



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

At James Cropper, sustainability spans every area of our business and is integral to the way we add value to our customers.

We care deeply about delivering greater positive impact; for our planet, the environment, our neighbours and society in general.

James Cropper is the name behind pioneering materials and technologies that feature in many of the world's most successful brands. With that comes a responsibility to ensure that our activities, the way we do business, will help safeguard a sustainable future for generations to come.

As the world changes and evolves, so too does our focus on sustainability; it has been, and will remain, a central element of how we do business.

Our rich papermaking heritage has always celebrated natural, renewable materials. Today, our strategic goal for sustainable growth takes on many more forms.

Whether that is from upcycling or recycling materials, lightweighting, decarbonisation, or innovative solutions in the green energy sector, we continue to evolve our business as we work to reduce our effect on the environment.

Our Purpose

Pioneering materials to safeguard our future - underpins our commitment to sustainability that is aligned to the United Nations Sustainable Development Goals (SDGs). The innovative materials we create and technologies we employ allow us to tackle some of the biggest challenges the world is facing.

Sustainability means doing business the right way, adapting and challenging ourselves to meet business needs, today and in the future. We work closely with our customers to create differentiated products, that are making a material difference for the long-term.

As we work to accelerate the transformations needed for a net zero, nature friendly, balanced and fair future, our aim is that the sustainability issues and opportunities we have identified across the business are addressed in the day-to-day activities of all our employees

ESG Committee

Formed in September 2020, our ESG Committee is chaired by our CEO, Steve Adams, and is a formal subcommittee of the Executive Committee.

It has delegated authority to oversee the development, measurement and delivery of the metrics that the Group will use across the three pillars of our sustainability strategy: Sustainable Manufacturing, People and Society, and Responsible Business Practices.

It comprises members of the Executive Committee and Non-Board members from across the business. With a blend of knowledge and strengths from across the Group on the 9 priority areas identified as being most material to the key stakeholders for our business, the Committee has additional expert advice and support provided by third-party partners.

In 2022, the ESG Committee met quarterly, and going forward ESG will have greater focus and resource within the business to make improvements and navigate an increasingly complex regulatory landscape.

External Ratings

Our full focus is on delivering impact on the priority areas, however, we understand the value to our stakeholders of external ratings. We use the submission and feedback processes from ratings such as EcoVadis to learn and improve our approach across the sustainability agenda.

SUSTAINABLE MANUFACTURING

James Cropper pro-actively monitors and manages the impacts of its operations and continues to improve the breadth and accuracy of environmental reporting to better understand and communicate these to all stakeholders, and to manage associated business risks and opportunities.

The Group already embeds sustainable business principles across the organisation in operations including waste management, water use, energy efficiency and renewable energy, and sustainable sourcing of materials and services.

Despite the external challenges of recent years, we have remained focused on our priority on tackling climate change as part of our wider sustainability commitments. Decarbonisation is seen as one of the most urgent and important actions to undertake.

We have been working in partnership with Erebus Environmental Ltd, as we continue to develop methodologies to follow best practice in how we collect, analyse and report data. As our knowledge in this area grows, we are making incremental improvements on data accuracy each year.

Sustainable Manufacturing

Decarbonisation and energy • Water • Waste and resource management

Priority Area

Decarbonisation and energy

UN Sustainable Development Goals



Strategic Intent

To have a robust net zero aligned strategy and achieve net zero by 2050 across our entire supply chain.

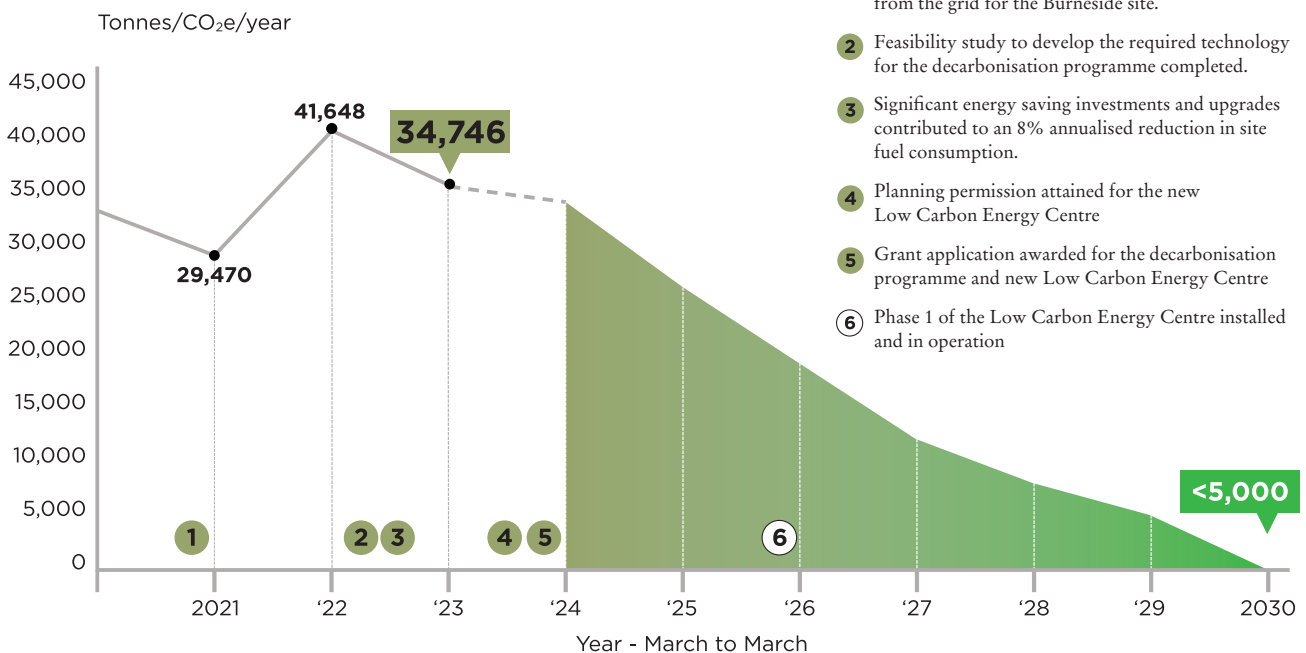
We have a robust decarbonisation roadmap in place for our manufacturing sites and we are already implementing the changes needed to cut our natural gas use by 25% by 2025. Work is also commencing to understand how we will fully decarbonise and support our ambition to be net zero by 2050 across our entire supply chain.

Our commitment to net zero has driven a programme to understand and rethink how we consume and manage energy. A crucial element of this is a significant reduction in our primary energy usage and a move to renewable energy sources, and we have made some great strides in tightening up process controls and made efficiency improvements resulting in savings on energy consumption.

In 2022, we consumed 189,000 MWh of energy across our Global operations (197,000 MWh in 2021). As part of our strategy to improve the efficiency of energy consumption, a number of capital investments and work was completed, in particular within energy intensive Paper Operations.

Delivery against our decarbonisation ambition, through technology transformation and move from fossil energy sources, allows us to demonstrate quantifiable carbon reductions to support our customers and meet consumer expectations. Developing products from sustainable sources that offer benefits in use and support customers, also benefits consumers in living more sustainably and reducing their carbon footprint.

Decarbonisation & Energy - Scope 1 & Scope 2 Emissions Only



Carbon footprint

At the end of the financial year, we achieved a significant reduction in our gross Scope 1 and Scope 2 emissions of 6,900 tCO₂e, finishing at 34,700 tCO₂e (2022: 41,600 tCO₂e). This is a 16.6% reduction against our baseline carbon footprint report year of 2022.

Several capex projects are also underway that will significantly help us reduce our operational carbon emissions:

- Our manufacturing site in Burnside has installed a new state-of-the-art high efficiency steam boiler, which will deliver a reduction in environmental emissions as well as energy usage in the coming years. Due to its ability to modulate (unlike our previous model), it is well equipped to cope with a wide range of energy demands and will significantly improve the control of energy for production across the site.
- We have attained planning permission to build a new Low Carbon Energy Centre, which will enable us to electrify our papermaking processes over the coming years. Scheduled for 2025, this project will provide a change in energy-source, resulting in a dramatic reduction in the amount of carbon we emit. This will also help towards our customer's Scope 3 emissions targets.

- A significant amount of work has been completed in the past year on balancing our paper machine drying hoods. Installs have been completed on two of our machines and the controls are constantly being optimised. Work is planned to continue this project throughout 2023/24, optimising our hood balances further, ultimately reducing the amount of steam used for the drying process.
- Phase 2 of our metering project is underway. To date, 80+ meters have been installed and there are plans to complete another two phases after this. Enhancing our understanding of when and where energy is being consumed on site allows waste to be identified and corrective measures to be taken. Adequate metering is said to enable businesses to save 5% of their annual energy consumption.

We saw a decrease in our upstream Scope 3 emissions of 5,000 tCO₂e, finishing at 41,000 tCO₂e (2022: 46,000 tCO₂e). This decrease of 10.8% against our baseline carbon footprint report year of 2022, has been driven through collaboration with supply chain partners and more robust data collection.

Downstream Scope 3 emissions are specifically excluded as it would involve detailed life cycle analysis to deliver reliable results. Additionally, the ability of James Cropper Group to influence associated emissions is limited compared to opportunities in the supply chain and elsewhere in the business. The exclusion of these categories may be reviewed in the future.

Our Scope 1, 2 & 3 GHG emissions are verified by Erebus Environmental Ltd. The carbon footprint report follows the reporting principles of the Greenhouse Gas Protocol Corporate Standard and associated supplemental advice for Scope 2 and 3.





STREAMLINED ENERGY & CARBON REPORT

Energy use

The underlying energy data used to calculate carbon emissions includes electricity, natural gas and other fuels purchased for use on-site and for transport.

Energy used in the year across our Global locations totalled 188,661,483 kWh, lower than the previous year of 196,550,102 kWh, driven mostly by efficiencies and savings made in Paper production.

Renewable energy

1.21MW of Solar PV is currently installed across 6 different locations at our Burnside site. A majority of which are power purchase agreements made with Burnside Community Energy Ltd, a community benefit society. An additional 0.25 MW of Solar PV has recently been installed by the Ellergreen Group at our Effluent Plant in Burnside.

At the end of our calendar year, we saw an increase in solar generation of 171.067 kWh, finishing at 793,319 kWh (2022: 622,252 kWh). This is an increase of 27.49% against the previous year.

We also saw an increase in the hydro generation from our River Kent Turbine, again a power purchase agreement made with the Ellergreen Group. There was an increase of 4,001 kWh, finishing at 211,679 kWh (2022: 207,678 kWh). This is an increase of 1.93% against the previous year.

National Grid electricity

Globally we purchased 7,894,545 kWh of Electricity from the Grid, of which 87.7% was on a Carbon Trust Certified Green Tariff.

Classed as Tier 1 – from Solar, Hydro and Wind sources only, this renewable energy product conforms to the Greenhouse Gas Protocol, so can be reported as zero carbon emissions when using the market-based method.

For reporting purposes, Scope 2 emissions are reported using location-based (grid average) and also using market-based (REGO backed) emissions.

Table 1 – Global Greenhouse Gas (GHG) Emissions – Location-Based Figures

Global Operations (Location-Based)		UK Operations			USA Operations		
Metric	Unit	2021/22 Baseline	2022/23	Deviation	2021/22 (Baseline)	2022/23	Deviation
Scope 1 (Direct emissions)	tCO ₂ e	40,123.4	33,036.6	-17.7%	210.7	246.4	17.0%
Scope 2 (Indirect emissions)	tCO ₂ e	1,235.4	1,381.8	11.9%	78.9	79.2	0.4%
Total (Gross emissions)	tCO ₂ e	41,358.8	34,418.4	-16.8%	289.6	325.6	12.4%
Energy Consumption	kWh	200,456,939	186,552,822	-6.9%	1,911,442	2,108,661	10.3%
Intensity Ratio (kWh/£100,000)	£/kWh	£2,005	£1,866	-	£19	£21	-

1 Calculated using the location-based approach.

2 Calculated as (Scope 1 + Location-Based Scope 2).

3 Global operations in 2023 totalled 34,744.0 tCO₂e compared to 41,648.4 tCO₂e in 2022. A 16.6% reduction against the selected baseline.

Table 2 – Global Greenhouse Gas (GHG) Emissions – Market-Based Figures

Global Operations (Market-Based)		UK Operations			USA Operations		
Metric	Unit	2021/22 Baseline	2022/23	Deviation	2021/22 (Baseline)	2022/23	Deviation
Scope 1 (Direct emissions)	tCO ₂ e	40,123.4	33,036.6	-17.7%	210.7	246.4	17.0%
Scope 2 (Indirect emissions)	tCO ₂ e	25.4	42.8	68.5%	78.9	79.2	0.4%
Total (Gross emissions)	tCO ₂ e	40,148.8	33,079.4	-17.6%	289.6	325.6	12.4%

1 Calculated using the market-based figures approach.
Burnside and Crewe are on a certified green Electricity tariff.

2 Calculated as (Scope 1 + Market-Based Scope 2).

3 Global operations in 2022/23 totalled 33,405.0 tCO₂e compared to 40,438.4 tCO₂e in 2021/22. A 17.4% reduction against the selected baseline.

Methodology

- GHG Protocol.**

Greenhouse gas emissions are reported in accordance with the Greenhouse Gas Protocol Carbon Reporting and Accounting Standards.

- Location-based Method.**

The first table reports emissions according to the GHG Protocol's "location-based" reporting method, using grid-average emission factor data for all electricity generation sources.

- Market-based Method.**

The second table reports emissions according to the GHG Protocol's "market-based" reporting method, which accounts for renewable energy purchases which are used to support our operations.

- Both the Location-Based and Market-Based tables are provided to deliver an insight into the emission savings generated through our Green Tariff Electricity contracts, however, from a reporting perspective the guidance on this is likely to change.


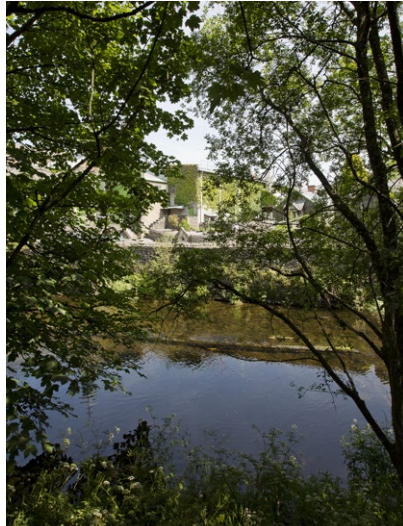
- Inventory Guidance.**

US EPA was used to identify Scope 1 and Scope 2 emissions for our operations in Schenectady, USA.

- Group figures are compared to the selected base year to provide an indication of progress over time.

Sustainable Manufacturing

Decarbonisation and energy • **Water** • Waste and resource management

Priority Area	Strategic Intent	UN Sustainable Development Goals
<p>Water</p> <p>From our base amongst the Lake District fells, stewardship of the natural environment is integral to our business, along with a mutual respect and celebration of nature and conservation.</p> <p>The Lake District's rivers are the beating heart of Britain's waterways. They have been shaped by industry and land management over many centuries, and all watercourses have at some point been modified or altered to create space for farming practices or industry.</p> <p>This has exacerbated the effects of several severe flood events in recent years, with the area also suffering a severe decline in biodiversity.</p>	<p>To reduce our water footprint by developing and embracing innovative solutions to close our water loop; minimising fresh water abstraction, reusing process water and recycling our effluent water back into the process.</p> <p>With around 70% biodiversity loss around the world over the past 50 years, action on this is critical.</p> <p>The weir removal at Bowston, a project proposed by South Cumbria Rivers Trust (SCRT) in agreement with James Cropper who owned the redundant low head dam, was the largest river barrier removal in the UK in 2022.</p> <p>Removing Bowston weir has helped to re-naturalise this section of the River Kent – an internationally important site of special scientific interest and the primary water source for our operations – improve navigation for migratory species, reduce flood risks for residents and is set to provide a 44% biodiversity net gain.</p>	 

Sustainable Manufacturing

Decarbonisation and energy • **Water** • Waste and resource management

Priority Area	Strategic Intent	UN Sustainable Development Goals
<p>Waste and resource management</p> 	<p>To commit to valuing waste across our operations and employ innovative solutions to minimise and repurpose waste.</p> <p>Plastic waste has been a growing environmental concern. In Europe alone, about 60 million tonnes of plastics are produced every year, while only 30% of it is recycled.</p> <p>A new partnership established with one of the best plastic reprocessing companies in the UK, now means that the 5% of waste plastic that is removed by CupCycling is now being recycled locally, rather than going to energy from waste – UK recycling being the preferred option based on Life Cycle Analysis.</p> <p>This technological step forward, means we have now been able to close the loop on our CupCycling technology.</p> <p>The CupCycling development comes as we have commissioned new stretch packaging,</p>	 <p>that protects products from moisture ingress during transport. The new wrap contains 30% recycled content, and so is excluded from plastic tax, and has a high stretch percentage which has also enabled us to significantly reduce the amount of protective plastic packaging we use.</p> <p>This work is the result of some fantastic collaborations with partners that have helped us achieve our 2025 pledge on plastic to the Ellen MacArthur Global Commitment.</p> <p>In 2022, we extracted 103 tonnes of plastic from cup waste for recycling, and reduced plastic film wrap use within our business by 11 tonnes in the 5 months since the introduction of the new wrap (59% reduction over a comparable period the previous year).</p>

RESPONSIBLE BUSINESS PRACTICES

Our approach to raw material procurement supports sustainable sourcing and supplier partnerships, which in turn provides our customers with the confidence they require on the provenance of our materials.

Our growth and the impact we have is through market and technology niches in partnership with our customers.



Responsible Business Practices

Supply chain • Business ethics and risk • Materials with purpose

Priority Area



Supply chain

Strategic Intent

To ensure our suppliers operate to the same ethical and sustainable standards that the Company adheres to.

UN Sustainable Development Goals



Our commitment to sustainable sourcing is enabled by supply chain certification and transparency.

Confirming environmental integrity and social accountability is an increasingly important prerequisite in our upstream supply chains.

During 2022, we implemented our Supplier Code of Conduct (SCoC), and to date compliance by key supply chain partners issued with this SCoC is over 90%.

Responsible Business Practices

Supply chain • Business ethics and risk • Materials with purpose

Priority Area

Business ethics and risk

Strategic Intent

To operate responsibly, steering governance, best practice and in line with our core values throughout our operations.

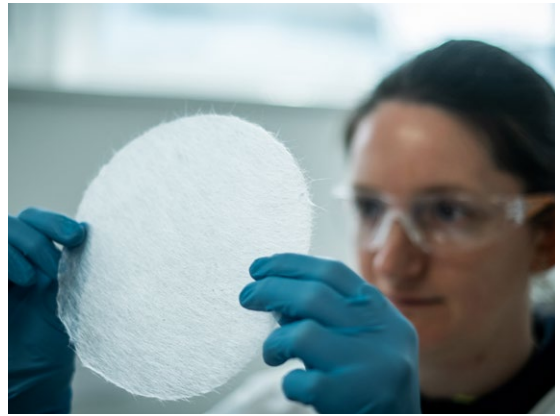
UN Sustainable Development Goals



Our Code of Ethics and Behaviours (the Code) provides a guide to the values, behaviours, policies and procedures and the ways of working that are core to James Cropper. All employees are expected to uphold our values and behaviours.


Our People team keep a register to ensure that all employees have received a copy of the Code and that they are aware of, and understand, the responsibility that they have to ensure honesty and integrity are maintained wherever we conduct our business.





Responsible Business Practices

Supply chain • Business ethics and risk • Materials with purpose

Priority Area	Strategic Intent	UN Sustainable Development Goals
<p>Materials with purpose</p> <p>Through the application of our intellectual property and innovative technologies, our smart solutions work to reduce our impact, and that of our customers on the environment.</p> <p>A fantastic example is giving pre-loved denim cotton a new lease of life with the launch of Rydal Apparel. This beautiful paper for packaging is an industry first, and affirms our ongoing commitment to world class FibreBlend innovation and creating value from waste.</p> <p>With eight billion pairs of jeans produced globally each year, fashion's favourite staple contributes significantly to the textile waste problem. According to the World Economic Forum, 73% of worn clothing is incinerated or sent to landfill when discarded. Only 12% is recycled for insulation or mattresses, and less than 1% is used to make new products.</p>	<p>To create sustainable material solutions aligned to societal needs delivered in a fair, healthy and inclusive way.</p> <p>Being cellulose-based, Rydal Apparel can be recycled after use in the standard paper waste stream, giving the discarded textile fibres a second, third, fourth life...</p> <p>Another introduction to the portfolio is ECOVEIL, a new customisable range of highly porous sustainable nonwoven veils which are produced from naturally derived or recycled fibres.</p> <p>These materials have been specifically developed for use in advanced composite structures for aerospace, automotive and sporting goods applications. Polymer composites achieve significant lightweighting benefits, improve the finish, fabrication or functionality of a component, whilst simultaneously providing the means to demonstrate environmental responsibility without compromising on performance.</p>	<p>In addition, Cocoon, the latest moulded champagne wrap for Maison Perrier-Jouët combines an aesthetic inspired by nature with a concern for environmental impact.</p> <p>The Cocoon wrap hugs the champagne bottle, a minimalist design approach that fits well with new European guidelines on minimising wasted empty space across packaging formats.</p> <p>Not only does the design focus on lightweighting, being a featherweight 49 grams which is 93% lighter than the previous gift box, it incorporates 5% agrifibre pulp derived from vine shoots. This is a great circular story for the brand, linking the by-product of winemaking to the champagne case.</p> 

PEOPLE AND SOCIETY

A lasting legacy of the pandemic has been the recognition of the need for a healthier world, with the wellbeing of the communities we depend upon a priority.

There was a massive increase in anxiety and stress reported by the World Health Organisation (WHO) throughout the pandemic, and concerns about mental health still remain elevated three years on. In recognition of this our employee engagement on wellbeing had a focus on mental health services and support.



People and Society

Employee well-being • Enhancing livelihoods • Local community

Priority Area



Employee well-being

Strategic Intent

We support our people's physical, mental and emotional wellbeing; balancing their work and personal responsibilities to help them to work safely and effectively.

UN Sustainable Development Goals



During this last year we ran refresher training for our team of 12 mental health first aiders and ran mental health awareness campaigns throughout the business during Mental Health Awareness week in May and in the run up to World Mental Health Day in October, with information and advice provided by the Mental Health Foundation.

We have also developed an employee volunteering policy that allows 2 paid days off a year to do volunteer work in the local community. We ran a successful pilot scheme with Growing Well, a local mental health charity, and once fully reviewed we intend to roll the scheme out across the entire business.

People and Society

Employee well-being • Enhancing livelihoods • Local community

Priority Area

Enhancing Livelihoods

Strategic Intent

We are committed to providing meaningful work, generating a positive organisational culture and working environment which promotes diversity, inclusivity, personal development and respect.

UN Sustainable Development Goals

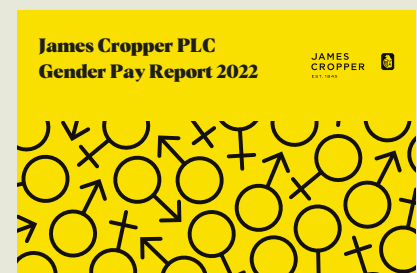


At the heart of this commitment is fair pay, even more important in light of the global cost of living crisis.

Mindful of the of increasing financial burden being placed on families, the business offered some help to employees with a one-off payment of £1,000 (£0.6m total) in recognition of the escalating costs that everyone is facing.


Equality and diversity are essential to ensuring we run the business ethically for our valued employees, and our Gender Pay Report ensures transparency of data and our approach to improve equality for current and future employees.

The mean gender pay gap at James Cropper in 2022 was -0.5% and our continued focus will act as a catalyst, ensuring equality of pay in the workplace.



People and Society

Employee well-being • Enhancing livelihoods • Local community

Priority Area	Strategic Intent	UN Sustainable Development Goals
Local community	To be a force for good in society, and particularly by making a positive contribution in our local community, supporting social cohesion, economic prosperity and inclusive growth.	



It is well known that good literacy at an early age improves opportunities of all kinds in adulthood, and that children who read for pleasure are far more likely to go on to have a positive experience of school and much improved life chances.

In the UK alone, around one quarter of all children left primary school in 2022 unable to read to the required standard.

Libraries are an integral part of school life, and so when we were asked to support the modernisation of our local school library facility, to encourage a passion for reading with local pupils, the project was close to our heart. The cash donation helped the school to build its range of books covering religion, science, geography, history, and music to name a few.

Each year we make cash donations in the region of £10k to charities and good causes, and St Oswald's Primary School library is just one of the local projects that have received our support.

According to research, art and craft is a recognised way to alleviate systems of anxiety, depression and even loneliness, having positive benefits for mental health.

Bi-annually we donate redundant paper stocks to local schools, nurseries and community groups.

First initiated during the pandemic, we periodically run campaigns in the local community to support arts and crafts activities with free paper available to the public at local supermarkets.