations of the Company’s culture, and ensuring that operational policies and practices drive appropriate behaviour.

**Independent Non-Executive Director**

**Role and responsibilities**

- Non-Executive Directors (NED) are independent advisors to the Company and members of the Company’s Board of Directors.
- NEDs help to determine and articulate strategy through positive criticisms, external experience and expertise.
- NEDs oversee the activity of Executive Directors and help to ensure that they meet their objectives.

**Board Committees**

**Audit Committee**

The Audit Committee has the primary responsibility of monitoring the quality of internal controls, to ensure that the financial performance of the Group is properly measured and reported on.

**Nominations Committee**

The Nominations Committee leads the process for Board appointments and makes recommendations to the Board.

**Remuneration Committee**

The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service.

**Sub Committees**

Health and Safety committee

IT Committee

COVID

Strategic projects

## GOVERNANCE CONTINUED

## Guiding principle: Delivering long-term success

**Culture**

At the very heart of the Company is a culture that relentlessly strives for operational excellence and continual improvement. This can only be achieved by employing sustainable and ethical practices, and by listening to all our key stakeholders, from employees at the sharp end, our suppliers and our investors. We engage with each of these groups on a regular basis and their feedback is looped into everyday activities.

Further details of how we engage with our stakeholders is given in the most recent Annual Report.

**Ethics**

Starting with our Board of Directors, we place significant importance on ethics and cascade the message right through the business at all levels.

We're proud of our procedures covering ethical behaviour, including our Anti Bribery and Corruption Policy and our Anti-Slavery and Human Trafficking Statement. We set clear expectations with our Colleagues, Suppliers and Customers on best practices, and continually review our approach to remain relevant to today's ever-evolving challenges in the external world, whilst staying true to our core values and principles.

**Risk**

Supported by

25 ... Risk review process

26 ... Risk mitigation

We use our risk management process as set out in the Annual Report, to monitor, evaluate and escalate risks as they emerge, enabling management to take appropriate action wherever possible in order to control them, and also enabling the Board to keep risk management under review annually.

**QCA – gap analysis – Improvement**

Supported by

21 ... Robust processes

Details of how Accrol currently complies with the QCA Code is set out in the latest Annual Report and on the Group's website. Below, we identify areas where we do not currently comply, and our plans to bring these areas into line.

- Board performance evaluation – the Board does not disclose details of its Board performance evaluation process or how often they are conducted – this is to be reviewed
- Succession planning – The Board does not formally disclose how it approaches and plans for succession
- Audit committee report – The Board has not produced a report to date, but will include a report in the 2021 Annual Report
- The terms of reference for each committee is not currently disclosed – it is planned to put these onto the Group's website during the current financial year
- Roles and responsibilities of the Chair, CEO – These are not currently disclosed, but it is planned to do so in the current financial year

**Sedex**

Sedex is a membership organisation that provides one of the world's leading online platforms for companies to manage and improve working conditions in global supply chains. Providing practical tools, services and a community network to help improve responsible and sustainable business practices, and source responsibly.

**Supply chain**

We take a holistic view, starting in the forests of the pulp suppliers, through to our tissue manufacturers, our own tissue conversion and then into our Retail Customers' supply channels, to consumers' homes, and ultimately our product packaging into the recycling system.

We use a clear set of criteria when choosing our supply partners, ESG, reliable capacity, quality, innovation and commercial factors.

We look at our supply chain through two different lenses, ESG and risk to supply.

**ESG and the supply chain**

We start with leading by example, using our own ESG credentials to set the tone of what we expect from our

suppliers. We want to work with responsible suppliers who adhere to ESG principles and in turn examine the credentials of their suppliers. So how do we ensure that our ESG credentials are upheld throughout our supply chain? We only buy and use FSC approved material, which gives us a assurance on sustainability and full traceability from the tree to our raw materials. From an ethical trading perspective, we are audited by our Customers using the Sedex SMETA audit, and we will use this standard with our core suppliers. In the future, we plan to go further and deeper into the credentials of our suppliers and their upstream suppliers through these detailed audits. Initially, a desktop audit approach using the Sedex standard, then a series of physical visits to key suppliers' premises, to allow more in-depth reviews.

**Customer ESG and consumer trends**

We are supporting our Customers' approach to ESG by aligning our products to their ESG strategies, working with them on product development, packaging materials and logistic optimisation.

We feel a strong sense of responsibility to continually improve the recyclability of our packaging. To this end, we have been pioneering in the use of paper wrap and now use 30% Post-Consumer-Waste materials in our plastic wrap.

We have invested heavily in automation to allow the use of merchandising units to eliminate transportation bags, which has reduced the amount of transport bags by around 50%, and we continue to experiment with alternative on-shelf formats to further reduce the use of plastic packaging.

**Security of supply**

To ensure an uninterrupted supply of tissue, we adopted a Category Management approach, of having a minimum of three suppliers capable of meeting our full demand and supply criteria for each material category. In the main material category of Tissue, the number of suppliers increases significantly, and geographical positioning is also taken into account in order to manage fluctuations in foreign exchange rates and local supply challenges. We believe strong partnerships with suppliers is fundamental to supply security, through long-term, mutually beneficial relationships.



See pages 32 and 33 of our 2020 Annual Report for information on our Risks.



**Guiding principle: Delivering long-term success**

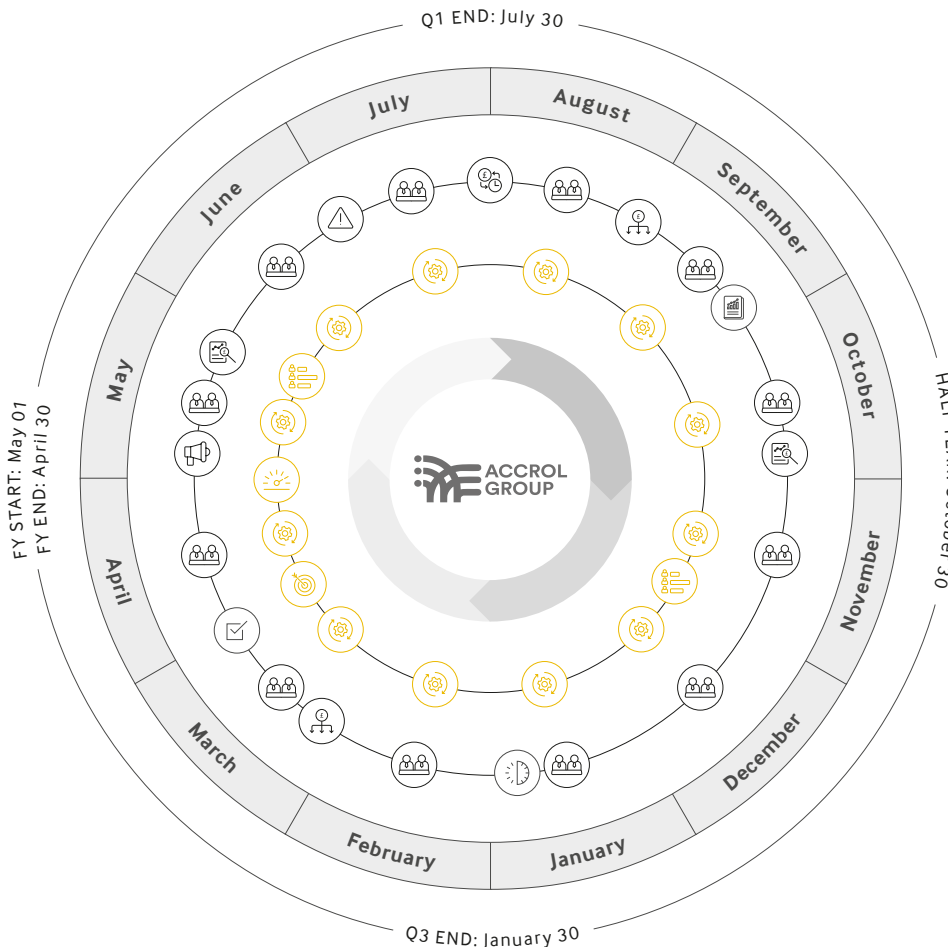
Within our five-year plan (see page 6) is the addition of a Tissue Mill, to sit alongside our existing Tissue supplier base to support our increasing requirement as the business expands, as well as providing further control over material costs.

**Supported by**

**21** Robust processes

- The Company Secretary plays a pivotal role in the governance and administration of a company and is a trusted advisor to the Board, Chair and Non-Executive Directors.
- The Company Secretary has a responsibility to the Chair, and the Chair will look for guidance on any improvements or initiatives that could enhance and strengthen the governance of the company.
- The Board will look to the Company Secretary to advise directors' statutory duties, disclosure obligations and listing rule requirements.

**Corporate Calendar**



**Event Key**

- Corporate
- Board mtg – 1/month
- Remuneration – executive compensation
- Audit Committee
- Pre-Close Announcement
- Half-Year Announcement
- Annual Report
- Risk review
- Employee Remuneration - Gender pay gap - Living wage
- Budget approval
- Operational
- Employee survey
- Ops Mtg – 1/month
- Annual objective setting
- PDR Reviews