

Passionate  
about  
Sustainability



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# Group policy on Sustainability and the environment

**McBride plc is committed to minimising the environmental impact of our operations and achieving a long-term and sustainable business as Europe's leading supplier of Private Label Household and Personal Care products. We endeavour to comply with and surpass all relevant legislative requirements and industry standards and use the best practicable means to continually improve our environmental performance in recognition of the need for a sustainable future. We are committed to the concept of Sustainable Development as defined by the Brundtland Commission:**

“...development which meets the needs of today without compromising the ability of future generations to meet their own needs.”

We are committed to conduct our business according to the following principles:

- Consideration of environmental issues and choice of energy efficient solutions in our business decisions, manufacturing process and product development programmes provided they are commercially viable;
- Minimising the environmental impact of products in manufacture, use and disposal where such changes can be agreed with our customers;
- Driving down energy consumption and carbon emissions through initiatives on process plant, ongoing investment in energy efficient equipment, optimisation of vehicle loading levels and by raising the awareness of all our employees to the need for energy conservation;
- Reducing waste in all processes from the specification of incoming raw materials, the use of materials on site and the transmission of materials into the supply chain in the form of packaging. Where waste is unavoidably created we will take steps to manage the re-use, recycling, recovery and disposal in the most appropriate manner giving full consideration to environmental issues;
- Recognising the importance of minimising and controlling the discharge of liquid and atmospheric effluents from our sites. Where appropriate, discharges will be monitored, minimised so far as is reasonably practicable and controlled so as to comply with legislation and consent agreements;
- Employing purchasing procedures that give consideration to environmental and societal issues as well as financial, and by engaging with suppliers who are committed to minimising the impact of their operations on the environment and who operate in an ethically and socially responsible manner;

- Ensuring that employees and contractors are made aware of the Group's Sustainability & Environmental Policy and is involved in Continuous Improvement programmes of our operations and supply chain;
- Motivating and educating employees to work in a sustainable manner;
- Establishing and maintaining Management Systems and audits which are accredited to appropriate external standards to regularly monitor and enhance environmental performance;
- Proactively searching for energy and CO<sub>2</sub> efficient solutions and monitoring performance against relevant, measurable environmental and sustainability objectives including the following published targets;

- 20% improvement in eco-efficiency measured in output volume per Gjoule of energy and per tonne of CO<sub>2</sub> by 2020;
- Achieve a minimum of 20% of energy from renewable sources by 2020; and
- Target of 1% maximum waste level by 2012.



**Our passion**

See pages 13 and 14

# Accreditation's: FTSE4Good, AISE, Carbon Disclosure Project (CDP)



## FTSE4Good

McBride has been accepted into the FTSE4Good Index of leading companies which meet globally recognised corporate responsibility standards.



McBride has been a leading contributor in the development of the AISE Charter for sustainable cleaning and was the first Private Label company to achieve Charter status.

### FTSE4Good

McBride is listed on the FTSE4Good Index. The FTSE4Good Index Series has been designed to measure the performance of companies that meet globally recognised corporate responsibility standards, and provides a benchmark for potential investors in those companies.

The FTSE4Good Index can be used by investors in the following ways:

#### Investment

As a basis for responsible investment, financial instruments and fund products;

#### Research

As a research tool to identify environmentally and socially responsible companies;

#### Reference

As a reference tool to provide companies with a transparent and evolving global corporate responsibility standard to aspire to and surpass; and

#### Benchmarking

As a benchmark index to track the performance of responsible investment portfolios.

### AISE (European Federation of Soap & Detergent Manufacturers)

McBride is committed to achieving a long term successful and sustainable business as the leading provider of Private Label Household and Personal Care products.

As a Group we believe in the importance of social responsibility in our business and the contribution it makes to our success. Our approach to the environment, product safety, health and safety in our operations, to how we treat our people, our customers and suppliers, the communities in which we operate and other stakeholders is embedded in our company culture and values of ambition, openness, respect, teamwork and responsibility.

Work continues in AISE to develop the Charter, to refine the procedures and especially to add a product dimension in addition to the operational aspects. McBride plays a leading role in this work and is represented on the Steering Group responsible for moving the project forward.

### CDP (Carbon Disclosure Project)

McBride participated in the FTSE CDP Carbon Strategy Index Series for the first time in 2010. The Index series includes all FTSE 350 Index constituents, rated according to their carbon risk exposure and carbon management performance. This Carbon Scorecard performance score is calculated using over 40 indicators. McBride achieved a ranking of 225 in the 350 Index.

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# Chief Executive's review

By Chris Bull



**“We remain aligned to the evolving needs of our customers and our markets for more sustainable solutions. This close, proactive relationship keeps us right at the top of the Private Label sector.”**

**Chris Bull**  
Chief Executive, McBride plc

This is the seventh McBride Sustainability report and my first as the Chief Executive of McBride plc. With a 25 year background in the ‘fmcg’ consumer goods sector, I strongly believe and support the principles set out in our Sustainability and Environment policy and the targets we have set ourselves for reducing our environmental impact going forward.

The worsening economic climate and slowdown in consumer spending means that the work that the Group has been undertaking during the last 7 years to make the business more sustainable has never been more relevant or important.

The issues of environment and climate changes impact all our stakeholders, and McBride intends to stay at the forefront in understanding the environmental impact of our products and proactively driving it down. It is our aim to set the standards in the Private Label Household and Personal Care product sectors. We are working closely with our customers and suppliers to understand the overall impact of our supply chain and the carbon print of our business.

We are working hard to reduce the impact of our operations and products on the environment by increasing efficiency, minimising waste and reducing our energy consumption in our factories. McBride is also developing more concentrated and compact products, introducing new eco-ranges, increasing our efficiencies and is continually looking at options to reduce our carbon footprint and waste.

We remain aligned to the evolving needs of our customers and our markets for more sustainable solutions. This close, proactive relationship keeps us right at the top of the Private Label sector. This year we have acquired two factories in South East Asia and we aim to ensure that

our policies on Health, Safety and the Environment become part of the normal day to day operating procedures in these new factories through the sharing of best practice.

There is an increasing interest from stakeholders in how businesses report and develop a sustainable approach to business. In 2009 McBride was accepted into the FTSE4Good Index and this year we completed our first submission to the FTSE 350 Carbon Disclosure Project, but we know there is more to do. Last year we increased our use of energy from renewable resources and our lean manufacturing initiatives will bring further benefits in terms of waste reduction in our processes and improve our energy efficiency going forward.

Our accident statistics have also shown further improvement with LTIs (Accidents requiring more than 3 days off work) down to 121 (2008-09: 125); this is the best result for 5 years. The accident rate measured in (frequency per 100,000 hours worked) at 1.3 (2008-09: 1.4) is our safest performance for over 10 years.

By providing an open environment where challenge is welcomed and contributions are recognised we strive to encourage individual development and teamwork across the Group. This year we introduced our Mission, Vision and Principles programme as a tool for further engaging with our 5,000 employees. These principles provide a platform for communicating our values on the issues of sustainability, environment, and health and safety, to all our stakeholders.

I would like to thank all of our employees for their contribution and commitment to a very successful year for the McBride Group. The following pages of this year's report expands on a number of initiatives taken during the year to make our business even more sustainable in the future.

# Executive summary

McBride plc is a significant manufacturing and distribution business, operating not only across the whole of Europe but following the acquisition of Fortlab in Malaysia and Newlane Cosmetics in Vietnam, we are increasing our geographic footprint and reach. Since the year-end the Group acquired a 70% stake in Dermacol a.s. a Skincare producer in the Czech Republic. McBride now operates from twenty manufacturing sites in eleven countries, and delivers products to many more, meaning it faces important environmental, safety and social issues across a large, diverse geographic and cultural region.

This is the Company's seventh Sustainability report and is set against the background of many of our core European markets emerging from a deep and lengthy recession. McBride, as the leading producer of Private Label Household and Personal Care products in Europe, is confident that consumers continue to recognise the benefits of Private Label products, due to the excellent value and performance they offer. The benefits that Private Label ranges bring in terms of value for money are now being enjoyed by an increasing number of consumers in developing and emerging markets as multinational retailers expand their Private Label ranges in these new markets.

During the year we have increased our investment in new product development which continues to focus on:

- Products with lower environmental impact;
- Packaging reduction;
- Improved product performance; and
- Improved convenience of use.

We aim to deliver a more sustainable business for the future. Further investment in lean manufacturing will assist in reducing the level of waste generated in our processes going forward.

This year's environmental performance has been reported with the assistance of the external consultancy EQ<sup>2</sup>.

## Environmental performance 2009-10

Absolute consumption figures have fallen reflecting in-part lower production volumes, but also efficiency improvements in a number of sites. The amount of waste recycled and recovered improved to 74%, also:

- Energy use was down 1% to 714,621 Gjoules;
- CO<sub>2</sub> emissions were down 1% to 65,861 tCO<sub>2</sub>e;
- Water consumption was down 4.6% to 1,062,348m<sup>3</sup>;
- Effluent discharge down 6.3% to 185,050m<sup>3</sup>;
- Total waste generated fell 1% to 13,734 tonnes;
- Re-used, recycled and recovered waste improved to 74%; and
- Green energy usage improved to 21% of total energy.

Energy eco-efficiencies (kg production per unit) were impacted by a mix of lower volumes and the closure and decommissioning of two factories during the year. However, water and effluent eco-efficiencies showed further improvement, also:

- Energy efficiency fell 0.6% (1,619kg/GJ);
- CO<sub>2</sub> efficiency fell 1.2% to 17,565kg production/tCO<sub>2</sub>;
- Water efficiency improved by 2.8% (1,089kg production/m<sup>3</sup>); and
- Effluent discharged improved by 4.6% to 6,253kg production/m<sup>3</sup>).

## Health & Safety

In the year ended 30 June 2010, we registered 121 accidents of over three days lost, a 3% decrease on the performance last year. The frequency rate per 100,000 hours worked at 1.3 was the best results for the Group since we started measuring this performance index. We are also pleased that the risk rate of our accidents has fallen to its lowest level in 10 years, 0.55 (2009: 0.61) and our rate of

seriousness has reduced to 0.23 (2009: 0.26). These are particularly encouraging performances as accident reduction had been highlighted as a focus area for improvement last year.

## Waste

Total waste at 1.2%, is an encouraging performance against our target for waste of 1% by 2012. Re-used, recycled and recovered waste increased to 74% of total waste.

## CO<sub>2</sub> emissions

65,881 tonnes of carbon dioxide equivalents were generated from energy used in manufacturing processes down just 0.8% compared to 2008-09 (66,392 tonnes). In addition, 10,903 tonnes of CO<sub>2</sub> were avoided through the use of renewable sources of energy compared to the 5,846 tonnes of CO<sub>2</sub> avoided in 2008-09.

Over 7,700 solar panels have now been installed on the roofs of our Household and Personal Care factories in Ieper. In 2009-10, 3,257 Gjoules of electricity were sourced from solar power compared to 1,224 Gjoules in 2008-09, an increase of 87%.

Eco-efficiency, expressed in kilos of product per tonne of carbon dioxide equivalents, used as an indicator to measure improvements in energy efficiency fell slightly to 17,565kg production/tCO<sub>2</sub>e (2008-09: 17,774kg production/tCO<sub>2</sub>e). This performance compares with the target 20% reduction we set ourselves for 2020 and confirms that we still have further work to do if we are to meet our targets.

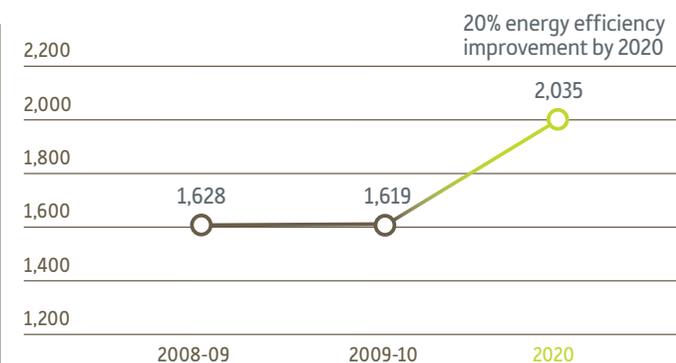
We will be looking at direct emissions of carbon dioxide from manufacturing sites, measuring energy consumption more accurately and specifically in different areas so that further measures towards our reduction targets can be undertaken going forward.

# Our achievements in 2009-10

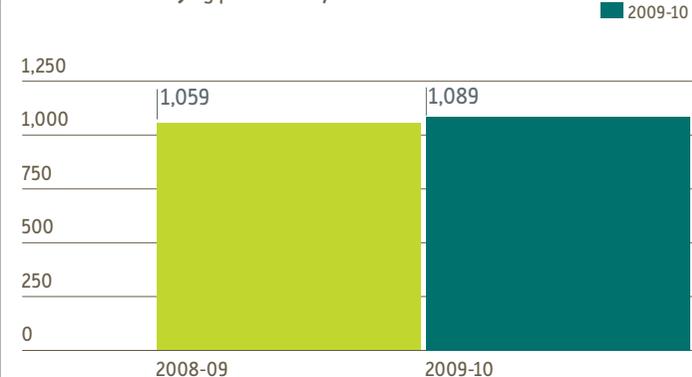
Last year we set out our targets for our environmental performance to 2020. The tables below outlines our performance against those targets.

Our focus	Our performance
<b>Energy</b> → Our target is to deliver a 20% improvement in our eco-efficiency in terms of kgs per Gjoule (Gj) of energy consumed by 2020.	→ Eco-efficiency worsened by 0.6% to 1,619kg/Gj impacted by the closure and decommissioning of two factories during the year.
<b>CO<sub>2</sub></b> → Our target is to achieve a 20% improvement in the eco-efficiency measure in kgs per tonne of CO <sub>2</sub> by 2020. → We will invest more in energy saving capital equipment. → We will target further sources of renewable energy supplies to achieve a minimum of 20% of energy sourced from renewable sources by 2020. → We will look to external advisors to assist us achieve these targets.	→ CO <sub>2</sub> emissions reduced by 1%, but eco-efficiency fell by 1.2% to 17,565kg production/tCO <sub>2</sub> . → Energy from solar panels more than doubled. → Researched the potential for renewable energy sources for the Estaimpuis factory in Belgium. → Renewable electricity usage increased from 1,224Gj to 3,257Gj.
<b>Water</b> → Continue to refine our products and processes to reduce water consumption. → Review signing up to the UN, CEO Water Mandate.	→ Water usage improved 2.8% on an eco-efficiency basis to 1,089kgs/m <sup>3</sup> .
<b>Waste</b> → Continue to increase the level of recovered, recycled and re-used waste by 1% per annum. → To achieve a 1% waste level as a percentage of production volume by 2012.	→ Recovered, recycled and re-used waste now accounts for 74% of waste generated up from 69% prior year. → Total waste generated decreased from 1.3% to 1.2%.
<b>NPD</b> → Objective: to focus on developing more environmentally friendly products.	→ During the year we launched low temperature laundry liquids and gel products. → We focused our efforts on reducing packaging of many of our products.
<b>Health and safety</b> → Continue to focus on our Health and safety processes to reduce risks and ultimately accidents.	→ During the year we achieved a 3% reduction in the number of LTIs compared to the prior year.

Energy efficiency kg production/Gj



Water efficiency kg production/m<sup>3</sup>



# Benefits to our stakeholders

McBride is committed to achieving a long-term successful and sustainable business as the leading provider of Private Label Household and Personal Care products for the benefit of all our stakeholders.

The issues of environment and climate changes impact all our stakeholders, McBride intends to stay at the forefront in understanding the environmental impact of all our products and proactively driving it down. It is our aim to set the standards in the Private Label Household and Personal Care product sectors. We are working closely with our customers and suppliers to understand the overall impact of our supply chain and the carbon footprint of our business.

## Satisfying the needs of all our shareholders

### Colleagues

Supporting our people by listening to them and providing the right opportunities to grow with the business in a safe working environment.

### Customers

Giving our customers great service and products; assisting them in product safety and with packaging reduction; supporting them with regulatory compliance; and minimising the environmental impact.

### Consumers

Providing value for money products.

### Suppliers

Giving our suppliers opportunities to grow and work with us on developing more effective products and supply chain efficiencies.

### Stakeholders

Giving our shareholders a return on their investment based on globally recognised corporate responsibility standards.

### Communities

Contributing and assisting the local communities in which we operate by providing local employment and safe manufacturing practices.

## Long-term value and performance for all our shareholders

### Health and safety

McBride strives to maintain a safe workplace at all the locations in which it operates in accordance with statutory legislation and encourages all employees to participate in the development of a safe working environment.

### Product safety

McBride is committed to producing safe products through comprehensive management systems that reflect legal and regulatory compliance as a minimum standard and covers raw material use and product assessments, labelling and packaging requirements.

### New product development

McBride's new product development aims to deliver products that have lower environmental impact, are more convenient to use, minimises packaging and optimises performance.

### Energy efficiency

McBride aims to drive down energy consumption and carbon emissions through initiatives on process plant; ongoing investment in energy efficient equipment; using renewable energy sources; and by raising awareness of all our employees to the need for energy conservation.

### Water and waste management

Our objective is to minimise and control the amount of water the Group uses, minimise and control the discharge of liquid and atmospheric effluents from our sites, reduce waste generated and increase the amount of recycled, re-used and recovered waste.

# Seveso safety exercise undertaken at the Rosporden aerosols factory

On the 1 July 2010, 70 of the staff at our aerosol factory in Rosporden, Northern France and fifty representatives from the local police, fire and ambulance services, and local authorities undertook a full emergency exercise to simulate an overheating of an aerosol propellant storage tank at the site.

The exercise is required under the Seveso legislation to be undertaken every three years. The exercise started at 15.00pm and finished at 16.15pm with the fire engines dousing the propellant storage tanks.

All the external authorities commented on the improvement and efficiency in the communications of the evacuation process and procedures compared with the previous exercise. Photographs were taken that recorded the whole exercise in timeline sequence. They highlighted the realistic nature of the exercise and the key activities undertaken during the afternoon and will be useful as a reference point for further learning's.

**“Significant improvements in the efficiency of the evacuation process and procedures were noted.”**

Karine Pasquier  
SHEQ Co-ordinator, Rosporden Factory



# Developments in laundry cleaning

## Laundry gel

In laundry liquids, McBride is at the forefront of developments of new super concentrated liquids and gel formulations which will wash at low temperature. Laundry gel is an innovative product with a high active formulation designed to target difficult stains in a cold wash.

As the product is placed in the heart of the wash load and not in the drawer, it dissolves rapidly and releases fragrance throughout the wash.

The gel bottles are much smaller than standard laundry liquid bottles (typically less than 650mls) making it easier and less demanding on the environment to transport. It is highly concentrated with a wash dose of only 35-40mls squeezing product into the cap and placing directly into the wash minimises mess and waste. Gel bottles are lightweight and fully recyclable.



Concentrate laundry liquids and gels have been one of the fastest growing sectors in the laundry category.

# Copenhagen Detergent Sustainability Summit 2009

Colin McIntyre, the Managing Director of McBride plc UK's Division presented a paper on 'Exploiting Sustainability as an opportunity in times of economic downturn' at the Copenhagen Detergent Sustainability Summit 2009 organised by Novzymes.

The Summit brought together key stakeholders from the entire detergent value chain and took place just before the main UN Climate Change Conference, COP15, in December 2009. The conference was attended by many of the world's leaders.

The aim of the Summit was to formulate the next steps towards a sustainable future for the detergent industry and to help the sector to formulate strategies for the future.

Presenters from the leading brand producers, washing machine manufactures, retailers and representatives from WWF and the EU Presidency presented on a range of topics impacting the Detergent sector and sustainability.

Commenting on the conference Colin McIntyre said:

"The conference was a wonderful opportunity to share all the great initiatives that were happening in the industry with a large number of suppliers and also to lay out some of the key challenges which lay ahead.

"It was encouraging to see that McBride as Europe's leading Private Label manufacturer was approaching the subject and challenges of sustainability with the same vigour, enthusiasm and principles as the leading brand producers."

Leyton Stone from the McBride purchasing team also attended the conference.

Leyton commented, "I thought the presentation by Hans Bender of the AISE was the most informative giving details of all the voluntary initiatives from the detergents industry together with a website which everyone can access – [www.cleanright.eu](http://www.cleanright.eu).

"The reaction to McBride's presentation was particularly good as Colin's presentation content was full of practical examples of initiatives already underway within McBride together with the energy reduction targets of 2% per annum we are targeting. This practical approach appeared to be of particular interest to the conference audience."



**"McBride as Europe's leading Private Label manufacturer was approaching the subject and challenges of sustainability with the same vigour, enthusiasm and principles as the leading brand producers."**

Colin McIntyre,  
Managing Director of McBride plc  
UK's Division



# Developing safer cleaning solutions

McBride is one of Europe's leading manufacturers of trigger cleaning products with sales of over 85 million triggers each year. Trigger spray cleaning products are produced for a variety of disparate needs – kitchen, degreasing, antibacterial, bathroom, descaling etc.

Private Label trigger cleaners offer the same targeted cleaning solutions plus great value for money.

At McBride, we continually search for new product concepts or sectors to add to our already extensive range of trigger cleaners. In 2009, our research identified that consumers were increasingly concerned with cleanliness and hygiene in the home following the recent high-profile alerts over swine flu and MRSA.

Recognising the need for a product which could claim to prevent the spread of flu virus on hard surfaces, the development team at our Burnley factory commenced work to produce an improved antibacterial cleaner capable of killing the flu virus.

External verification of product claims is essential for this type of product, so all formulations undergo strict external performance testing under the EN14476 standard to support the claim that the product can kill the influenza A (H1N1) virus. Work was initiated to develop and deliver a product capable of passing the stringent external testing requirements.

J Sainsbury, already a customer for McBride's antibacterial cleaner had also identified the need for a product with a flu kill claim and enquired if McBride could develop a cleaner which was effective against the common H1N1 flu strain.

With a core customer prepared to stock the new concept, the project was fast-tracked to provide a new antibacterial cleaner which offered a strengthened product offer and point of difference to other Private Label antibacterial cleaners on the market; and provided a credible Private Label alternative to the leading brand.

## The Antibacterial flu kill Cleaner team

The McBride product launch team kicked into action to ensure the new product introduction was a success. The team, from left to right: Jacquie Costello, Product Manager; Suzie Jones, the Category Executive; Val Robinson, Product Control Manager; Carole Craggs, Filling Supervisor; Darren Greenwood, our Regulatory Affairs Specialist; and Claire Wright, Development Chemist, worked closely with the Sainsbury team to ensure that all packaging, labelling and legal issues were properly reviewed and the product launch was accelerated to be ready in time for the impending flu season.

Within four weeks all approvals had been given and the new Antibacterial Cleaner with flu kill was launched, within one month at the height of the cold and flu season – the first Private Label product to have the flu kill claim on the front of pack.

In recognition for the responsiveness to changing consumer needs and being in line with Sainsbury's Key Goal of 'Promoting a safer environment for our customers', Sainsbury's voted this product best own label development of the year in 2010.

Within four weeks all approvals had been given and the new Antibacterial Cleaner with flu kill was launched.



# MVP (Mission, Vision and Principles: go to [www.mcbride.co.uk/who-we-are/our-passion](http://www.mcbride.co.uk/who-we-are/our-passion))

On the 11 February 2010, McBride introduced its Mission, Vision and Principles initiative across the Group as a key element of employee engagement. Greta Vanderjeugt was appointed roll-out manager and during the year visited all our European sites to spread the message in her customised company car.

Site ambassadors from all sites were appointed and the first Ambassador meeting was held to share implementation ideas in April 2010.

Outputs included suggestions on communication message.

Thanks to Greta's enthusiasm the passion is spreading fast across the McBride Group.



**The internal campaign**  
Greta Vanderjeugt is driving our Mission, Vision and Principles engagement programme across the Group and making a big impact in her customised car.



# Spreading the passion

When McBride decided the time had come to refresh and re-communicate our Mission, Vision and Principles we looked for an experienced project manager to help us roll-out these principles across the whole group. Greta Vanderjeugt has worked for McBride for eighteen years, starting as an interim data entry officer in our leper warehouse. Most of Greta's career has been in the packaging design group and then as a marketing manager in our Western Continental European division. She knows and enjoys the unique McBride culture and speaks three languages. As soon as she was offered the project management opportunity she jumped at the chance.

Greta takes up the story herself: "I quickly realised that this was just what McBride needed to get people working together better across the whole Group. This was the first time such an ambitious project had ever been proposed and I wanted to be part of it.

"I have visited almost all our sites now and have been really pleased with the discussions and responses to our proposals. People are beginning to understand properly why Private Label is important and why we are committed to produce Household and Personal Care products of exceptional value. The more they understand it, the more passionate they become about Private Label.

"My role is to engage, listen and explain what we mean by our Mission, Vision and Principles. Most of our sites have adopted the new logo with great enthusiasm. For example, the reception of our factory in Spain has been completely re-decorated and furnished in the new colours and images. And at Rosporden in France they have organised a huge wall presentation about all the 20 sites across the Group, the products they make and the people who work there.

Our factory in Stzrelze, Poland, organised a family fun day and one family won the raffle to spend a weekend in Luxembourg with his family, and in the UK, the Burnley plant organised for staff to meet a local professional footballer while promoting the new Mission, Vision and Principles. It's been amazing to see the imagination and passion our people have put into this project."

Thanks to Greta's enthusiasm the passion is spreading fast across the McBride Group.



**"It's been amazing to see the imagination and passion our people have put in to this project."**

Greta Vanderjeugt  
MVP roll-out Manager, Europe

# Business overview

We are Europe's leading provider of Private Label Household and Personal Care products, developing producing and selling our products to Europe's leading retailers primarily in the UK and across Continental Europe but increasingly we are following our retail customers into the developing and emerging markets of Central and Eastern Europe and South East Asia. Today McBride employs over 5,000 people at 20 sites in eleven countries. We manage our business through three divisions UK, Western Continental Europe, and Eastern Continental Europe with a small developing business in Asia.

- In the year ended 30 June 2010 McBride generated £812 million of revenue and £50 million of operating profit.
- In the year ended 30 June 2010 McBride closed the Solaro site in Italy and following efficiency improvements in the UK we ceased production at St Helens.
- In September 2010 we announced the acquisition of Dermacol a.s. a Skincare manufacturing business in the Czech Republic.
- In the UK, we have introduced the British Retail Consortium (BRC) standards replacing ISO 9001, as this is considered more appropriate for our industry and which major retailers accept as meeting their standards. One site still retains ISO 9001, but all UK sites are audited under BRC. Similarly in Western Continental Europe, we are now moving to IFS certification as this is a customer requirement in Western Continental Europe replacing ISO 9001 standards. We will be ready for certification audits to start at the end of 2010, and complete by June 2011. We have retained an ISO 9001 certificate at one site due to the requirement of one of our customers.

Country	Site	Laundry Products	Household Cleaners	Personal Care	Aerosols	Employees <sup>1</sup>	ISO 9001/ BRC/IFS	ISO 14001	OHSAS 18001
UK	Middleton	✓	✓			546	✓ BRC	✓	
	Barrow	✓	✓			206	✓ BRC		
	Burnley	✓	✓			360	✓ BRC	✓	
	Bradford			✓		387	✓ BRC	✓	
	Hull				✓	311	✓ BRC	✓	
France	Moyaux	✓	✓			120		✓	✓
	Rosporden		✓	✓	✓	138		✓	
	Verdun		✓			49		✓	
Belgium	Ieper Household	✓	✓			411		✓	✓
	Ieper personal care			✓		175		✓	✓
	Estaimpuis	✓	✓			381		✓	
Italy	Bergamo (2 sites)	✓	✓			160			
Luxembourg	Foetz	✓	✓			275	✓	✓	✓
Czech Republic	Brno <sup>2</sup>			✓		108			
Poland	Strzelce	✓	✓	✓		377		✓	✓
Spain	Sallent	✓	✓			157			✓
Malaysia	Kuala Lumpur <sup>2</sup>			✓		280			
Vietnam	Ho Chi Minh City <sup>2</sup>			✓		55			
China	Zhongshan		✓			70			

Notes 1. Employee numbers exclude employees in central administration, finance, sales and marketing functions and employees in the Group's head office.  
2. Fortlab Malaysia and Newlane Cosmetics were acquired in June 2010 with Brno acquired in September 2010. During the year Solaro in Italy was closed and manufacturing was ceased at St Helens in the UK.

*Passionate about Sustainability*

# Environmental performance

McBride is committed to making continuous progress in reducing the environmental impact of our operations. This is supported by comprehensive internal environmental management systems, the use of key performance indicators and achieving exacting external environmental accreditation for its operations.

## Introduction

The focus of our commitment to good environmental stewardship is to measure, monitor and manage the key environmental issues relevant to the Group. This is done in the context of the long established nature of many of our operations and the ongoing impact on the environment inherent in the Group's operations through air emissions, wastewater discharges, the use and handling of hazardous substances and packaging materials, energy consumption and distribution of the Group's products.

The figures include both the Solaro factory in Italy and the St Helens factory in the UK which were involved in manufacture up to June 1010 so providing a like for like comparison with 2008-09. The figure includes a full year's production in China but excludes the factories in Malaysia and Vietnam acquired in June 2010.

This year's environmental performance has been reported with the assistance of the external consultancy EQ<sup>2</sup>.



Our Group-wide achievements can be found on pages 06 and 07.

## Environmental performance 2009-10

Absolute consumption figures have fallen reflecting lower production volumes. The amount of waste recycled, recovered and disposed of with energy recovery improved to 74%, also:

- Energy use was down 1% to 714,621 Gjoules;
- CO<sub>2</sub> emissions were down 1% to 65,861 tCO<sub>2</sub>e;
- Water consumption was down 4.6% to 1,062,348m<sup>3</sup>;
- Effluent discharge down 6.3% to 185,050m<sup>3</sup>;
- Total waste generated fell 1% to 13,734 tonnes;
- Re-used, recycled and recovered waste improved to 74%; and
- Green energy usage improved to 21% of total energy.

Eco-efficiencies (kg production per unit) were impacted by a mix of lower volumes and the closure and decommissioning of two factories during the year:

- Energy efficiency fell 0.6% (1,619kg/GJ);
- CO<sub>2</sub> efficiency fell 1.2% to 17,565kg production/tCO<sub>2</sub>;
- Water efficiency improved by 2.8% (1,089kg production/m<sup>3</sup>); and
- Effluent discharged improved by 4.6% to 6,253kg production/m<sup>3</sup>).

# Environmental performance

## Continued

### Resource Usage

#### Water

Water is a key raw material in production of our products and as a means for cooling, sanitising and cleaning of our production vessels. The total volume of water used by the business fell by 4.6% to 1,062,348m<sup>3</sup> (2008-09: 1,114,301m<sup>3</sup>). The result, in terms of eco-efficiency, improved by 2.8% to 1,089kgs of product per m<sup>3</sup> of water, up from 1,059 last year.

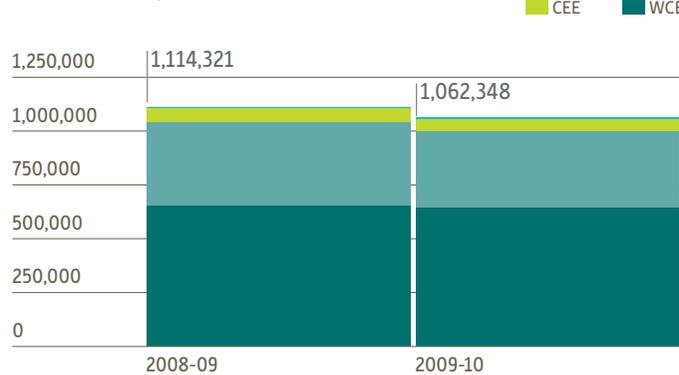
In relation to the total volume of water consumed by the business circa 85% is used directly in our finished products with the remaining volume used for production wash down and sanitary purposes.

The UK and WCE businesses have broadly the same level of efficiency in water usage. The business in CEE has improved to be more in line with the overall Group performance. Our business in China currently has no liquid production and usage is primarily for sanitary purposes. Group water efficiency improved by 2.8%.

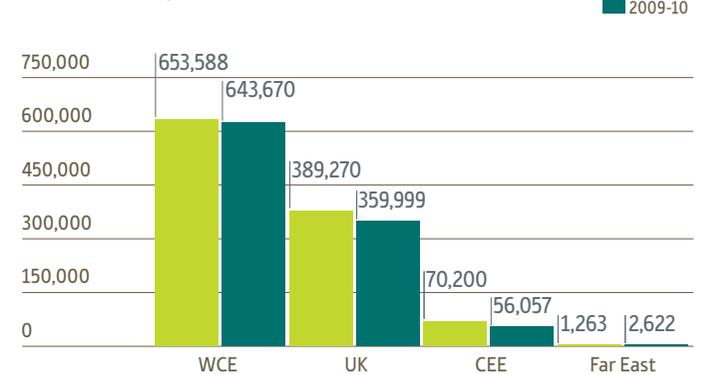
Our focus continues to examine opportunities to reduce our overall water consumption through the continued programme of developing more concentrated products and to further improve our water efficiency performance. The Group will continue to explore more sustainable water sources for the future.

### Trends in Group water consumption

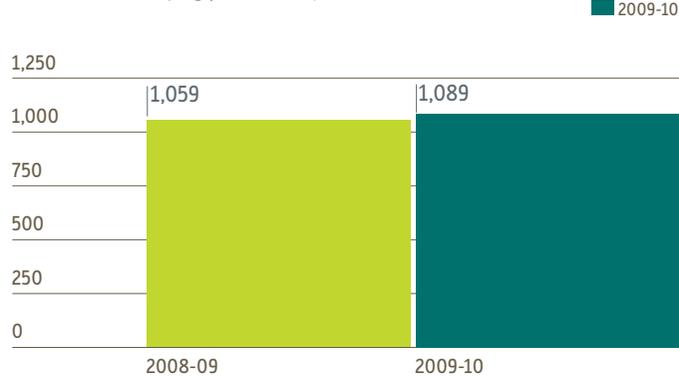
Water consumption (stacked) m<sup>3</sup>



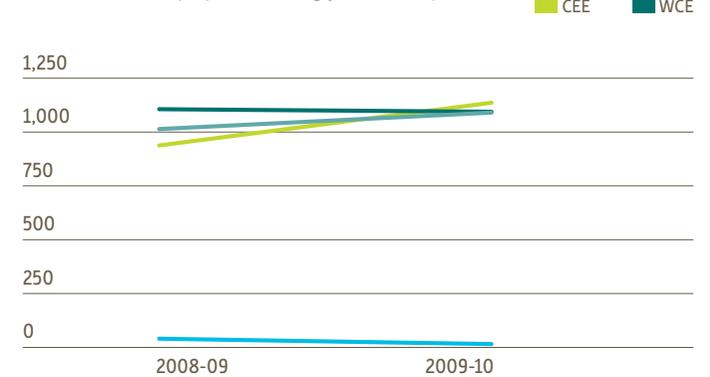
Water consumption by division m<sup>3</sup>



Water efficiency kg production/m<sup>3</sup>



Water efficiency by division kg production/m<sup>3</sup>



# Environmental performance

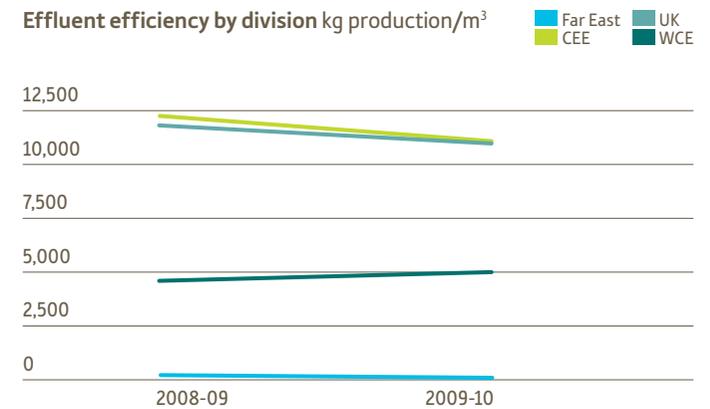
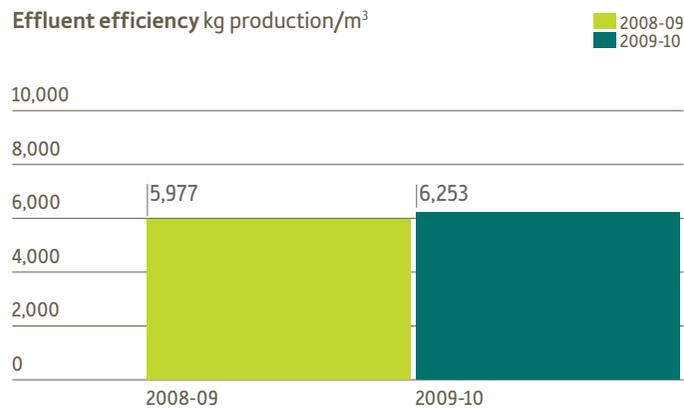
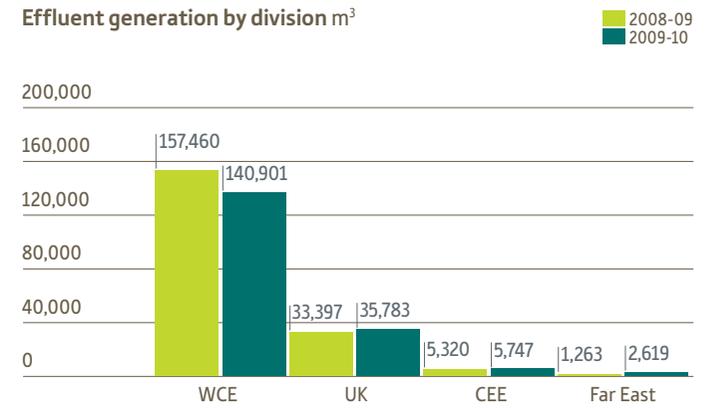
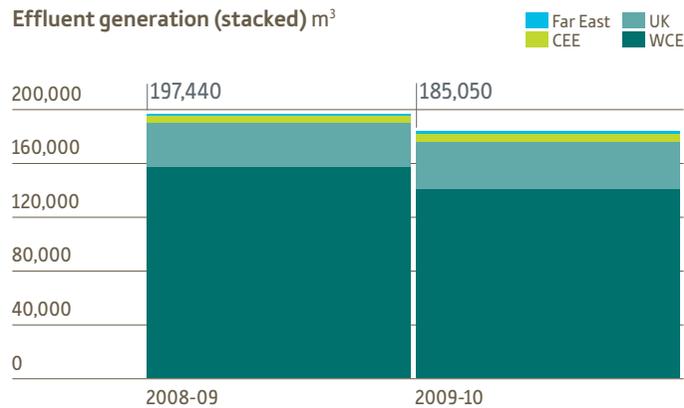
## Continued

### Water discharge

One of the biggest environmental impact of the Groups operations is wastewater or effluent from our manufacturing process. All effluent is treated before release to surface water, either in-house or by downstream treatment works. Our emissions of effluent once again showed improvement year on year with effluent volumes down by 6.3% to 185,050m<sup>3</sup> (2008-09: 197,440m<sup>3</sup>). In terms of eco-efficiency in kgs production per m<sup>3</sup> effluent, the Group saw a 4.6% improvement to 6,253kg production/m<sup>3</sup> from 5,977kg production/m<sup>3</sup> in the prior year.

The UK Business performance showed a decline of c. 7% in effluent efficiency mainly due primarily to increased change-over's in production and smaller batch sizes. The WCE business show an 8% improvement, whilst CEE performance was down 10% compared to the prior year. The different mix of the businesses in terms of powder and liquid production makes divisional comparisons difficult. Overall, effluent efficiency was up 4.6%.

Good progress has once again been made in minimising the effluent generated from washdowns through production scheduling and production forecasting. The continuing changing product mix throughout our factories means this area will continue to be a challenge for the business going forward.



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# Environmental performance

## Continued

### Energy

Energy consumption is most significant in the production of products such as laundry detergents but also in the production of containers in which the products are sold and stored. The Group has a strategy of reducing supplies of containers from third parties by investing in its own blow moulding capacity. Wherever possible this brings the Group benefits of lower costs and greater operational flexibility and eliminates the energy consumption used in transporting empty containers to production sites.

All energy entering the business for manufacturing purposes including blow moulding and ancillary functions such as heating, lighting and the operation of administrative equipment in offices are included in our analysis. Our energy consumption including that supplied from renewable sources is provided below.

Total energy use by the Group fell by 1.4% reflecting slightly reduced volumes and the impact of the closure and decommissioning of the two production sites at Solaro and St Helens during the year. These factors resulted in the eco-efficiency slightly down 0.6% 1,619kg production/Gjoule (2008-09: 1,628kg production/Gjoule).

Energy was supplied in three forms, electricity, gas and fuel oil.

Energy use	Absolute energy use (Giga Joules)		
	2008-09	2009-10	Change %
<b>Electricity</b>	497,675	488,416	-1.9%
Standard Grid	416,742	337,472	-19.9%
Renewable Electricity	79,709	147,687	+85.3%
Solar power	1,224	3,257	+166%
<b>Natural gas</b>	219,697	219,308	-0.2%
<b>Oil</b>	7,325	6,897	-5.8%
<b>Total</b>	724,697	714,621	-1.4%

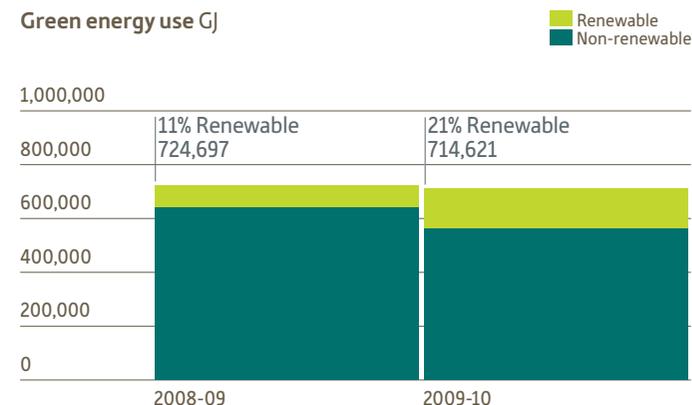
UK energy efficiency was broadly stable year on year whilst WCE showed improvement. CEE performance was lower as the business increased its in house blow moulding capability, resulting in overall energy efficiency down just 0.6% compared to the prior year.

More positively, the impact of 7,700 solar panels at our leper factories plus the sourcing of electricity from a renewable source has resulted in renewable energy accounting for 21% of our energy usage.

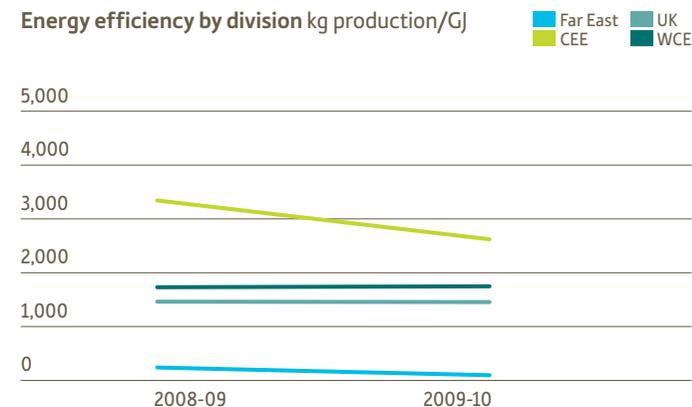
Common initiatives such as increasing employees' awareness of the need for energy efficiency, improvements in planned maintenance, more efficient air compressors and inverter motors that only draw the minimum amount of power necessary to operate rather than run continuously have helped to improve energy use across the Group. This year our Barrow factory has been undertaking some very promising work in this area with a recent study of the benefits of converting lighting to PIRs (Passive Infrared) motion detectors in the warehouse and main packing hall. The study identified significant cost savings and a potential reduction of almost 240 tonnes of CO<sub>2</sub> equivalent.

Studies are also underway in all our UK sites where bottles are blown to measure and compare energy efficiency by department and machine. The output of this analysis will be to improve the overall efficiency of bottle blowing across the Group. The expected output of the study will be used for future capital investment decisions for blow moulding equipment to further improve our energy efficiency going forward.

Green energy use GJ



Energy efficiency by division kg production/GJ



# Environmental performance

## Continued

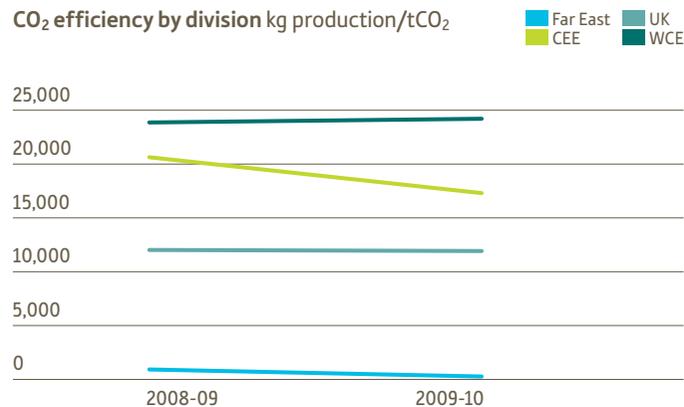
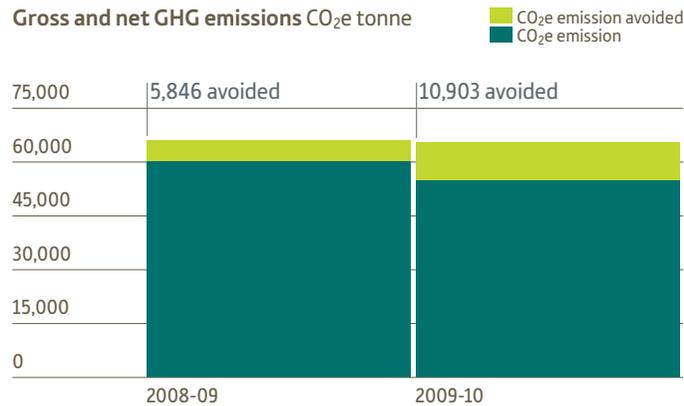
### CO<sub>2</sub> emissions

65,881 tonnes of carbon dioxide equivalents were generated from energy used in manufacturing processes down just 0.8% compared to 2008-09 (66,392 tonnes). In addition, 10,903 tonnes of CO<sub>2</sub> were avoided through the use of renewable sources of energy compared to the 5,846 tonnes of CO<sub>2</sub> avoided in 2008-09.

The eco-efficiency, expressed in kilos of product per tonne of carbon dioxide equivalents is used as an indicator to measure improvements in energy efficiency fell slightly 17,565kg production/tCO<sub>2</sub>e (2008-09: 17,774kg production/tCO<sub>2</sub>e). This performance compares with the target 20% reduction we set ourselves for 2020 and confirms that we still have further work to do if we are to meet our targets.

In line with the Energy Efficiency, the UK's CO<sub>2</sub> efficiency performance was broadly flat whilst WCE CO<sub>2</sub> performance has performed significantly better due to the impact of the increase in the use of renewable energy in Belgium. CEE's performance fell in line with the energy performance resulting in the overall Group CO<sub>2</sub> efficiency down 1.2% overall.

We will be looking at direct emissions of carbon dioxide from manufacturing sites, measuring energy consumption more accurately and specifically in different areas so that further measures towards our reduction targets can be undertaken going forward.



# Environmental performance

## Continued

### Waste

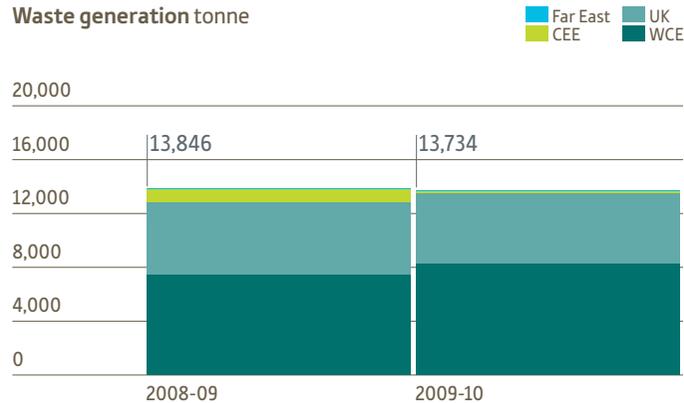
By following the waste hierarchy of Minimise, Re-use, Recycle, Recover and finally Dispose, we consider the best options for waste disposal in every case. Careful consideration is taken when assessing the nature of waste. Under the requirements of the Hazardous Waste Directive 91/689/EC, waste is segregated into hazardous and non-hazardous categories and specific disposal routes are taken.

Re-used, recycled and recovered waste now accounts for 74% of total waste.

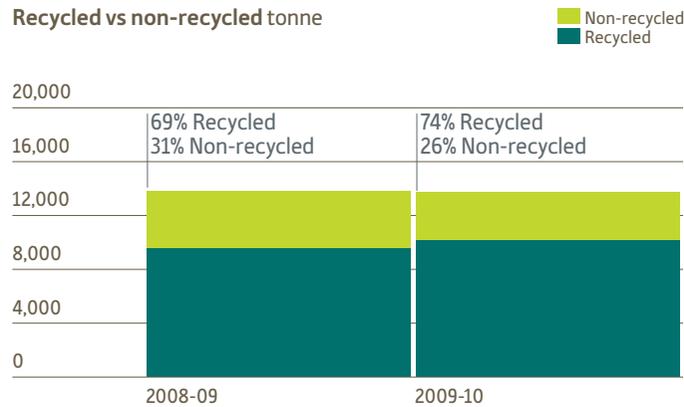
The total waste generated fell by almost 1% to 13,734 tonnes compared to the prior year (2008-09: 13,846 tonnes). This equates to 1.2% of our production volume and is in line with our waste target for 2012 of just 1% waste.

Further initiatives throughout the Group on improved forecasting and production scheduling will further contribute to reducing waste generated from our manufacturing.

Waste generation tonne



Recycled vs non-recycled tonne



# Environmental performance

Continued

During the next twelve months we intend to improve our environmental performance by:

- Working with external consultants and agencies to improve our energy and waste measurement and reporting capabilities across the Group;
- Completing our studies into blow moulding energy efficiency for future investment plans;
- Continuing to focus our new product and packaging development on packaging reduction and reducing our environmental impact;
- Continuing our efforts in developing new renewable energy options;
- Implementing our environmental and health & safety policies and procedures at our newly acquired facilities in Malaysia and Vietnam;
- Continuing to engage with all our employees on actions to reduce our environmental impact; and
- Continuing the work towards reducing our carbon emissions in line with our 2020 targets.

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# Production related Health and Safety

## Introduction

McBride strives to maintain a safe workplace at all locations in which it operates. We continue to ensure our business activities are undertaken in a responsible manner and in accordance with relevant statutory legislation, and that all employees participate in the development, promotions and maintenance of a safe and healthy working environment for employees, visitors and the public.

## Achievements in Health & Safety

- OHSAS 18001 certification retained in leper Household, Personal Care Foetz, Sallent and Poland;
- Further reduction in LTIs down 3% to 121 from 125;
- Accident frequency at 1.3 per 100,000 hours worked is the best performance for 10 years; and
- Risk rate 0.55 (2009: 0.61) and Rate of seriousness 0.23 (2009: 0.26) also demonstrated further improvement.

## Overall Group performance

Year	LTIs >3days	Frequency per 100,000 hours worked	Rate of seriousness	Risk rate
2000-01	148	1.79	0.25	0.67
2001-02	144	1.78	0.27	0.70
2002-03	117	1.47	0.28	0.64
2003-04	149	1.72	0.27	0.68
2004-05	158	1.88	0.31	0.76
2005-06	117	1.44	0.29	0.65
2006-07	162	1.96	0.35	0.83
2007-08	160	1.72	0.36	0.79
2008-09	125	1.42	0.26	0.61
2009-10	121	1.31	0.23	0.55

Across the Group a total of 15,926 hours of Health & Safety training were delivered on all aspects of Health and Safety using our own competency based training packages.

During the year we have closed two manufacturing sites in Europe and are now implementing our safety policies into our newly acquired production sites in Malaysia and Vietnam, during the forthcoming year.

Systems are in place at all sites to manage health and safety based on risk assessment and compliance with legislation and health and safety policy with the European sites operating under the OHSAS 18001 system.

## Safety performance

All accidents and major incidents are reported internally, and are fully investigated to determine appropriate corrective and preventive measures. Investigations are discussed with all those concerned, communicated internally on site and in the formal joint health and safety committees. All accidents are reported to official authorities following the local legislative reporting requirements (reporting requirements differ per country).

At a Group level we follow up all lost time incidents (LTIs) that result in more than three days lost working time. In the year ended 30 June 2010, we registered 121 accidents of over 3 days lost, a further decrease compared to 2008-09 with the frequency rate at 1.31 the best for 10 years. The risk rate of our accidents has also fallen to 0.55 and our rate of seriousness has also decreased to 0.23 (2008-09: 0.26).

	Hours worked	LTIs	Frequency per 100,000 hours worked	Days lost	Hours lost	Rate of seriousness	Risk rate
2009-10							
WCE	3,817,753	64	1.68	1,107	9,182	0.29	0.7
UK	4,646,017	44	0.95	850	6,802	0.18	0.42
Poland	591,621	13	2.20	156	1,256	0.26	0.76
China	162,282	0	0	0	0	0.0	0.0
Total	9,217,673	121	1.31	2,090	17,324	0.23	0.55

## UK

Total accidents reported in the UK was 439, compared with 434 last year (up 1.2%), and 564 the year before. At St Helens there were 54 accidents, a significant increase this year compared to last year (2009: 25) which impacted significantly on overall performance of the Group. The trend in St Helens became apparent in the early months of the year and following a review, actions were implemented which resulted in a much better and safer second half year.

Lost time incidents (more than 3 days/HSE RIDDOR reportable) totalled 44 for the year, compared with 39 last year; an increase of 5 (12.8%) and 63 for the year before.

The top two accident causes in the UK continue to be manual handling and striking against stationary objects as they have been for a number of years. Striking against stationary object was the highest cause of accidents during the year at 23.5%, with manual handling accidents in second place at 21.0%.

We aim to maintain our focus on continuous improvement in Health and Safety by working on training, improving and updating risk assessments, accident investigation and rectification. In addition auditing of all our sites will be undertaken by McBride, our insurers and insurance brokers under the tripartite initiative announced last year. All sites work closely with local enforcing inspectors who make regular visits, not simply to investigate accidents but also to plan compliance audits and agree priorities.

# Production related Health and Safety

Continued

## WCE

In WCE, LTI's improved compared to 2008-09 with accidents of greater than 3 days lost at 64 (2008-09: 72), total man hours lost was reduced to 9,182 hours down from 9,961 hours for the prior year a good overall improvement. The frequency rate for WCE at 1.68 is the best performance for six years. Analysis of the accidents in WCE indicates that the causes vary by site and even departments within sites and therefore actions plans are specific to departments but overall attention is given to targeting behaviours and awareness of health and safety issues.

A total of six sites currently hold the OHSAS 18001 accreditation in Europe. These are leper Household and Personal Care, Foetz, Moyaux, Sallent and Strzelce.

## Poland

Poland had 13 LTIs compared with 14 in the prior year, with frequency per 100,000 hours also improved to 1.7 (2008-09: 2.5). The total number of hours lost was 1,256 down from 1,536 in 2008-09, an 18% improvement. The investment in training locally, supported by visits from our UK and WCE specialists, will continue to further increase the awareness of Health & Safety in Poland and underpin these improvements.

## South East Asia

Significant investment in Health & Safety training has been put in place at our factory in China with over 2,000 hours of training in the last year. The business is now introducing McBride's safety standards and procedures at the Fortlab and Newlane factories in Malaysia and Vietnam acquired in June 2010 and their Health & Safety performance will be included in next years Sustainability report.

### Specific Health & Safety objectives for 2010-11 include:

- Develop and implement audit strategy to ensure compliance against Company Health & Safety policies;
- Repeat auditor training course to increase availability of auditors (UK);
- Complete external independent audit of all sites;
- Upgrade all blow moulding machines to company Grade 3 standards according to plan;
- Continue focus on accident reduction and Health & Safety awareness;
- Complete the implementation of Sevesco requirements in sites which produce bleach;
- Check conformity of sites using enzymes versus current policy and improve methods of monitoring to reduce exposure where appropriate; and
- Implement McBride Health & Safety standards at our newly acquired businesses in Malaysia, Vietnam and the Czech Republic.

## Occupational Health

The McBride UK Occupational Health (OH) team consists of Occupational Health professionals with a wide range of knowledge and experience. Our aim is to have a strong team that is fully integrated in the health and safety team. Activities include health surveillance in-line with identified risks; health advice in relation to risk assessments to prevent work related accidents and ill health; health promotion to meet the ongoing health and well being needs of all our employees and case management of long-term sick cases.

In Europe risk assessments are undertaken in collaboration with external company doctors, monitoring is undertaken either by the Company or external specialists but the results are always reviewed by the doctors. The external doctors undertake regular visits to the sites.

## Regulatory compliance

Verification of compliance with applicable legislation and regulations is a primary requirement of our policy. A regular check is done internally of existing and forthcoming rules and appropriate measures are planned to comply. No fines or prosecutions were received for non-compliance of sites.

# Product related Health, Safety & Environment

Our commitment to producing safe products is supported by comprehensive management systems that reflect legal and regulatory compliance as a minimum standard and cover raw material use and product assessments, labelling and packaging requirements. Following a reorganisation, Product Safety & Product Legislation, now the Product Legislation Compliance Department, reports to the Technical Director.

The focus of training for the Product Safety team has been on the new Classification Labelling and Packaging regulations which introduce a new set of rules governing the classification and labelling for products and raw materials. All the team is now fully competent in the application of the new regulations as they stand at present.

## Key achievements:

### Product Safety Assessments

The Product Safety Group is primarily responsible for the toxicological safety assessment of all new/alternative raw materials, perfumes and products manufactured by McBride UK.

### Preliminary Assessments

The Group conducts preliminary assessments in the early stages of New Product Development (NPD). These assessments are designed to provide guidance to development on any potential issues with the NPD project.

### Undesirable events

An undesirable event is: any human adverse health event which is voluntarily reported by consumers, health care professionals, and national competent authorities, to have occurred during or after normal or reasonably foreseeable use of a product. Product Safety is responsible for the review and assessment of undesirable events.

For many years, McBride has operated an 'Adverse Health Reaction' process alongside consumer complaints. Colipa introduced the Undesirable Event Reporting and Management system for cosmetics in 2005-2006. This was implemented and adopted by McBride in July 2006 for all product categories – Household and Personal Care.

## Compliance

### Legal compliance on product safety and labelling

No non-compliance's with regulations concerning customer health and safety were identified during the year. No fines or penalties were incurred.

### Trade association work

We continue to be active in the key UK and European Trade Associations that cover the business activities. The level of activity has risen as work begins to address the practical issues of implementing Classification, Labelling and Packaging Regulations 2008 (CLP).

Much of the legislation work is done through the trade associations where new regulations are evaluated and commented on. In the UK, we work primarily through UKCPI with representation on the Technical Committee; we work with the British Aerosols Manufacturers association (BAMA) on the Regulatory Committee and Executive. McBride is also represented at CTPA for cosmetics legislation.

In AISE, on a European level, we are active in many different areas. Work continues in AISE to develop the Charter on Sustainable Development, to refine the procedures and especially to add a product dimension in addition to the operational aspects. McBride plays a leading role in this work and is represented on the Steering Group responsible for moving the project forward.

# Product related Health, Safety & Environment

Continued

## AISE Charter on Sustainable Development

We seek to ensure product safety, customer satisfaction and legislative compliance by:

- Assessing products before launch in technical evaluations and occasionally in consumer test panels;
- Handling complaints on our own products and for some retailers, and monitor complaint activity in others. Complaints are acknowledged within forty eight hours of receipt and fully investigate the cause of the complaint; and
- We have a policy of not testing products on animals, or requesting testing of products or ingredients by any supplier or third party. Many of our UK retail customers operate fixed cut off dates for testing of raw materials and these are respected.

## Safety impacts

Human safety is assessed for all household products under the requirements of the revised Dangerous Preparations Directive (99/45/EC) and for Personal Care products under the Cosmetic Products Directive (76/768/EEC and amendments). Products involving risks to human safety under normal and foreseeable conditions of use will not be sold. Raw materials and novel delivery systems are also assessed.

While we take every effort to ensure that our products are fully scientifically and legally compliant, we are aware that safety is also about the perceptions of our consumers and the organisations that advise and inform the public. We therefore monitor issues raised by external organisations such as Greenpeace, Friends of the Earth and other consumer groups. Of the chemicals highlighted by such groups, very few are used by McBride and those which are used are monitored and reviewed regularly and action taken when new information causes a re-evaluation of our position.

## Environmental impacts

Environmental impacts are assessed for all household products under the requirements of the revised Dangerous Preparations Directive (99/45/EC). Products involving risks to the environment under normal and foreseeable conditions of use will not be sold.

## Legislation Changes

### Detergents regulation – Phosphates

Phosphates have continued to come under increasing pressure from individual Member States and at Commission level. In the UK, following DEFRA's 2008 impact assessment, a further consultation was published on proposed legislation with the aim of effectively banning the addition of inorganic phosphate to domestic laundry detergents as of 1 January 2015. McBride contributed to the information submitted by UKCPI in response to the consultation in support of the restriction. Despite the consultation's scope only concerning domestic laundry detergents, DEFRA indicated that due to the increase in use of automatic-dishwashers and increased NGO activity there will be further investigation of the evidence on the pros and cons of a ban on phosphates in these detergents.

At European level, the Commission published its own impact assessment concerning the use of phosphates in detergents and asked Member States whether they supported:

1. No introduction of restrictions of phosphates in detergents at EU level, leaving the responsibility to act to the Member States;
2. Voluntary action by industry;
3. Total ban of phosphates in all detergents;
4. Prohibition of phosphates only in laundry detergents; or
5. Restriction of phosphates up to a certain level in all detergents.

Option 4 was preferred in the majority of Member States, with countries such as Sweden and France, who have already implemented restrictions on phosphates in auto-dishwasher detergents, preferring a mixture of options 3 and 5.

# Product related Health, Safety & Environment

## Continued

### Cosmetics regulation

Following the completion of the Cosmetics Directive (76/768/EEC) review process in 2009, the new cosmetics regulations (1223/2009/EC) were published on 11 January 2010. The new regulation is a single piece of legislation that streamlines and modernises the existing details of the directive and introduces some new requirements covering:

- Changes to responsible person definition and obligations;
- Requirement to notify cosmetic products via a centralised commission website prior to placing on the market;
- Changes in the detailed requirements for product safety assessment; and
- Provision for the use of substances classified as Category 1 & 2 carcinogenic, mutagenic or toxic for reproduction.

The new regulation has a forty two month implementation period with complete transition to the new regulation required by June 2013. Colipa, the trade association for the European cosmetics industry, is still working in conjunction with industry on guidance to support and facilitate the transition. The legislation compliance department is monitoring the work via the UK cosmetics trade association, CTPA.

McBride has a joint project team working on defining an implementation plan detailing the steps required to ensure compliance of all McBride cosmetic products at minimal cost by June 2013. The implementation plan is due to be finalised in July 2010, with implementation of that plan beginning immediately following management acceptance.

### Biocidal Products Directive (BPD)

Active substances in both the insecticide and disinfectant group of products, the product categories of interest to McBride, continue to be assessed under the Review Programme.

AISE has compiled draft examples and guidance using the proposed regulation's definition of a frame formulation which it is hoped will receive ratification from the Commission. Work under the Dutch Competent Authority's supervision to establish a guidance to efficacy test methods for PT2 (general disinfectant) products has progressed well and it nearing completion, giving McBride a better understanding of testing requirements for product authorisation.

Internally, work continued on reviewing both disinfectant and insecticide products including assessing available routes to obtain supporting data, product authorisation and potential costs. A McBride Group task force has been established to focus on data sharing and rationalisation of formulations. Further encouraging meetings were held with our insecticide active substance suppliers with similar meetings for household active substances planned.

### Classification, Labelling and Packaging Regulations 2008 (CLP)

The CLP Regulation was published in December 2008 and implements in Europe the Global Harmonised System (GHS) for classification and labelling.

Product safety staff within the Product Legislation Compliance Department have been trained in the CLP theory and have assessed all base formulations to the new limit values and classification criteria. This initial impact assessment has confirmed that many products will be classified and the classification will be more severe than that used in the past. As the Regulation requires the use of different symbols and warning phrases the majority of household products will require a label change.

In AISE, two strands of work have been developed over the past twelve months. An expert in-vitro group was established to review all scientifically valid methods for skin & eye irritation/corrosivity and assess their 'domains of applicability' for detergent-based products. It is intended that the work will form a 'tool kit' for future in-vitro testing by the industry and should be complete in the first half of 2011. If methods are identified that can successfully classify mixtures then additional work will be undertaken by AISE to support the existing product database and to add to it. A considerable amount of extra funds has been agreed by AISE member companies, including McBride, to support this work.

# Product related Health, Safety & Environment

Continued

## Sodium Hypochlorite

The environmental classification of Sodium Hypochlorite continued to be a priority issue during the year. Data from the hypochlorite industry supported a limit of 2.5% active chlorine for classifying as toxic for the aquatic environment. This has brought many new manufacturing site which uses Sodium Hypochlorite, including the Middleton production site, under the requirements of the COMAH Directive as a Tier 1 site. Work is already underway with consultants to ensure that the complex reports, assessments, emergency planning and action plans needed will be completed in time for the July deadline agreed with HSE.

## Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

The first REACH Registration deadline is 1 December 2010. Preparations for registration continue but have not been as effective as had been envisaged in the legislation. All potential registrants of the same substance are required to work together within a SIEF (Substance Information Exchange Forum), to share available test data and to compile a technical dossier in support of the continued use of the substance. Reluctance by registrants to undertake the role of lead in this work and the actions of a group of Consultants, who volunteered to facilitate the work of the groups and then did not do so, has resulted in serious delays in the compilation of dossiers. ECHA has had to make changes to some of the dossier submission processes to try to ensure that all registrations are completed in time. The majority of substances purchased by McBride are due for registration in 2010 but to date no supplier has warned of potential supply issues due to late registrations.

McBride is predominantly a downstream user in terms of REACH and as such the key activities over the last year have been maintaining ongoing awareness of the REACH status including the presence or not of SVHCs (Substances of Very High Concern) of purchased materials, communication of substance uses to suppliers and looking at how the business can best deal with changing requirements for safety data sheets.

## Aerosol Dispensers Directive (ADD)

Following revision of the EU ADD in 2008, BIS consulted industry and published the UK legislation in October 2009. Supported by Industry, this legislation has made compliance with the ADD mandatory in the UK. It came into effect on April 29, 2010.

There are significant changes in the new legislation and to help the industry to understand and implement these better BAMA set up a working group to provide guidance for members. McBride participated in the group in order to fully understand what we now have to do differently to ensure compliance. The changes include new flammability criteria which align with GHS/CLP requirements. There are three categories of flammability with 'new to the business testing' required to establish the correct one unless it is decided to use the default of Extremely Flammable.

*Passionate  
about  
Sustainability*

# Social and Community

All Western Continental European sites are subjected to the obligation to have an operating permit. Prior to obtaining the permit, a request for permit is to be entered to the authorities. In the procedure to obtain the permit an evaluation is included on the impact of activities on the surrounding environment. The nature of the activities legally requires an official hearing of expert parties and of people living in the neighbourhood. In some sites extra meetings are held with neighbours to inform them of activities and plans.

McBride seeks to play an active role in the local communities in which it operates. As well as providing significant employment opportunities, we aim to make positive contribution to local communities building goodwill and a reputation as a good neighbour and employer. There is regular dialogue with relevant community groups such as local authorities, educational establishments, community groups and charities which enables discussion and implementation of a range of initiatives to the mutual benefit of the relevant stakeholders.

The various McBride sites are involved in many different social and community activities which are determined by local needs and interests of colleagues rather than a Group wide approach to community involvement.

The Group is involved in a wide range of local community activities including:

- Factory visits;
- Providing careers advice for students and school children;
- Providing mentoring support;
- Providing work experience placements;
- Providing the McBride bursary and scholarship awards to undergraduate students;
- Supporting disadvantaged children in the local community; and
- Supporting local charities.

## Specific initiatives during the year have included:

- Assisting disabled people in finding jobs and work experience;
- Substantial donations of products were made to add to comfort boxes which were sent to British Armed Forces serving in Afghanistan as part of the Help for Heroes campaign;
- Donations of the Group's products to charities local schools and social organisations;
- Donations or financial support for local charities and good causes;
- Sponsoring of local sport initiatives;
- Grants for employees children attending high school or university;
- Support for transport of elderly people with mobility difficulties around Sallent, Spain;
- Involvement in Children Challenging Industry run by York University for local schools;
- Sponsorship of the sixth McBride leper to Poperinge half marathon; and
- A number of our employees are now School Governors.

# Social and Community

Continued

## McBride run

The McBride run was held again in Ieper Belgium for the sixth time in June 2010. McBride used the opportunity to promote its MVP initiative with our Passionate about Private Label cars standing out at the event. Xavier Agea of Spain as the first McBride runner to complete the race in 1 hour 29 mins 25 seconds was closely followed by Luc Braeckevelt in 1 hour 30 mins 18 seconds and Christophe Gaillet in 1 hour 33 mins 13 seconds.

Runners from our UK sites competed for the first time at the 6th McBride run.



# Social and Community

## Continued

### Ik Kyoto 2010

Every Year McBride leper Household participates in a national campaign to motivate the workforce to come to work in a sustainable way. So people are motivated to leave the car and come to work by bicycle, or at least to carpool. As over the years interest was lost, this year an 'Ik Kyoto' workgroup was formed to motivate our personnel to participate.

### Help and promotions for the new enthusiasts

The result was SUPER:

- 235 people participated;
- We recorded a total of 3,495 days of sustainable 'home-work travel'; and
- We realised a CO<sub>2</sub> emission gain of 11,264kg (equals 47,931km = more than 1 tour around the world).

Ik Kyoto is a Flemish campaign that focuses on sustainable commuter traffic.

The Ik Kyoto Work Group



# Glossary

ADD	Aerosol Dispensers Directive
AISE	European Federation of Soap & Detergent Manufacturers
AFR	Accident Frequency Rate
BAMA	British Aerosol Manufacturer's Association
BIS	Dept of Business, Innovation & Skills (formerly DTI)
CBT	Competency Based Training
CI	Continuous Improvement
COD	Chemical Oxygen Demand
COMAH	Control of Major Accident Hazards Regulations
CTPA	Cosmetics, Toiletries and Perfumery Association
DEFRA	Department for Environment, Food and Rural Affairs
EMS	Environmental Management System
ESG	Environmental Steering Group
GSN	General Safety Notice
HASWA	Health & Safety at Work Act
HSE	Health & Safety Executive
HSE Review	Robert McBride Ltd Health, Safety & Environment Quarterly Review Meeting
IPPC	Integrated Pollution Prevention and Control
IOSH	Institute of Occupational Safety & Health
ISM	Institute of Safety Management
JTA	Job Task Analysis
KPI	Key Performance Indicator
LEV	Local Exhaust Ventilation
LTI	Lost Time Incident (more than 3 days off work)
MAPP	Major Accident Prevention Policy
NGO	Non-governmental Organisation
OH	Occupational Health
PPE	Personal Protective Equipment
PRN	Producer Recovery Note
RA	Risk Assessment
REACH	Registration, Notification and Authorisation of Chemicals
RPE	Respiratory Protective Equipment
RIDDOR	Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995
RSI	Repetitive Strain Injury
SIEF	Substance Information Exchange Forum (Reach)
SMS	Safety Management System
UKCPI	UK Cleaning Products Industry Association
VOC	Volatile Organic Compound

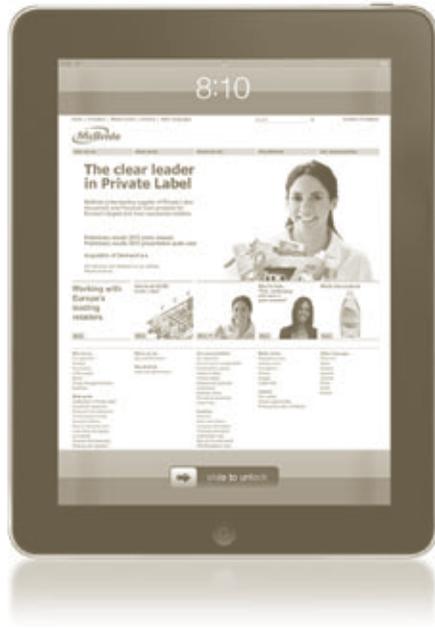
## Definitions

- Accidents of more than 1 shift/3 shifts lost, not including the day of the accident;
- Frequency rate (FR):  
$$\frac{\text{number of accidents} \times 100,000}{\text{man-hours worked}}$$
- Rate of seriousness (SR):  
$$\frac{\text{total number of days lost due to LTI} \times 1.000}{\text{man-hours worked}}$$
 and
- Risk rate (RR):  
square root of (Frequency Rate x Rate of seriousness).

This year's environmental performance has been reported with the assistance of the external consultancy EQ<sup>2</sup>.



# Our online resources



McBride communicates its financial and sustainability performance as well as providing additional information about the Group at its website: [www.mcbride.co.uk](http://www.mcbride.co.uk)

McBride's Annual report and accounts are available to view online or to download from: <http://www.mcbride.co.uk/investors/welcome>

McBride's Sustainability reports are available to view online or to download from: <http://www.mcbride.co.uk/our-responsibilities/sustainability-reports>

Latest announcements can be found at the McBride online media centre at: <http://www.mcbride.co.uk/media-centre/regulatory-news>

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