

Zotefoams plc and our Environment

Our Aim

Zotefoams plc considers environmental issues seriously and is committed to minimising the effects of its' operations on the environment whilst ensuring that competitiveness remains unaffected.

The company was one of the first two hundred businesses in the UK to be accredited to ISO 14001, the International Standard for Environmental Management Systems (EMS). This commitment to ensuring best practice is consistent with other operational duties such as Quality Management, Occupational Health and Safety where the company has also reached accreditation to recognised standards.

Environmental Policy

The company [environmental policy](#) is reviewed annually to ensure its' continued relevance and that it remains consistent with set objectives.

The Managing Director has the ultimate responsibility for environmental issues. The Operations and Projects Director is responsible, at an operational level, and is supported by an Environmental Advisor. The Operations and Projects Director reports directly to the board on environmental performance. Environmental performance is reviewed on a quarterly basis at an Environmental Steering Committee, which is chaired by the Managing Director and consists of all Executive Directors, Technical Manager, Sales and Marketing Manager and Environmental Advisor.

At an operational level, information passage, performance review and awareness raising is achieved via quarterly site meetings that involve representatives from all functions within the company.

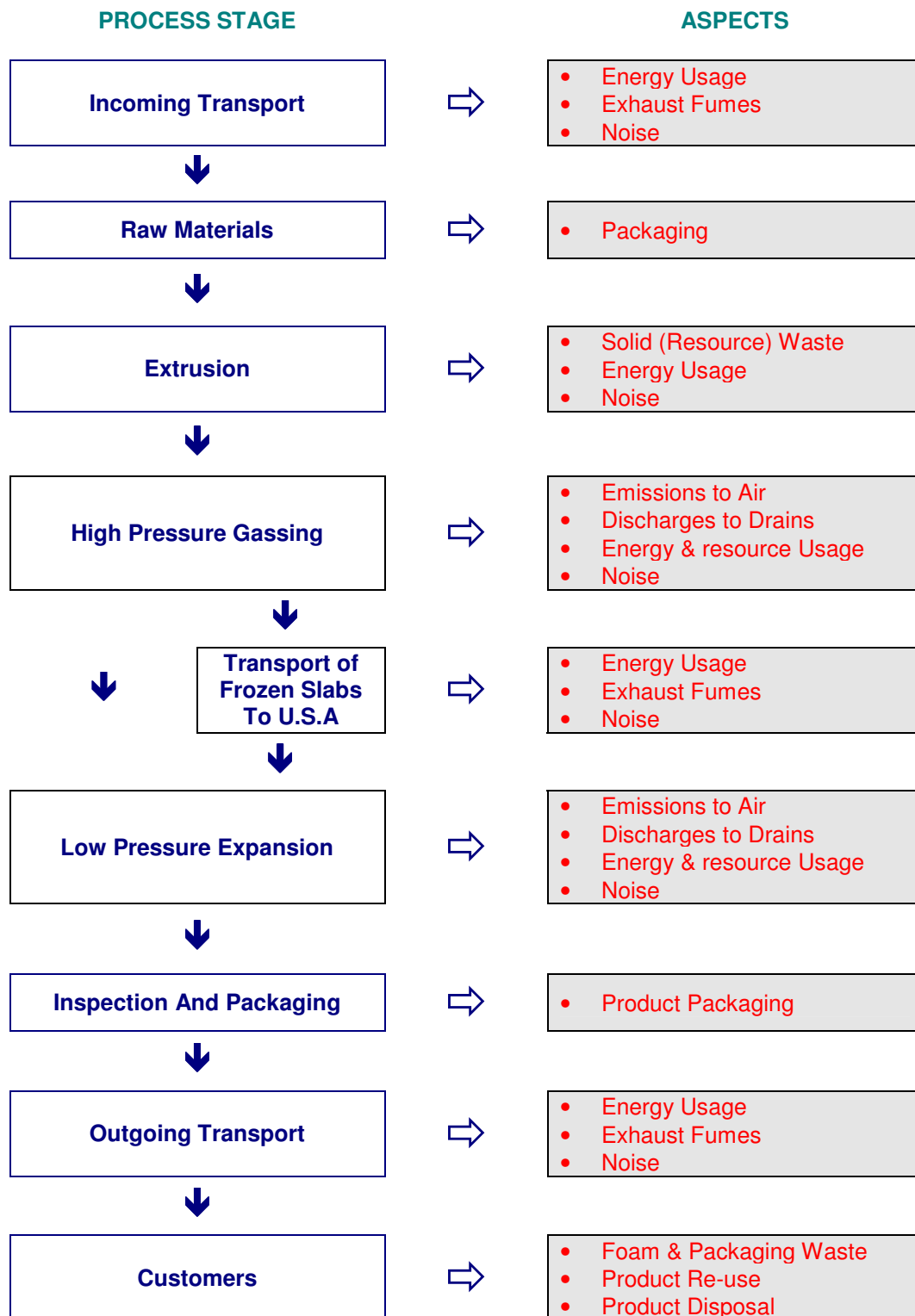
Environmental Aspects and Impacts

During the implementation of Zotefoams Environmental Management system, the company underwent a review of its' major aspects and the related impact of its' operations on the environment. This began with the consideration of each of the major operational process stages and concluded with a summarisation of the major aspects overall. Regular review of the environmental aspects and impacts is important to ensure continued relevance and to take account of significant operational changes should they arise.

The aspects were considered using a risk analysis framework and ranked based on extent and severity of the impact. From this analysis, there are six major aspects which are considered to be priorities these include solid waste generation and disposal plus the consumption of raw materials and use of utilities.

As part of the company's review system the environmental aspects register has been reviewed within the last year.

Principal Process Stages and Assignable Environmental Aspects

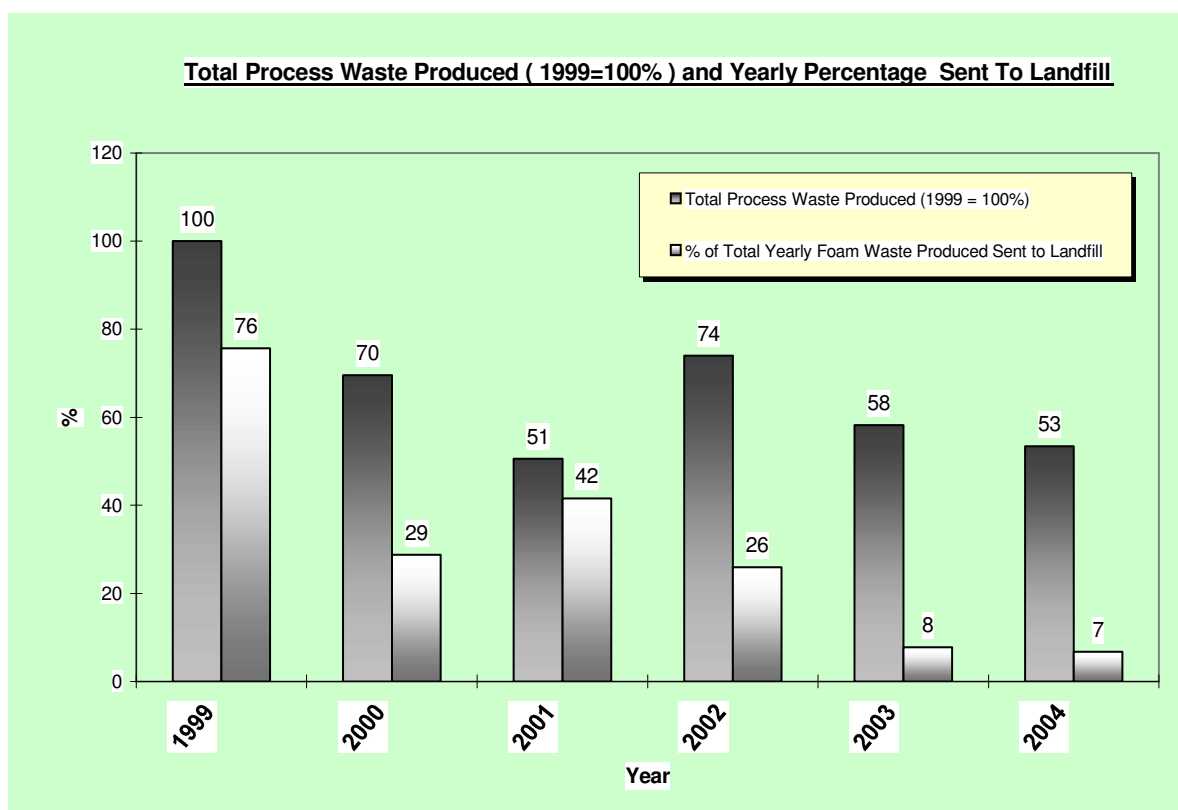


Process Waste

The vast majority of all waste produced by Zotefoams plc is either solid or foamed polyethylene. Neither are easily melt-reprocessed (the major recycling route for most plastics) due to the essential step of cross-linking during manufacture.

The company remains committed to reducing the impact of its' process waste material. We continue to investigate new solutions to waste management issues and actively seek secondary outlets for our waste products.

During 2002 the densification process for foam waste, which had been suspended after the fire that occurred at the company site in October 2000, was resumed. Outlets identified in 2001 for the re-use of solid waste polyethylene (produced in the extrusion stage) and for densified foam waste began to take appreciable volumes. These factors enabled the company to reduce the amount of waste sent to landfill to 7% of total yearly waste produced in 2004.



Utilities Usage

Energy usage is monitored on the basis of volume of foam manufactured per unit of energy. This is reviewed regularly during the year and there are continuing efforts across the site to improve energy efficiency.

In 2004 a free energy survey was carried out by an energy consultant working for the Carbon Trust, actions recommended by the report are being evaluated and implemented as appropriate

Heating energy, gas and electricity is used throughout site. Investigations are being carried out to reduce the overall usage. These include the use of more efficient boilers used to heat our high and low-pressure autoclaves and the use of more energy efficient motors in the extrusion areas.

Environmental Objectives

Environmental objectives are set annually using a 'bottom-up' approach of identifying opportunities for improvement. The objectives are then agreed at the Environmental Steering Committee prior to publication.

The setting of objectives takes account of and prioritises on the basis of the major [environmental aspects](#), the maximisation of environmental benefit to be gained, whilst minimising the impact upon the competitiveness of the business.

In addition to objectives, the company sets targets for all major waste stream, energy and resource usage. These are monitored continuously and are reviewed at both environmental steering and site committees.

Review of Key Objectives in 2004

The amount of “general” waste has been quantified and potential means of reduction have been identified.

The oil storage tanks on site have been checked for compliance with the Control of Pollution (Oil Storage) Regulations and actions will be implemented to ensure compliance by September 2005.

The implementations of essential actions for the Legionella risk assessment carried out in 2003 have been completed.

Key Objectives in 2005

To have ensured compliance with the Control of Pollution (Oil Storage) Regulations by September 2005.

To have reviewed the usage of natural gas, nitrogen, water and electricity used on site and identified savings. Then implement agreed actions.

To have implemented the site wide centralised control of waste disposal and its documentation

Environmental Incidents

In 2004, 16 incidents were recorded on site. All of which were minor. Eleven of these incidents were from failures of bursting discs, this compares with a total of 30 in 2003 of which 24 were from failures of bursting discs, this represents a drop of 47% in all incidents and 54% drop in bursting failures

While these discharges are an environmental concern, the discharges are a fundamental part of the statutory equipment safety regime and as such the safety requirement is considered to have a significantly higher priority than the environmental impact.

Zotefoams plc consider the number of incidents recorded above to be a positive statement of success related to awareness training and to the commitment of all staff to both safe and environmentally conscious working.

Our site is close to residential areas and the company maintains close contact with local residents. The company considers its' social responsibility seriously and where possible will act to prevent the cause of any complaint from occurring and where unavoidable, will consult with residents to pre-warn or inform.

Awareness and Training

The company continues to be active in raising and supporting environmental awareness in the local community through, for instance, the support of Croydon council and other local initiatives. Internally, the company attempts to raise environmental awareness through site meetings and other forums.

Audit

Internal environmental audits follow a schedule covering all departments / operations over each year. Zotefoams plc has biannual external audits conducted by the BSI to continue accreditation to ISO 14001. At the last external audit in 2004 no non conformances were found.

Trends

As well as objectives, trends are monitored in particular areas such as waste generation by area and in usage of resources by type of resource, area and product. Corrective action is taken on any negative trend highlighted.

Climate Change Levy

Zotefoams plc continue to be vociferous in our objection to this levy and our preference, like many in the plastics processing industry for a more targeted approach, giving a sustainable solution to the issue of climate change. As a 'plastics processor', Zotefoams plc is unable to participate in voluntary agreements to reduce specific energy consumption or the CCL costs. We believe that the minimisation of energy consumption (which is a significant business cost) is an appropriate ongoing commitment for the company for both economic and environmental reasons, irrespective of this tax. The company is a member of the British Plastics Federation (BPF) and supports the BPF stance on this issue.

As a result of the introduction of the Climate Change Levy in April 2001, the additional annual tax burden to Zotefoams plc is in the region of £175,000 after NIC rebates.

Producer Responsibility Obligations (Packaging Waste) Regulations 1997

The company is fully compliant with the requirements of the Producer Responsibility Obligations (Packaging Waste) Regulations 1997 - more commonly referred to as the Packaging Waste Regulations (PWR). Zotefoams plc continue to monitor with interest UK government approaches to compliance with EU directives on packaging waste as well as the many other environmental issues being considered.

In 2004, the company was obligated to show evidence for recycling of 3 tonnes of plastic, 15 tonnes of wood and a further 39 tonnes of any specified material, with a recovery obligation of a further 4 tonnes of any material.

Zotefoams plc Environmental Policy

The company is committed to preventing pollution and continually improving its' environmental performance. This will be achieved by:

- At least complying with legislation.
- Operating to established procedures and standards as specified in the company Environmental Manual.
- Regularly measuring performance against these standards.

Objectives will be set to improve all areas where there could be an impact on the environment from the operations of the company. These objectives will be monitored and actions implemented to ensure they are achieved. Priority will be given to cost effective objectives giving the maximum environmental benefit.

Environmental awareness will be promoted among all employees, customers, suppliers and other stakeholders and their participation will be encouraged.