



Thomas Swan

Sustainability Report

January - December 2018





Welcome

to our third edition of the Thomas Swan Sustainability Report.

As I reflect on our activities during 2018, I find that one of the most encouraging things about sustainability is that we can all individually make a difference and that it makes financial sense to be a sustainable company. Even small changes at home or work add up to a significant impact when multiplied by whole nations or industries. This year we ran a campaign to encourage employees to turn off lights. The statistics provided by the carbon trust are remarkable. It costs about £80 to leave a fluorescent light on every night for a year. We are therefore in the process of installing automatic cut off sensors for all our non-safety critical lights across the site.

In February 2019, I went to watch Professor Brian Cox give a lecture on cosmology at the Newcastle Arena. Despite having to dredge up some of my A-Level Physics from a deep and rather dusty part of my brain to try to keep up with parts of his talk, the main thing that I took away that night was how remarkably fragile our beautiful planet is when viewed from a deep space perspective. Stunning images taken from spacecraft looking back on our home reminded me that we only have one Earth and the fact that we exist at all is unimaginably fortuitous. It is remarkably easy to go about our daily routines without considering this precarious position and to comfort ourselves that climate change probably won't impact our lives and that it is the

job of industry and government to sort it all out. The stark reality, now widely recognised by leading scientists and the international community, is that we all, individuals, companies and governments must act now. This is no longer a problem that we can put off for future generations to resolve. The alarm bells are sounding loudly and clearly, and it is time for all of us to do what we can to make a difference.

On that basis and following my attendance at the Cambridge Institute for Sustainability Leadership's 30th Anniversary event in London on the 13th of June, I have committed Thomas Swan & Co. Ltd. to achieving net zero carbon emissions by 2030. Over the coming year we will assess our current carbon footprint and then work hard to reduce our emissions against this benchmark. We will use this, our annual Sustainability Report, to hold the company accountable to our commitment and I look forward to sharing our journey with all our stakeholders.

HARRY SWAN
CHIEF EXECUTIVE OFFICER



“ Even small changes at home or work add up to a significant impact when multiplied by whole nations or industries. ”

HARRY SWAN

Sustainable development

17 goals to transform our world

In 2015, the United Nations established 17 key global sustainability goals that provide developmental targets for businesses and individuals alike to work together to end poverty, protect the planet and ensure prosperity for all.

At Thomas Swan, we aim to ensure that our sustainability targets correlate with many of the UN goals and play our part in protecting our planet (www.un.org/sustainabledevelopment/sustainable-development-goals).

Where one of our targets aligns with a UN goal, you will see the UN symbol displayed alongside it.



Developing our people

Helping us to grow through continuing personal development and improved communications.



Our targets for 2018 were to:

Achieve year-on-year improvement in communication score on Hive HR



We have continued to measure the success of our communications by using the Hive HR web-based communication platform to help with our aim to improve communications, which in turn will allow us to change, improve and grow. When we first asked all of our employees how they rated communications in November 2016, we were awarded a score of 5.3 out of 10. In May 2017 we asked the question again, allowing us to measure the impact of our initiatives. This time we were given an improved rating of 7.7 out of 10. The same question was asked again in May 2018 and we were given a score of 7.4. Although this score was marginally lower than the previous year, the drive to improve communication remains.





Achieve the target of two hours per month training per employee

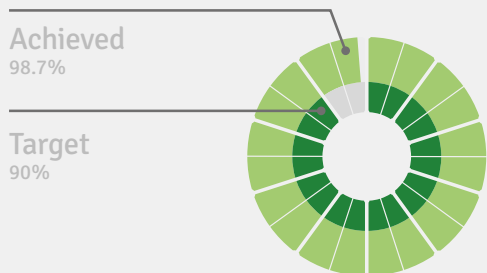


Providing ongoing support and training to continually improve the skills and knowledge of our people is essential to their development. We are proud to say that we achieved this target once again in 2018, scoring an average of 3.5 training hours per employee per month.



Ensure all employees have job/role descriptions, and achieve 90% return of Personal Development Reviews (PDRs) by September 2018

We believe that all employees should have a formal document detailing what is expected of them in their roles; each role within the business now has a detailed job description. Our 2018 target was to achieve a 90% return on PDRs, and we are pleased to say we exceeded this target, achieving a 98.7% return.



Introduce apprenticeships in all relevant areas of the business, recruiting two new apprentices in 2018/19

A vital component in any sustainable business is the nurturing of skills for the long term, and apprenticeships are a natural way to achieve this. Thomas Swan has developed an excellent relationship with Consett-based Derwentside College, which provides most of our apprentices. During 2018 there was no business need to take on any apprentices; hopefully this will change moving forward.





Achieving operational excellence

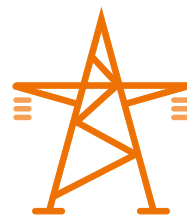
Setting world-class standards within our everyday operations.

10% increase in waste product produced due to our varying product portfolio



Gas

^3%



Electric

v7%



Water

v0.4%



Our targets for 2018 were to:



Achieve year-on-year 5% reduction in waste produced across the site

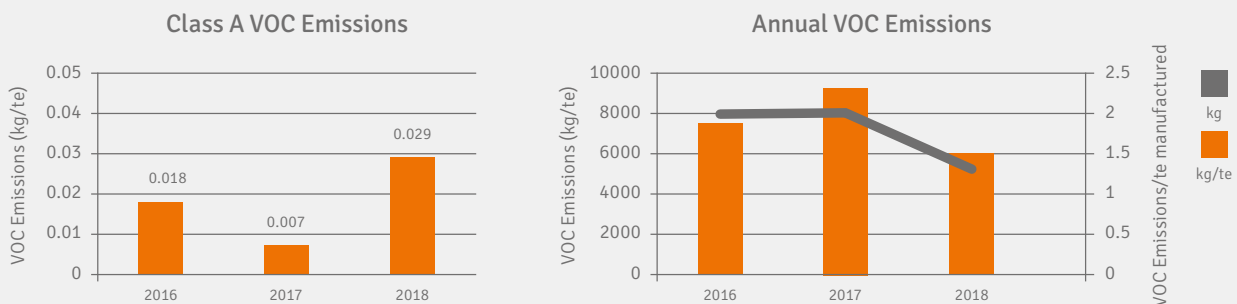
Reducing waste is very important to us. Last year, we saw an 8.5% reduction in waste produced per tonne of product, which was 2.5% over target. Disappointingly, this year has seen a 10% increase in waste produced per tonne of product; this is due to our varying product portfolio.

Achieve year-on-year 5% reduction in utilities across the site (gas, water, electricity and air)

Our complex operations require a range of utilities, with variable consumption depending on the products being manufactured. 2018 saw a 3% rise in gas consumption; however, our electricity consumption was reduced by 7% and our water consumption reduced marginally by 0.4%.

Achieve year-on-year reduction in VOC use and emissions

In 2018 we achieved our target to reduce VOC emissions. VOC emissions showed a significant reduction between 2017 and 2018.



Establish and improve housekeeping and 5S:



All employees are encouraged to attend Gemba Board meetings across the business



5S in active use in all office and communal areas



5S in active use in all operational areas





Embracing sustainability

Setting targets that exceed industry standards.



2018

Internal Sustainability Awards



Low

We maintained low debt position



50%

renewable power



Our targets for 2018 were to:

Maintain sustainability awards

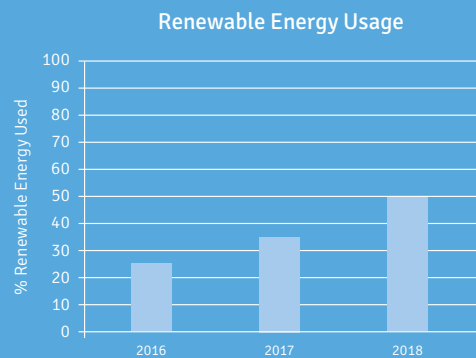
Winners of the 2018 sustainability awards, which were launched in 2016 to recognise and reward ideas from our employees, were presented with their prizes at the annual company summer BBQ.

Ensure financial leverage remains below 25%

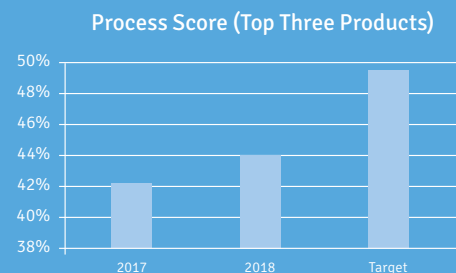
During 2018 we maintained our low debt position, with financial leveraging at 5%.

Maintain year-on-year improvement in renewable electricity use on site

Using sources of renewable energy is very important to us as a business. In 2018, 50% of electricity used to make our products came from a renewable source, with renewable electricity usage almost doubling over the past two years.



Maintain sustainability criteria and improve the sustainability of the top three products by an average of 5% on the process measure (TSCL control)



There were process improvements implemented which resulted in reduced water usages. Our understanding of the causes of inconsistency in product quality were identified in the laboratory. A novel waste treatment technology did not perform as expected during extensive pilot scale trials and the project was closed.

We did not meet our target because of the failure of the novel waste treatment technology and learning from the extensive laboratory work to improve product quality had not been implemented on plant. Next year the focus will be to increase the speed of transferring laboratory learning on to plant, reducing the volume of waste produced and improving process yields.

Create a team to promote recycling by employees at Thomas Swan (from the suggestion scheme)



This was not achieved during 2018 however a new team dedicated to this is going to be set up during 2019.

Strategically targeting markets

Developing our business and profile through our sustainability credentials.

Gold

Maintained EcoVadis gold status

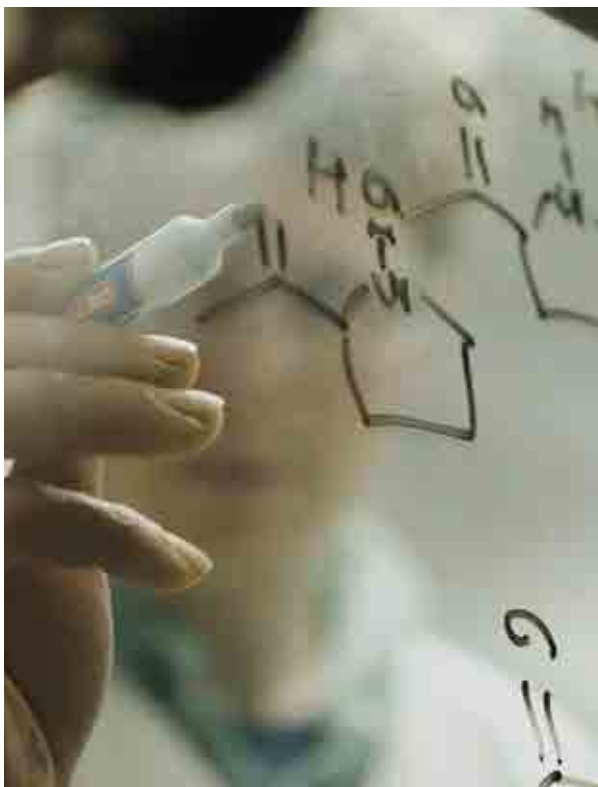


Our targets for 2018 were to:

Secure new business as a result of our sustainability credentials



We continue to receive very positive feedback from a growing number of customers relating to our sustainability credentials. There is no firm data to back this up yet, but it is something we are continuing to work towards, and we hope to have some data in the near future.





Maintain EcoVadis Gold status

Complete – Thomas Swan was awarded Gold status once again in November 2018.



Identify one new plant-derived product and deliver business case

This goal is something we have strived to achieve for the past two years but have not quite managed as yet. We will continue to work towards this over the coming months and years.



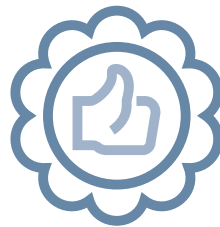
Developing an innovation-driven culture

Adding value through innovation.



2018

Employees recognised for innovative ideas



22%

of approved employee ideas implemented





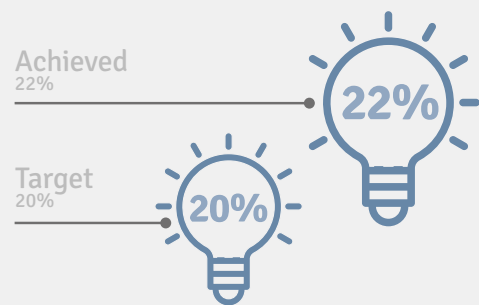
Our targets for 2018 were to:

Maintain innovation awards

Winners of the 2018 Innovations awards, which were launched in 2016 to recognise and reward ideas from our employees, were presented with their prizes at the annual company summer BBQ.

Achieve successful implementation of 20% of approved ideas from employees

We recognise that some of the best ideas for improvement come from our employees, and we actively encourage them to submit all their ideas. In 2018, 22% of approved ideas were implemented.



Playing to our strengths

Promoting the values that underline our drive for sustainability.

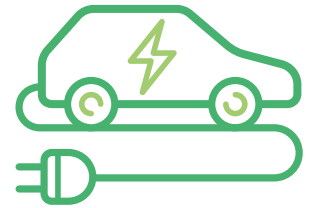
Promote

our existing sustainability credentials



Increase

in employees switching to electric vehicles



Encourage

and facilitate work experience student visits to Thomas Swan



Support

careers in STEM through staff visits to local schools and colleges



Our targets for 2018 were to:

Promote our existing sustainability credentials

Our annual customer satisfaction survey asks if customers are aware of TSCL sustainability credentials. If not, information on sustainability is shared. We also utilise our social media channels to further communicate our sustainability credentials.

Increase in employees switching to electric vehicles

Thomas Swan CEO Harry Swan owns a fully electric car, and we have a hybrid pool car. At least one member of staff is planning to buy an electric car during 2019.



Encourage and facilitate work experience student visits to Thomas Swan

Eight work experience student visits took place in 2018: Seven students in Research and Development and one in QC/Works Lab.

Support careers in STEM

Staff members have visited local schools and colleges to promote careers in STEM (Consett Academy and Park View School) with good feedback received.



Continuing our actions

As targeted at the start of our journey, we will focus on the six areas outlined in the report over five years, monitoring and assessing them from a sustainability perspective, and reporting back to our stakeholders each year.

1. Develop our people

- Achieve Investors in People Status
- Achieve target of two hours per month training per employee
- Introduce Personal Development Plans for everyone and achieve 100% returns on PDRs by March 2019
- Strive to take on apprenticeships to maintain skills within the business

2. Operational excellence

- Achieve 5% reduction in waste across the site
- Achieve 5% reduction in utilities across the site (gas, water, electricity, air and liquid nitrogen)
- Achieve year-on-year reduction in VOC use and emissions
- Establish and improve housekeeping and 5S:
 - i. All employees encouraged to attend Gemba Board meetings across the business
 - ii. 5S in use in all office and communal areas
 - iii. 5S in active use in operational areas

3. Embracing sustainability

- Maintain sustainability awards
- Ensure financial leveraging remains below 25%
- Maintain year-on-year improvement in renewable electricity use on manufacturing site
- Maintain sustainability criteria and improve the sustainability of the top three products by an average 5% on the process measure (TSCL control)
- Create a team to promote recycling by employees at Thomas Swan (from the suggestion scheme)
- Commence a community project
- Develop plan to achieve carbon net zero by 2030

4. Strategically target markets

- Secure new business due to our sustainability credentials
- Maintain Ecovadis gold status
- Instigate sustainable procurement practices

5. Innovation-driven culture

- Maintain innovation awards
- Achieve successful implementation of 20% of approved new ideas from employees

6. Play to our strengths

- Promote our existing sustainability credentials
- Increase the number of employees switching to electrical and hybrid cars
- Encourage and facilitate work experience students and internship visits to Thomas Swan
- Support careers in STEM within the local community (schools, colleges, etc.)





Thomas Swan

Chemical manufacturing since 1926

For additional information please contact:
Thomas Swan & Co. Ltd. UK., Rotary Way, Consett,
Co. Durham DH8 7ND

Tel: +44 (0)1207 505 131 Fax: +44 (0)1207 590 467
www.thomas-swan.co.uk



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