

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.

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).

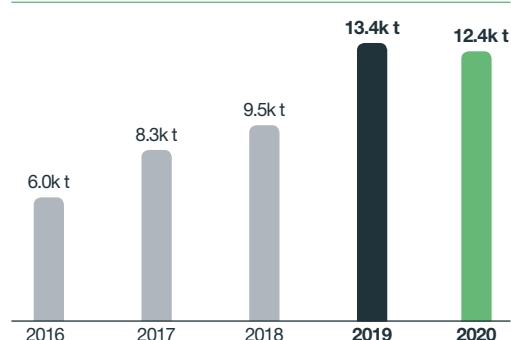
Both sites operate under IPPC permit conditions and both successfully retained their permitted status. The environmental management systems and manuals forming the basis of our ISO14001 accreditations continue to evolve, with particular progress being made at Eurocell Recycle North. All accreditations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

Use of recycled PVC in Eurocell manufacturing



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."

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.

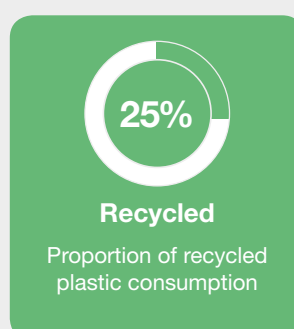
We were pleased to see that the average yield in our recycling plants improved from 60% in 2019 to 63% in 2020, reflecting the benefit of our recent investments. In addition, we have learned to use more of the coloured products and smaller particle sizes, resulting in a reduction in waste sent to landfill.

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%		

Strong on sustainability

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

LESS IS MORE



Recycled
33.7k
tonnes in
2020



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 recycle on key product lines.

We acquired Eurocell Recycle North in August 2018 for a consideration of £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.£4 million.

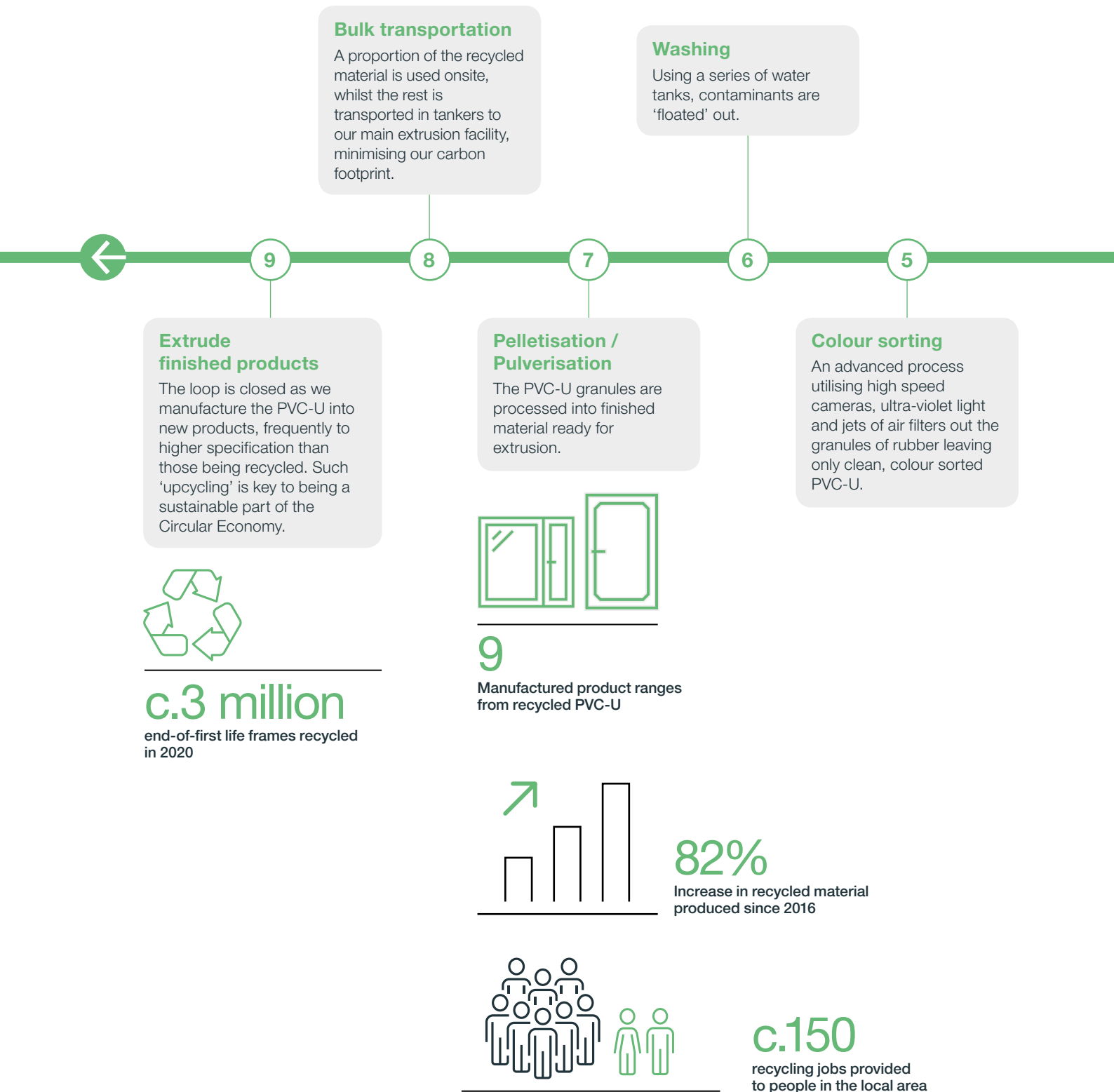
As a result of these investments, our use of recycled material in primary extrusion increased from 4.1k tonnes in 2015 (or 9% of materials consumed) to 13.4k tonnes in 2019 (23% of consumption) and 12.4k tonnes in 2020 (or 25% of consumption), with volumes in the latter reduced by the impact of COVID. 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.

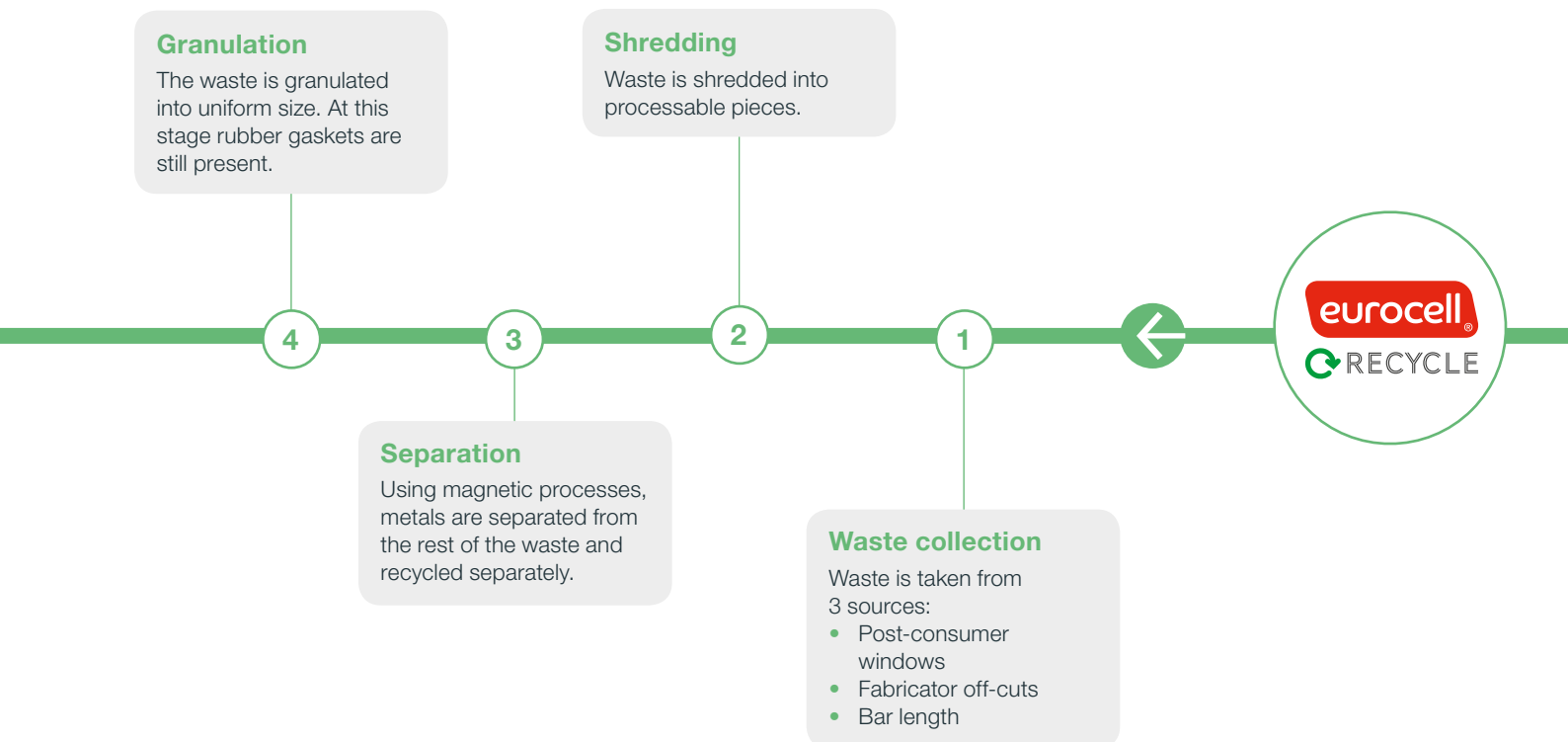


As well as driving a substantial cost saving, as described in Strategy in Action on pages 28 and 29, we estimate that our recycling operation saved approximately 36k tonnes of carbon in 2020 (2019: 42k tonnes), compared to the use of virgin PVC.

HOW WE RECYCLE

Our Eurocell Recycle 9-step factory process:





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

Windows recycled per week, on average, during 2020