INVESTING IN RECYCLING

Recycling sits at the very heart of our operations and we are proud to be the leading recycler of PVC windows in the UK.

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Our well-developed channels for recovery and recycling allow old frames to be recycled and reprocessed into new products up to ten times without any loss of quality."

What we do

We recycle both customer factory offcuts ('post-industrial' waste) and old windows that have been replaced with new ('post-consumer' waste) to produce recycled material in the form of pellets, micronised and granulate material which are then used to generate brand new extruded products.

We have two recycling plants, which are located in Ilkeston (Eurocell Recycle Midlands) and Selby (Eurocell Recycle North).

Both sites operate under IPPC permit conditions and both successfully retained their permitted status. The environmental management systems and manuals forming the basis of our ISO14001 accreditations continue to evolve, with particular progress being made at Eurocell Recycle North. All accreditations were successfully maintained in 2020.

How much we recycle

The first half of 2020 was dominated by the impact of the first lockdown, with both recycling sites temporarily closed from late March until early June (Eurocell Recycling Midlands) and early July (Eurocell Recycling North).

Nevertheless, during the year our two sites recycled 27.0k tonnes (equivalent to c.3 million frames) of post-consumer waste, which would have otherwise been sent to landfill, and 6.7k tonnes of post-industrial waste. Together the two sites used this waste to produce 21.1k tonnes of recycled material.

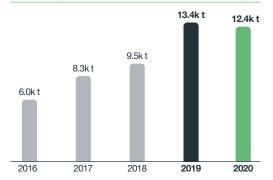
Of the recycled material produced, 12.4k tonnes (generated predominately from post-consumer waste) was used alongside virgin resin in the manufacture of many of our PVC rigid profiles, representing c.25% of total raw material consumption.

The remaining 8.7k tonnes of recycled material produced is used either in products which are manufactured from 100% recycled material, including thermal inserts and cavity closer systems (which are almost exclusively derived from post-industrial waste), or sold to a range of trade extruders.

We were pleased to see that the average yield in our recycling plants improved from 60% in 2019 to 63% in 2020, reflecting the benefit of our recent investments. In addition, we have learned to use more of the coloured products and smaller particle sizes, resulting in a reduction in waste sent to landfill.

k tonnes	2020	2019	Change	Change %
Inputs – waste recycled				
Post-consumer	27.0	31.4	(4.4)	(14)%
Post-industrial	6.7	9.9	(3.2)	(32)%
	33.7	41.3	(7.6)	(18)%
Output - recycled material				
produced	21.1	24.9	(3.8)	(15)%
Yield %	63%	60%	3%	5%
Usage				
Primary extrusion	12.4	13.4	(1.0)	(7)%
Products made from 100%				
recycled material	4.3	6.7	(2.4)	(36)%
Sales to trade extruders	3.4	5.1	(1.7)	(34)%
	20.1	25.2	(5.1)	(20)%
Primary extrusion usage as				
% of total consumption	25%	23%		

Use of recycled PVC in Eurocell manufacturing



Strong on sustainability

Eurocell continues to consume a significant proportion of recycled plastic in its windows and doors

LESS IS MORE







How much we invest

Between 2016 and 2020, we invested c.£6 million to expand our Eurocell Recycle Midlands site, to increase output and improve reliability, including new co-extrusion and other tooling to support the increased usage of recyclate on key product lines.

We acquired Eurocell Recycle North in August 2018 for a consideration of $\mathfrak{L}6$ million (including debt assumed). As expected, investment was required to improve the operating environment and reliability of the plant, to eliminate bottlenecks from production processes and to expand capacity. Total investment post-acquisition is $c.\mathfrak{L}4$ million.

As a result of these investments, our use of recycled material in primary extrusion increased from 4.1k tonnes in 2015 (or 9% of materials consumed) to 13.4k tonnes in 2019 (23% of consumption) and 12.4k tonnes in 2020 (or 25% of consumption), with volumes in the latter reduced by the impact of COVID. Our total output of recycled material, including that used in products made from 100% recycled material or sold to trade extruders, increased from 11.6k tonnes in 2016 to 21.1k tonnes in 2020.



As well as driving a substantial cost saving, as described in Strategy in Action on pages 28 and 29, we estimate that our recycling operation saved approximately 36k tonnes of carbon in 2020 (2019: 42k tonnes), compared to the use of virgin PVC.

HOW WE RECYCLE

Our Eurocell Recycle 9-step factory process:

Bulk transportation

A proportion of the recycled material is used onsite, whilst the rest is transported in tankers to our main extrusion facility, minimising our carbon footprint.

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Washing

Using a series of water tanks, contaminants are 'floated' out.

6







The loop is closed as we manufacture the PVC-U into new products, frequently to higher specification than those being recycled. Such 'upcycling' is key to being a sustainable part of the Circular Economy.



The PVC-U granules are processed into finished material ready for extrusion.

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An advanced process utilising high speed cameras, ultra-violet light and jets of air filters out the granules of rubber leaving only clean, colour sorted PVC-U.

5



in 2020

end-of-first life frames recycled

Manufactured product ranges from recycled PVC-U



Increase in recycled material produced since 2016



recycling jobs provided to people in the local area

Shredding Granulation Waste is shredded into The waste is granulated into uniform size. At this processable pieces. stage rubber gaskets are still present. eurocell 2 4 3 1 **C**RECYCLE **Separation** Using magnetic processes, metals are separated from **Waste collection** the rest of the waste and recycled separately. Waste is taken from

BENEFITS OF EUROCELL RECYCLING

Sustainability

 The use of recycled material enhances product stability and lowers significantly the carbon footprint of our manufactured products.

Reducing waste to landfill

 By recycling old windows ('post-consumer') we reduce the amount of waste sent to landfill.

Protecting our margin

 The use of recycled material in the manufacture of PVC rigid products provides a substantial saving in cost compared to virgin resin compound. We also aim to increase our use of recycled material in order to maintain gross margin as our sales grow.

Mitigating pricing pressures

 Increasing the use of recycled material in our manufactured products helps to mitigate raw material price increases and to reduce our exposure to volatile commodity prices.



c.58k

3 sources:

Post-consumer windowsFabricator off-cutsBar length

Windows recycled per week, on average, during 2020