

Summary Sustainability Report 2020



**Changing wood
to change the world**



Our business at a glance



Who we are

We're a fast growing business with a purpose. We combining chemistry, technology and ingenuity to make high performance wood products that are extremely durable and stable, opening new opportunities for the built environment.

By doing so we give the world a choice to build more sustainably.

Our purpose

Changing wood to change the world

Changing wood is what we do, changing the world is why we do it. We turn fast-growing, sustainably sourced wood into a building material that locks in carbon for decades while also performing to the highest standards.

Our business at a glance

Our approach to sustainability

In 2020 we have renewed and refreshed our focus on the environmental, social and governance issues that affect our business, and that our business affects. We have established the 10 issues most relevant and important to us as an organisation and our stakeholders. To make sure these issues are core to our ongoing growth, success and overall strategic development, we have aligned the issues to our purpose.

Sustainability strategy roadmap

Stage 1:

Evaluation and strategy refinement

- Improve assessment, monitoring and data management
- Review and, where necessary, set up new formal policies, oversight and workflows
- Initial actions for improvement in each material issue
- Establish baseline statistics and metrics

Stage 2:

Impactful action and data-led direction

- Use improved data to refine action plans & set realistic, ambitious and attainable targets
- Implement and support new programmes and initiatives
- Manage and reassess material issues and stakeholder priorities to ensure continued relevance

5+ years

Our values and strategy

We have a global opportunity to make an impact through our purpose



We have fully aligned our approach to sustainability with our corporate values and strategy.

OUR VALUES

Giving the world a choice to build sustainably and creating value for all our stakeholders.

Earlier in 2020 we formalised and launched our company values. They are unique to us, they represent what we believe in, and we use them to guide our strategy and actions for the long term and on a daily basis. Our values are:

1 Be ambitious – the world depends on us

Our ambition is to change the world – it doesn't get much bigger than that.

We must be bold, agile and committed to our goals. We have to be 'all in' and move quickly and decisively.

To achieve our ambitions we may make mistakes, but we must not be afraid to try. We will always learn from the experience.

2 Respect and value all stakeholders

Everyone we work with and encounter is important – our colleagues, customers, partners, suppliers, investors and more.

We act with integrity and authenticity, encourage collaboration, and build trust through inclusion and mutual respect.

As a team, we will succeed.

3 Be committed to safety, quality and sustainability

No matter how ambitious we are, safety is of the utmost importance in everything we do.

We all share responsibility for protecting people, property and the environment at all times.

We must strive to fulfil our brand promise and delight our customers. We will always deliver consistently high quality.

Sustainability and our impact on society are central to what we do – not just for our products, but also how we operate. They guide our decision-making throughout the business.

Along with our purpose, these values are core to our shared culture as over-arching and underpinning tenets, informing the way we work, how we make decisions, and how we interact with each other and the world around us.

We will continue to embed and encourage engagement with our values over the coming years.

Our values and strategy

We have a global opportunity to make an impact through our purpose



OUR STRATEGIC PRIORITIES

GROW PRODUCT DEMAND

Developing market opportunities to drive revenue growth, for example increasing awareness, consideration and conversion to sales for our products.

We do this primarily through developing our sales and marketing networks, strategy and capabilities to create, grow and realise demand in existing and new markets.

Material issues

- Sustainable & quality products
- Responsible sourcing
- Energy & climate change
- Society & Communities
- Governance, management and advocacy

DEVELOP OUR TECHNOLOGY

Developing technology and IP programmes based on evidence and commercial viability.

We have the opportunity and capability to maximise the potential of our unique knowledge and technology, and develop technical and IP programmes to maintain and protect our leading position in the modified wood market.

Material issues

- Sustainable & quality products
- Innovation and technology

PRACTISE MANUFACTURING EXCELLENCE

Always working safely, and growing our manufacturing position in Europe, USA and Malaysia; establishing new platforms in key markets to enable and support further growth.

We aim to do things faster, more efficiently, better, more safely, and, ultimately, continue to increase our production capacity through plant expansion and construction.

Material issues

- Sustainable & quality products
- Responsible sourcing
- Energy & climate change
- Health and safety
- Governance, management and advocacy
- People and wellbeing
- Ecological footprint

BUILD ORGANISATIONAL CAPABILITY

Developing our people and organisational capabilities to enable us to meet our growth objectives.

Developing our resources, skills, capabilities and processes to help us meet our business objectives, and enable long-term growth. This includes training, talent management and development, organisational and structural improvements to our ways of working, developing new communication and collaboration mechanisms, and improving levels and accessibility of to expertise both inside the business and from third parties.

Material issues

- Governance, management and advocacy
- Fair & ethical conduct
- People and wellbeing

Our approach to sustainability

Our contributions to the United Nations Sustainable Development Goals ("SDGs"):

Our biggest contribution to the SDGs focuses on SDG 9, 11, 12, 13 and 15 as we understand that this is where our business can have the biggest impact:



Aside from our key focus areas, we are also focusing on wider sustainability performance, and are aligning to a larger number of SDGs.

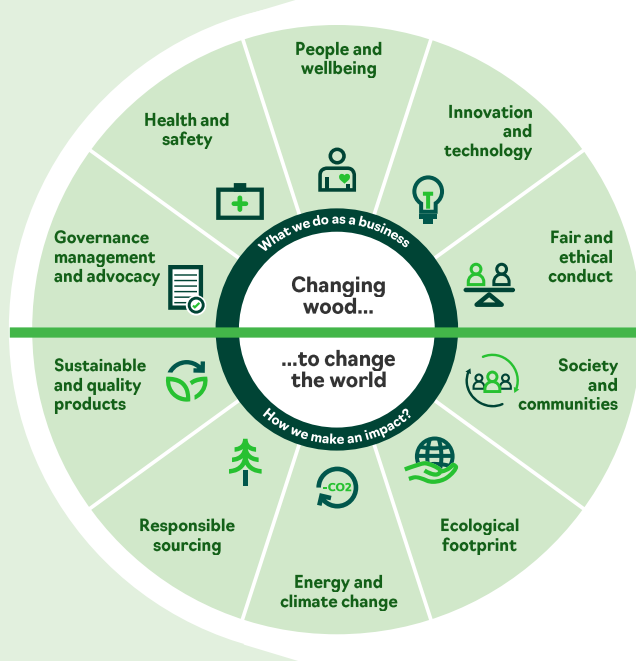


Our ESG framework



Our approach to sustainability

Our ESG framework



Changing wood...



Governance management and advocacy

We'll maintain first-class governance, management and stakeholder relationships to sustain our growing scale.



Health and safety

Our ambition is ultimately for zero harm, which we will achieve through practising continuing health and safety excellence, improved monitoring, raising awareness of our safety policies and strategy, and further work embedding the importance of health and safety in our company culture.



People and wellbeing

We'll ensure the wellbeing of our people through employee engagement, diversity and inclusion, development and talent management, and rewards and recognition.



Innovation and technology

We'll innovate and utilise technology with sustainability and quality as our goals, going above and beyond to make a positive impact on a global scale.



Fair and ethical conduct

We'll uphold our commitment to high ethical standards, ensuring our processes and procedures are strengthened as we continue to grow.

...to change the world



Sustainable and quality products

We'll ensure our products continue to meet high standards of quality and sustainability by achieving accreditations and certifications – while always meeting our customers' needs.



Responsible sourcing

We'll keep sourcing timber responsibly, working with our suppliers to ensure our needs are met and forging new partnerships to ensure the secure supply of sustainable materials.



Energy and climate change

We are committed to monitoring, managing and reducing the overall negative impacts of our operations, while maximizing the beneficial impacts of our business and products on the world. Operationally, our key focus is on climate mitigation and adaptation so we are able to deliver on our purpose effectively.



Ecological footprint

We'll work to minimise the ecological impact from our operations, particularly focusing on reducing water and waste, and adopting a circular economy approach to materials use instead of 'take-make-waste'.



Society and communities

We'll create a positive environmental and social impact through a variety of activities aligned with our purpose of "Changing wood to change the world".



Governance, management and advocacy

“Growing quickly, and growing sustainably”

We strive for first-class governance, management and stakeholder relationships to sustain our growing scale.

Performance (FY2020)

0

No fines and non-monetary sanctions from non-compliance with environmental laws and/or regulations in FY2020

Highlights (FY2020)

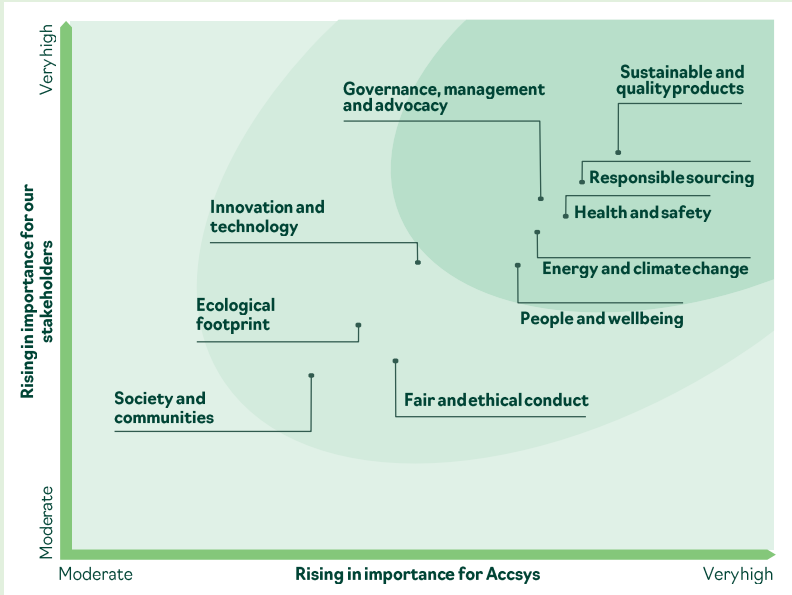
- Continues to comply with the QCA code
- Reviewed and updated supplier Code of Conduct and schedule of ‘matters reserved’ for the board,
- Added new expertise to our Executive Committee
- ESG strategy development
- Developed sustainability governance structure with executive ESG Committee





Governance, management and advocacy

“Growing quickly, and growing sustainably”



Highlights from our assessment

This list of key issues is the result of the research and stakeholder engagement, and highlights the most relevant topics and their importance to Accsys and our stakeholders.

- Sustainable and quality products
- Responsible sourcing
- Governance, management and advocacy*
- Energy and climate change
- People and wellbeing*
- Health and safety*
- Innovation and technology*
- Ecological footprint
- Fair and ethical conduct
- Society and communities*

* During the course of our materiality assessment which was conducted across April to June 2020, we recognise that the circumstances of COVID-19 has placed a greater emphasis on these specific material issues.

We will be continuing to advance our assessment of these issues as our project progresses.

Looking ahead

- Assessing potential of pursuing ISO 9001, ISO 45001, ISO 50001, ISO 14001
- Assessing reporting to standards such as GRI or SASB
- Further developing ESG strategy

In the coming months and years ahead we will build on our current activities and plans, and improve our data monitoring and management throughout the business. This report marks a very positive step forwards, but is not the end goal – it is the beginning of a stage in our growth.





Health and safety

“Targeting zero harm”

Our ambition is ultimately for zero harm, which we will achieve through practicing continuing health and safety excellence, improved monitoring, raising awareness of our safety policies and strategy, and further work embedding the importance of health and safety in our company culture.

Lost Time Incident Rate (LTIR) improved

50%

H2 vs H1 2020 across the organisation

LTIR for the year

1.18

Highlights (FY2020)

- Improvements to health and safety performance, monitoring, reporting and learning
- Relunched ‘Commitment to safety’ as a core value
- Took an employee safety and wellbeing first approach during the COVID-19 pandemic
- Continuous focus on embedding health and safety culture



Health and safety

“Targeting zero harm”

Performance (FY2020)

1.18

Lost Time Incident Rate (LTIR)

27

Near misses recorded and actioned

21

Safety meetings

3.92

Total Recordable Incident Rate (TRIR)

610

Safety inductions

31

Risk assessments

Looking ahead

- Further improving HSE governance, leadership and standardisation across sites with recruitment of dedicated Group Head of HSE
- Increased metric tracking and focus on lead indicators and preventative actions with comparative benchmarking against global industry peers to determine potential areas for improvement
- Continue to embed health and safety culture of continuous improvement through values, training, awareness campaigns and issue-led activities for focus areas
- Continue to improve processes around monitoring, reporting and learning.

As Accsys continues to grow to more sites and geographies, the health and safety of our employees, partners, contractors and other associates and stakeholders remains the top priority.

Our Health and Safety policy is predicated on the idea that all incidents are preventable, and that every one of us is responsible for health and safety. Collective and individual responsibility and action are encouraged and reinforced through our policy, training and procedures.



People and wellbeing

“Learning, evolving and improving together”

We'll ensure the wellbeing of our people through employee engagement, diversity and inclusion, development and talent management, and rewards and recognition.

81%

engagement rate with inaugural Accsys People Survey

90%

believe that Accsys provides high quality products and services

Highlights (FY2020)

- Launched annual 'Accsys People Survey' on engagement and feedback
- Cross-functional projects initiated to review and address Organisational Effectiveness and Performance Management
- Objectives and Key Results ('OKR') system and online management platform launched, aligning personal responsibilities to company strategy and success
- Accsys Values refreshed and relaunched to put people and respect at the heart of our enterprise
- Reinitiation of Employee Share Plan





People and wellbeing

“Learning, evolving and improving together”

Performance (FY2020)

81%

employee engagement survey response rate

€862

spent on average per FTE on training and development

28%

of eligible employees personally invested in Accsys through Employee Share Plan in FY2020

78%

agree or strongly agree that they feel proud to work at Accsys and are treated with respect

0

incidents of discrimination

Employee gender by level:

Overall:	Managers:	Non-executive Board members:
86% male, 14% female	82% male, 18% female	66% male, 33% female

Looking ahead

- A regionally tailored approach to targeted organisational developments and improvements
- Refinement of performance and incentive strategy
- Training and development requirements and opportunities review and improvements
- Increased focus on diversity, inclusion and community engagement

The importance of caring for and nurturing our people has never been more apparent than in the last six months. We have increased our total headcount by 45% over the last three years, but we are not just increasing in terms of numbers – we are constantly learning, evolving and improving together too.

Our strategy is to further formalise and develop our focus on and programmes around employee engagement, talent management, reward and recognition and inclusivity. Some of these aspects are rising in prominence and prioritisation as we establish new operations and others mature, but we have made great progress over the last year in many key areas.





Innovation and technology

“Adding value and leading the way”

We'll innovate and utilise technology with sustainability and quality as our goals, going above and beyond to make a positive impact on a global scale.

Focus on quality, sustainability and meeting or pre-empting customer needs

Developing not just our products but also our processes and technology

Highlights (FY2020)

- 'Accoya® Color' developed for launch, meeting customer desires and market trends with a unique and innovative new decking product
- Rigorous testing and quality control developments



Innovation and technology

“Adding value and leading the way”

Performance (FY2020)

Continued and growing focus

on market research and future application research

€1.2m

dedicated investment in research and development

Looking ahead

- Start-up of dedicated Tricoya[®] Hull plant
- Collaboration with partners to expand the reach and scope of our innovations
- New product, variation, and use case development
- Process and technology improvements



Fair and ethical conduct

“Ethically, environmentally and socially responsible”

We'll uphold our commitment to high ethical standards, ensuring our processes and procedures are strengthened as we continue to grow.

All key materials suppliers compliant with our ethical and social responsibility policies

'Key suppliers' refers to wood and acetyls suppliers who provide $\geq 1\%$ of that material

Highlights (FY2020)

- Values relaunch highlighting respect for all, commitments to safety, sustainability and quality
- All relevant employees provided with education and training on:
 - Bribery Prevention
 - Data Protection
 - Modern Slavery
 - Share Dealing and Market Abuse



Fair and ethical conduct

“Ethically, environmentally and socially responsible”

Performance (FY2020)

100%

of relevant employees (including Board) communicated on anti-corruption policies

100%

of operations assessed for corruption risks (see more information in Annual Report and Accounts Risk Management section)

€0

spend on political campaigns, lobbying or think tanks

93%

completed training on time

100%

of key materials suppliers compliant with our Conduct, Anti-Slavery and Anti-Bribery and Corruption policies

0

cases or incidents of corruption and bribery

0

regulatory fines, sanctions or settlements

Looking ahead

- Reviews and refreshes of Whistleblowing and Anti-Bribery, Corruption and Tax Evasion policies, Charitable Donations Policy
- Expanded range of training courses, including multi-language support
- Continued focus on corporate sustainability and ethical responsibility
- Increased formalisation, standardisation and visibility of our policies, initiatives and learning support activities



Sustainable and quality products

“What our customers want and the world needs”

We'll ensure our products continue to meet high standards of quality and sustainability by achieving accreditations and certifications – while always meeting our customers' needs.

2.6+ million cubic metres

Estimated annual market potential for Accoya® and Tricoya® products

Highlights (FY2020)

- Used instead of man-made alternatives, our products saved nearly 70,000 tonnes* of CO₂e, equivalent to 171 million miles of car journeys or 160,000 barrels of oil consumed
- Volume sold and sustainable impact increased by 16% year on year to 57,842m³
 - Resulting in 54,603 tonnes CO₂e locked in to our products for decades
- Accoya® wood awarded Cradle to Cradle Certified™ Gold again, with Platinum rating for Material Health

Calculations of CO₂e saved are based on Accoya® wood carbon content and Environmental Product Declaration data; equivalencies via the US EPA calculator at www.epa.gov

We are currently updating our Life-Cycle Analysis and the data these calculations is based will be updated to reflect the latest standards and methodologies.





Sustainable and quality products

“What our customers want and the world needs”

Performance (FY2020)

Volume of sales in FY2020:

57,842m³

CO₂e locked in from products sold in FY2020:

54,602.85 tonnes gross

2025 production capacity target:

200,000m³

CO₂e displaced / saved (customer sustainability) vs averaged PVC and Aluminium from sales in FY2020:

69,294.72 tonnes net

of our CO₂e cost of production

Looking ahead

- Growth target of 200,000m³ production capacity in five years
 - Equating to 240 million kilograms CO₂e saved compared to man-made materials
- Production facility expansion, improvement and construction in Netherlands, UK, USA and Malaysia
- Continued renewal, identification and confirmation of suite of technically valid quality and sustainability accreditations





Responsible sourcing

“Certified sustainable materials”



We'll keep sourcing timber responsibly, working with our suppliers to ensure our needs are met and forging new partnerships to ensure the secure supply of sustainable materials.

Accoya® wood and Tricoya® wood chips are both FSC® certified products

Our timber is sourced from certified sustainable, fast-growing forests in low-risk regions

Global sourcing strategy to assess, monitor and manage materials supply with consideration for quality, overall sustainability (including transportation), and security of supply

Full compliance with EU Timber Regulation

Highlights (FY2020)

- Successful supply chain management and contingency planning throughout coronavirus pandemic
- Maintained our strict standards of sustainable sourcing
- Worked with forestry partners to promote sustainable, profitable forest management in New Zealand and other countries
- Progressing sourcing of local UK supply of FSC® certified wood chips for Tricoya® production in Hull
- FSC® Recycled certification for our offcut reclamation and recycling/upcycling programme



Responsible sourcing

“Certified sustainable materials”



Performance (FY2020)

100%

of Accoya® and Tricoya® made from certified sustainable (FSC® or PEFC®) wood sources

100%

of key materials suppliers* met with, visited or audited

100%

of operations subject to human rights reviews or impact assessments

100%

of key materials suppliers* screened using environmental criteria

100%

of new supplier wood mills visited in advance of commercial supply

0

incidents of human rights violations in our supply chain

70%

of all wood supply mills visited within three years

* “Key materials suppliers” refers to wood and acetyls suppliers who provide ≥1% of that material. The sum of any others comprises less than 2% of our total supply; typically in the case of testing and analysis prior to a commercial relationship.

Looking ahead

- Continued focus on responsible and sustainable sourcing of raw materials
- Exploration of other wood species, source locations and supply options
- Further work on acetic anhydride supply's production methodology, sourcing, and closed-loop reuse and recycling of our acetic acid by-product





Energy and climate change

“Mitigation, adaptation and life-cycle impact”

We are committed to monitoring, managing and reducing the overall negative impacts of our operations, while maximising the beneficial impacts of our business and products on the world. Operationally, our key focus is on climate mitigation and adaptation so we are able to deliver on our purpose effectively.

Total climate impact: -49,000tonnes CO₂e in FY2020:

- Total sequestered CO₂e in our products: 54,602.85 tonnes
- Total net GHG emissions (including Renewable Energy Credits and carbon offsets): 5,002.46 tonnes
- TRADA (Timber Research and Development Association) lifespan assessment for Accoya® window frames: 70 years

At least 50% of electricity for production is renewably source or offset

Highlights (FY2020)

- Reduced CO₂e intensity by 6% year on year (net emissions from all operations* per cubic metre of Accoya® produced)
- Process and equipment efficiency improvements
- Initiated new Life Cycle Analysis ('LCA') for Tricoya® and Accoya® products for updated cradle-to-grave impact assessment



Energy and climate change

“Mitigation, adaptation and life-cycle impact”



Performance (FY2020)

Total energy intensity
(Scope 1 and Scope 2*):

88kg CO₂e

per cubic metre of Accoya[®]
produced (including Renewable
Energy Credits ('RECs')/ carbon
offsetting)

55kg CO₂e

per €1000 revenue (including
RECs/carbon offsetting)

54,602,848 kg CO₂e

sequestered in our products

- 944kg CO₂e stored per cubic metre of Accoya[®]
- 600kg CO₂e trapped per €1000 revenue

Total gross emissions for Arnhem
production facility and London office:

- 8,385.75 tCO₂e

Emissions offset or retired:

- 3,373.04 tCO₂e
 - 1,844.52 tCO₂e through voluntary offsetting
 - 1,528.52 tCO₂e saved through RECs

More data and full notes on GHG emissions in our
Annual Report and Financial Statements 2020
(<https://www.accsysplc.com/investors/reports-results/>)

Looking ahead

- Improvements to data capture and monitoring to identify and act on opportunities, and more informed mid and long-term strategic planning
- Establishment of ESG oversight committee and addition of dedicated resource
- Careful management of operational climate impacts during business growth and expansion
- Economies of scale and process efficiency improvements planned for production facilities
- Continued accreditation with the Cradle to Cradle Certified™ Products Program





Ecological footprint

“Circular economy mindset”



We'll work to minimise the ecological impact from our operations, particularly focusing on reducing water and waste, and adopting a circular economy approach to materials use instead of 'take-make-waste'.

Zero waste to landfill from our manufacturing operations

End-of-life wood reuse, upcycling and energy generation programmes

Cradle to Cradle™ Gold level for Water Stewardship and Material Reutilisation

Highlights (FY2020)

- Accoya® offcut programme developed and attained FSC® Recycled status
- All solid material waste at our manufacturing operation is used in recycling, upcycling or on-site energy generation





Ecological footprint

“Circular economy mindset”



Performance (FY2020)

65,672 m³

Waste water discharged for treatment

1,364 tonnes

Total waste for recycling

0

Zero waste to landfill

28 tonnes

Total hazardous waste for specialist treatment

Looking ahead

- Improved and expanded data gathering and management
- Formalisation and standardisation of environmental management policies, and assessment of potential sustainable and circular initiatives and activities including:
 - ISO 14001 and 50001 certification
 - closed-loop recycling of acetic acid
 - further development of Accoya® reclamation programme





Society and communities

“Changing wood to change the world”

We'll create a positive environmental and social impact through a variety of activities aligned with our purpose of “Changing wood to change the world”.

€30,000+
donated to charitable
and community activities

Promotion of STEM and
sustainable building and
engineering programmes

Driving awareness of
embodied carbon
costs of materials and
circular economy

Highlights (FY2020)

- Financial and material support for Wood Awards 2020 shortlisted Handlebar Café community charity project
- Working with local manufacturers, developed several new Accoya® projects near our production plant in Arnhem, the Netherlands.





Society and communities

“Changing wood to change the world”

Performance (FY2020)

€32,035

Donations (including products supplied)

179

Average monthly number of employees for FY2020

20

new employees added in FY2020

Looking ahead

- Establishing an updated and formalized strategy for charitable and community support activities, and engaging colleagues throughout the business
- Continued focus on relevant projects that align with our purpose, activities and impacts
- Assessment and introduction of voluntary and charitable work days for colleagues





**Changing wood
to change the world**

**Read the full Accsys Sustainability
Report 2020 on www.accsysplc.com**

Accsys Technologies PLC

Brettenham House
19 Lancaster Place London
WC2E 7EN

+44 (0)20 7421 4300

While effort has been made to ensure all data included in this document is accurate, the Accsys Sustainability Report 2020 this is based on has not been independently verified. Accsys, Accsys Technologies are trading names of Titan Wood Limited, a wholly owned subsidiary of Accsys Technologies PLC. Accoya®, Tricoya® and the Trimarque devices are registered trademarks owned by Titan Wood Limited and may not be used or reproduced without written permission. © Accsys Technologies PLC 2020

www.accsysplc.com

www.accoya.com

www.tricoya.com