

Avon Group Manufacturing (Holdings) Limited

Strategic Report

Year Ended 31 March 2021

Section 172 Statement

Each director of the company has taken steps to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the members as a whole, and in doing so have regard (amongst other matters) to the below factors:

a) The likely consequences of any decision on the long term. The board has made principal decisions impacting the future of the company in line with the long-term strategic objectives of the ultimate parent company, Avon Group Manufacturing (Holdings) Ltd. The key strategic decisions made in the year were to invest in 2 new Trading Entities (Edgewest Plastics (UK) Ltd & Scandura Ltd) as well as continued investment in our current entities and our people, and the management of the Covid-19 response to ensure employee safety and continuity of production, including utilisation of Government Furlough support.

b) The interests of the company's employees. Directors have considered employee interests when making all principal decisions. Quarterly business communications are made by the Directors to the whole organisation through the company "Insights" Magazine with sectors on each individual entity and the overall company performance.

c) The need to foster the company's business relationships with suppliers, customers and others. We have established strategic relationships with our key customers and suppliers, with regular business meetings held with Senior Management. The business response to important economic uncertainties, such as BREXIT & Covid-19, has been communicated to our stakeholders to build trust and bolster relationships.

d) The impact of the company's operations on the community and the environment. The business makes a regular monthly donation to Children's Hospice South West alongside other ad hoc charitable donations and supports employee led fundraising campaigns. Energy usage is a key focus for the business to reduce its environmental impact and has invested in several schemes throughout the year to continue to reduce CO2 emissions

e) The desirability of the company maintaining a reputation for high standards of business conduct.

f) The need to act fairly between members of the company

Approved by the Board on 3 December 2021 and signed on its behalf by:



M A Rushin
Director

Avon Group Manufacturing (Holdings) Limited

Directors' Report

Year Ended 31 March 2021

The directors present their report and the for the year ended 31 March 2021.

Directors of the group

The directors who held office during the year were as follows:

M A Rushin

A R Patel

K Harrop

M Lewis

The following director was appointed after the year end:

S A Thomas (appointed 1 April 2021)

Employment of disabled persons

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Employee involvement

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas

Streamlined Energy and Carbon Reporting (SECR)

UK energy use and associated greenhouse gas emissions

The Group is pleased to report its current UK based annual energy usage and associated annual greenhouse gas ("GHG") emissions pursuant to the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") that came into force 1 April 2019.

Organisational boundary

In accordance with the 2018 Regulations, the energy use and associated greenhouse gas emissions are for those assets owned and controlled within the UK only.

Avon Group Manufacturing (Holdings) Limited

Directors' Report

Year Ended 31 March 2021

Reporting period

The annual reporting period is 1 April to 31 March each year and the energy and carbon emissions are aligned to this period.

Quantification and reporting methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2020 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations this year as these relate to the majority of the reporting period. The report has been reviewed independently by Briar (Briar Consulting Engineers Limited).

The energy data was collated using existing reporting mechanisms associated with monitoring Climate Change Agreements, which are held by three of our six manufacturing sites. The electricity and natural gas energy use was compiled from a mix of supplier invoices and AMR data and is considered accurate for the reporting period. Petrol and diesel purchase information was compiled by data from our fuel card suppliers. Estimates have been used in relation to our modest LPG use due to the difficulty of collating invoices and delivery notes.

The emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of company activities (scope 3).

Energy type	2019/2020	2020/2021
Mandatory requirements:		
Gas	3,133,940	2,913,717
Purchased electricity	5,794,046	5,800,019
Transport fuel	1,383,892	865,129
Total energy (mandatory)	10,311,878	9,578,864
Voluntary requirements:		
On site generated electricity (solar PV)*	52,604	25,944
Total energy (voluntary)	52,604	25,944
Total energy (mandatory & voluntary)	10,364,482	9,604,808

Note: Figures may not sum to total due to rounding.

*On site generated electricity does not account for exported energy

Avon Group Manufacturing (Holdings) Limited**Directors' Report****Year Ended 31 March 2021**

Emission source	2019/2020	2020/2021
Mandatory requirements:		
<u>Scope 1</u>		
Gas	576.2	535.7
Transport - Company owned vehicles	334.3	204.3
<u>Scope 2</u>		
Purchased electricity (location-based)	1,481.0	1,352.2
<u>Scope 3</u>		
Transport – Business travel in employee-owned vehicles	0	0.4
Total gross emissions (mandatory)	2,391.5	2,092.7
<u>Intensity ratio (mandatory emissions only)</u>		
Tonnes of CO2e per £m turnover	41.408	39.851
Voluntary requirements:		
<u>Scope 1</u>		
On site generated electricity (solar PV)	0	0
Total gross emissions (voluntary)	0	0
Total gross emissions (mandatory & voluntary)	2,391.5	2,092.7

Note: Figures may not sum to total due to rounding.

Intensity Ratio

The Group wide emission performance is measured by emissions (tCO2e) per million pounds (£m) of turnover and included in the above table. A separate subsidiary and site level breakdown of emission performance is provided in the following table. Due to the differing manufacturing processes, intensity ratios are provided for CO2e emissions per tonne of production or per million parts, excluding emissions related to road transport. Where sites hold voluntary Climate Change Agreements, the intensity ratio reflects that of the underlying agreement in order to meet best practice for GHG reporting.