

Sustainability

OUR APPROACH TO SUSTAINABILITY

At Accsys we are committed to our purpose of

Changing Wood to Change the World

2023 highlights



CLIMATE CHANGE

Reporting Scope 3 emissions for the first time and continuing to report Scope 1 and 2 emissions



GOVERNANCE

13% year-on-year improvement in S&P Global Corporate Sustainability Assessment

Task Force on Climate-related Financial Disclosure (TCFD framework) action plan developed



RESPONSIBLE SOURCING

100% of Accoya from FSC® (CO12330) certified sources



SUSTAINABLE & QUALITY PRODUCTS

Accoya Color Grey Cradle to Cradle Certified® (Gold)



HEALTH AND SAFETY

Continued commitment to Zero Harm culture

The Accsys Environmental Social Governance (ESG) Framework is the foundation of our approach to sustainability.

It comprises Accsys' 10 material issues that are aligned to the United Nations Sustainable Development Goals. The framework is also guided by internationally recognised ESG reporting frameworks such as CSA (S&P), GRI and SASB.

Supported at the Accsys Board level, and with ESG targets integrated into our Executive remuneration, our approach to these issues is a core part of both our purpose of 'changing wood to change the world' and our integrated business and growth strategy.

Progress on sustainability strategy

Over the last year, we have entered Stage 2 of our sustainability strategy roadmap, which focuses on impactful action and data-led direction. We have continued to dedicate resources with the aim of delivering best-in-class ESG reporting for our shareholders and demonstrating ESG leadership in our industry.

Looking ahead

We are now focusing on using the data we have been collecting to start setting realistic, ambitious, and attainable targets based on the Science Based Targets initiative (SBTi) to reduce our carbon intensity. We are streamlining how we collect our data as the business expands to ensure the right processes are implemented from the beginning of new projects.

Over the following pages we highlight our key developments on the material issues pertaining to our ESG framework.



Our goals for FY24 include:

- Setting science-based carbon intensity reduction targets whilst considering our business's growth trajectory;
- Continuing to ensure our products are recognised as best-in-class for sustainability through third party accreditations;
- Implementing our action plan for the TCFD framework;
- Promoting our products as alternatives to carbon intensive man-made materials;
- Developing our corporate governance through implementing new policies on human rights and other key ethics areas; and
- Further improvement of our S&P CSA score.

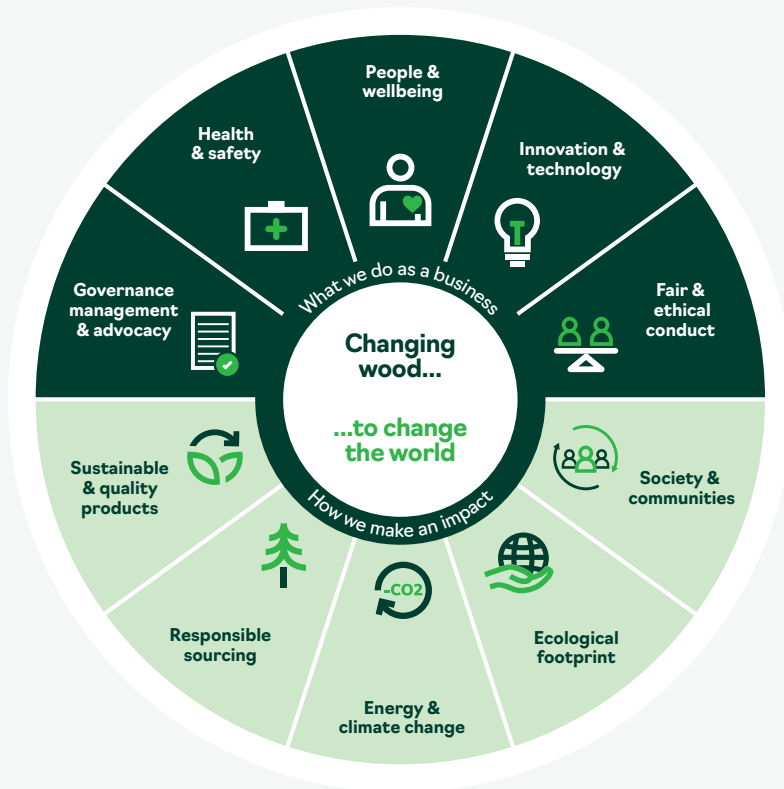


More information and detail is also available in our SASB and GRI Content Index | www.accsysplc.com/esg-reporting and queries can be directed to | sustainability@accsysplc.com

Sustainability continued

Over the following pages we describe our approach, key highlights and metrics on each aspect of ESG as well as next steps for FY24.

Our ESG Framework

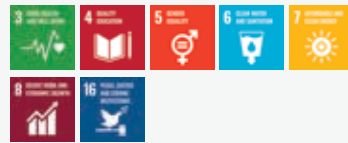


Our contribution to the United Nations Sustainable Development Goals (SDGs)

Our main contributions focus on SDGs 9, 11, 12, 13 and 15, as these areas are where our business can have the most meaningful impacts.



Aside from these targeted areas, the strong sustainability performance of our business and product also align with a broader group of SDGs.



Sustainability strategy roadmap

We are on track with our sustainability strategy roadmap. This year we have further developed our approach, processes and action plans for our material issues, with particular focus on improving measurement, monitoring, reporting and management of performance.

Stage 1:

Evaluation and strategy refinement

Stage 2:

Impactful action and data-led direction

2022

2023

5+ years

- Improve assessment, monitoring and data management
- Review and, where necessary, set up new formal policies, oversight and workflows
- Initial actions for improvement in each material issue
- Establish baseline statistics and metrics

- Use improved data to refine action plans & set realistic, ambitious and attainable targets
- Implement and support new programmes and initiatives
- Manage and reassess material issues and stakeholder priorities to ensure continued relevance

Our focus on TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) provides a framework for companies to disclose climate-related financial risks and opportunities in their operations, governance, and strategies.

At Accsys, we are committed to following best practices in sustainability governance and reporting, going above and beyond regulatory obligations. As part of this we have conducted an initial review of the TCFD. In FY24, we will focus on key actions which Accsys is able to implement related to the TCFD recommendations, as we understand the importance of evolving our approach to climate risk and resilience.



In the coming years, Accsys will do the following to implement the TCFD recommendations:

1. **Conduct a climate risk assessment:** analysis of how physical, transition, and liability risks from climate change across different temperature scenarios may affect our business operations, supply chains, assets, and financial performance;
2. **Integrate climate risks and opportunities into strategy and governance:** we will incorporate climate considerations into our decision-making processes and risk management systems;
3. **Set climate-related targets and metrics:** we are in the process of establishing measurable science-based metrics to support targets on our greenhouse gas emissions, increase our energy efficiency and adapt to climate risks;
4. **Disclose climate-related information:** we will look to report our climate-related risks, opportunities, and impacts in a way that is aligned with the TCFD's recommended disclosures;
5. **Engage with stakeholders:** we will engage with investors, customers, colleagues, and other key internal and external stakeholders on climate-related issues; and
6. **Monitor and improve:** we will monitor and review these climate-related disclosures, targets, and performance and ensure our approach remains aligned with developing practice.



Sustainability continued



Environment

The environment is at the core of our business. Our product enables the world to build more sustainably, and we are committed to producing it in the most responsible and circular way.

We continue to innovate to minimise our environmental impact across our operations, in accordance with our Climate Change policy, whilst sourcing our raw materials responsibly. We work collaboratively with our suppliers and forge new partnerships to ensure the secure supply of sustainable materials.

Our products continue to meet the highest standards of quality and sustainability by achieving third party accreditations and certifications – while always meeting our customers' needs. We publish our Environmental Product Declarations (EPDs) on Accoya.com.

50,827 tCO₂

sequestered in products sold (FY22: 47,838 tCO₂)*

Zero waste to landfill (FY22: 0)

100% certified sustainable (i.e. FSC® (CO12330) wood sources (FY22: 100%)

60 tonnes reclaimed Accoya wood re-processed for Tricoya (FY22: 134 tonnes)

100% suppliers screened using social and environmental criteria (FY22: 100%)

100% of new supplier wood mills visited before supply (2021: 100%) and 81% of wood supply mills visited within three years (FY22: 85%)

100% of operations subject to human rights reviews or impact assessments (FY22: 100%)

0.11 tCO₂e/m³ Scope 1 & 2 emissions intensity (FY22: 0.09 tCO₂e/m³) see Greenhouse Gas Emissions information on page 62 for more information.

* These figures are unaudited

FY23 highlights

- **Increased renewable electricity usage as a proportion of total electricity:** renewables now 63% of the overall mix, including RECs (FY22: 39%)
- **Continuing to research new wood sources and locations:** positive results from long-term trials of Accoya made from fast growing Taeda pine from Argentina and Uruguay
- **Steering group for carbon reduction intensity:** established an internal committee (SteerCo) to focus on carbon intensity reduction
- **Cradle to Cradle Certified®:** in May 2022, Accoya Color was Cradle to Cradle Certified® at the prestigious 'Gold' level
- **Enhancing production circularity:** embracing new technologies for closed loop acetic acid recycling and continuing to develop our offcuts reclamation programme
- **Minimising impacts of raw materials sourcing:** refreshed Lifecycle Analysis (LCA) of all existing and potential acetic anhydride supply options to guide future sourcing decisions

Looking forward

- Maintain 100% certified sustainable wood sources in FY24
- Set Science Based Targets for reducing our carbon intensity
- Increase in-person wood mill supplier engagement
- Continue to maximise the use of raw materials and reduce the impact of our supply chain through:
 - Expanding the use of lower grade woods for our engineered wood products to maximise the use of forest resources
 - Continuing to explore the use of other suitable wood species, source locations and supply options for more sustainable and lower impact wood sourcing
 - Ongoing evaluation of acetic anhydride supply sourcing, reuse and recycling of acetic acid co-product
- Conduct feasibility study of using biomass at Barry, UK
- Increase annual volume (m³) of Accoya offcut reclamation being remanufactured for Tricoya

ENVIRONMENT CASE STUDY

Cradle to Cradle Certified® – demonstrating performance and sustainability go hand in hand



At Accsys, we are proud that our products are high performing, while contributing to a more sustainable built environment. Externally assessed accreditations and certifications allow us to demonstrate our sustainability attributes and ensure that we are progressing and focusing on the right areas.

Cradle to Cradle Certified® (C2C) is an independent global standard for products that are safe, circular and responsibly made. It helps companies ensure the impact of their products on people and the planet is a positive one. Companies must reapply for C2C status every two years.

Accoya has held Gold C2C Certified® status, since 2010, highlighting the company's impressive sustainable wood sourcing strategy, non-toxic product and use of more than 50% renewable energy in production. The separate Platinum certification in the Material Health category recognises that the product poses no danger to either the environment or human health, and is the highest possible certification level.

In May 2022, Accoya Color was Cradle to Cradle Certified® at the prestigious 'Gold' level. It also achieved 'Platinum' (the highest level) for both 'Material Health' and 'Water Stewardship'. This recognises that Accoya Color as a product adheres to very high standards of sustainability, alongside it's recognised high performance and durability credentials.

ENVIRONMENT CASE STUDY



Maximising nature's resources

Wood is the natural ingredient for our product. We are very conscious of making sure that the wood we use is replenished and we only take supply from FSC® (CO12330) certified sources (or equivalent). While trees are a renewable resource, we are careful to use them responsibly and maximise the use of the resources we take. This benefits the environment as well as making good business sense.

In 2021, we started a programme to take back Accoya wood trimmings from some of our trusted manufacturing partners and using them to manufacture Tricoya wood chips. This involves reclaiming these trimmings and putting them through a rigorous quality control process, including inspections by our trained operators, to ensure that all the material meets the quality required for Tricoya chips. The Accoya offcuts are already acetylated, making it a highly efficient process to create Tricoya chips directly from them – and minimising waste. Since we started, we have reclaimed 683m³ of Accoya offcuts for use to make Tricoya wood chips.

Although our offcuts and reuse programme is still in its early stages, our goal is to develop it further over time and open it up to more and more of our customers – and potentially their customers too. This not only keeps the carbon locked into our materials for longer, but also enhances value, reduces waste, and further embeds our sustainable and circular economy philosophy.



Accsys Technologies is participating in Timber Development UK's (TDUK) Responsible Purchasing Policy (RPP) which includes, where applicable, gathering and reporting of annual import/purchasing data, conducting and continuously improving Due Diligence in line with the UK and/or EU Timber Regulation (UKTR/EUTR) or submitting an annual declaration of no imports.

Sustainability continued

Greenhouse Gas Emissions

Scope 1 & 2

Scope 1: direct emissions from company owned or controlled sources; Scope 2: indirect emissions from the generation of purchased energy, such as electricity.

5,479

tCO₂e SCOPE 1 EMISSIONS
(FY22: 4,715)

1,547

tCO₂e SCOPE 2 EMISSIONS MARKET-BASED
(FY22: 680), 4,783 tco₂e RECs retired (FY22: 7,502)

Scope 1 & 2 Greenhouse gas (GHG) emissions information

		FY23 Total	FY22* Total
Scope 1 emissions	tco ₂ e	5,479	4,715
Scope 2 emissions location-based	tco ₂ e	3,238	2,817
Scope 2 emissions market-based	tco ₂ e	1,547	680
Total scope 1 and 2 emissions market-based	tco₂e	7,027	5,395
Carbon offsets purchased	tco ₂ e	2,843	3,910
Renewable Energy Certifications (RECs)**	tco ₂ e	4,783	7,502
Scope 1 and 2 emissions (net value)	tco₂e	4,184	1,485
Accoya wood product produced	m ³	63,344	59,649
Net Scope 1 and Scope 2 emissions intensity per wood product produced	tco ₂ e/m ³ *	0.11	0.09
Energy consumption associated with Scope 1 and 2 emissions	MWh	40,296	34,603

* The 2022 figures have been updated following improvements in our methodology.

** We retired renewable energy certificates to green our consumption.

We use market-based emissions to calculate our GHG inventory. These figures are not subject to assurance or audit.

Changes to previous year

Our Scope 1 and 2 emissions saw a year-on-year increase. This can be attributed to increased engineering activity during the expansion of our Arnhem site and the subsequent increased production and natural gas use. Additionally, we use Renewable Energy Certificates (RECs) to reduce our climate impact at our manufacturing sites and we retired considerably fewer RECs in FY23 than FY22.

Scope 3 emissions reporting

- At Accsys we have long focused on credible assessments on our environmental impact. We have conducted product life cycle assessment of Accoya wood for 20 years.
- This year we built on our progress and have conducted Scope 3 emissions internal reporting. These can be seen in the ESG data table on the Accsys website.
- For the next steps, we will be assessing our impacts in more detail as we look towards developing our near to longer-term commitments.

Scope 1, 2 & 3 Emissions Methodology

- We have reported on emission sources required under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013 and the Streamlined Energy and Carbon Reporting requirements.
 - We report on all existing sites where we have active operations, this includes our manufacturing facility in Arnhem, the Netherlands, our Accoya Color facility in Barry, UK, our Dallas office, our Tricoya site which is under construction in Hull and our London office. Our energy consumption at our Kingsport site is currently below the reporting thresholds.
 - Emissions have been calculated following the GHG Protocol – Corporate Accounting and Reporting (revised edition) using the following databases: IPCC 2006 Guidelines for National Greenhouse Gas Inventories, 2007 IPCC Fourth Assessment Report; and IEA factors (2022). We also use the UK Government GHG Conversion Factors for Company Reporting (2022).
 - Following the Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting requirements' (BEIS, DEFRA 2019), carbon offsets may be accounted for separately as a 'NET' figure, while the original electricity consumption figures should be presented as a 'GROSS' figure.
- Our net market-based figure takes into account RECs and offsets retired in the reporting year.
- Scope 2 emissions are reported in both location-based and market-based approaches to take into account the purchase of Renewable Energy Certificates (RECs), a market-based instrument.
 - We have purchased 2,834 tCO₂e of carbon credits to offset a proportion of our GHG emissions. The credits are Voluntary Emissions reductions from the Verified Carbon Standard (VCS) and Climate, Community & Biodiversity Standards (CCB) through EcoAct's portfolio.



Sustainability continued



Social

At Accsys, we are committed to looking after our colleagues and communities by operating in a safe and supportive working environment. We seek to have a positive social impact through a variety of activities aligned with our business purpose of 'Changing wood to change the world'.

As a manufacturing company, health and safety always comes first. We will continue to practice health and safety excellence, improve monitoring, raise awareness of our safety policies and strategy, and embed the importance of health and safety in our company culture. Our ambition is ultimately for zero harm.

We know the best results come from people who are engaged, motivated and have opportunities to develop. We have an extensive learning and development programme for all colleagues and we also give our colleagues the opportunity to participate in an employee share plan, enabling them to share in the success of the Company.

78%

bi-annual colleague engagement survey response rate

0 incidents of discrimination (FY22: 0)

22% colleagues invested in the FY23 Employee Share Plan (FY22: 36%)

34 total hours of training and development per person (FY22: 29)

88% "I feel able to be myself at work" survey response

€72,219 donated to charitable activities (FY22: €20,875)

	% Male	% Female
Non-Executive Board Members	71	29
Senior managers*	80	20
All employees	84	16

Note: Table reflects FY23

* Senior managers include our Executive Board Members, Senior Leadership Team, and senior managers with highest levels of strategic influence for the organisation.

FY23 highlights

- **Increased focus on HSE awareness**, including the first Accsys Health and Safety Month in February 23
- **Launch of Digital Safety Observation cards** to make it easier and quicker to report safety issues
- **Continued commitment to Learning and Development:** including the launch of the 'Accsys Leadership Club' to develop future leaders from within
- **Diversity and Inclusion:** Establishment of an internal working group focusing on developing and implementing a Diversity and Inclusion policy
- **Volunteering day:** Engaging colleagues and supporting the community through a tree planting day with our charity partner, Trees For All
- **Support delivered to communities** through monetary donations and charitable product donations (with screening criteria through the Charity Committee)

SOCIAL CASE STUDY



Beyond Accsys: ESG in our supply chain

Our suppliers are a critical part of our ESG strategy and we are committed to working with suppliers who share our values as well as meeting our quality requirements and standards. We have been working to broaden our wood supply, looking for alternative wood sourcing locations and species. Working with our wood supplier CMPC, we identified a mill in a rural area of North-Eastern Argentina that had the potential to meet our requirements. However, this mill was not currently FSC® certified and needed some quality improvements.

Working in close collaboration with the Product Development team at CMPC, we explained to the mill how they could benefit from FSC® certification. We then worked with CMPC to help the mill reach the quality necessary to become an Accsys supplier and to support them on the FSC® certification process. The mill now expects to be certified later this year. At this point we plan to appoint them as a supplier.

By becoming FSC® certified the mill will not only improve ESG practices, it will also be able to command a higher price for its product and benefit from increased market opportunities. This, in turn, will enable additional and better paid jobs to be created in an economically depressed area. A win-win for the mill and the local community!

Looking forward

- Launching the Life Saving Rules programme to enhance health and safety around certain higher risk activities
- Assessing opportunities for continuous improvement in health and safety across the sites we control
- Further development of our global HSE systems, including systems development for Hull and Kingsport
- Focus on reducing lost time incidents to meet our target 0.5 LTIR**
- Create an online learning and development system to facilitate training

** Per 200,000 hours worked

Focus on: Health and Safety

Building a Zero Harm culture

0 fatalities (FY22: 0)*

1.0 Lost Time Incident Rate (LTIR) (FY22: 0.5)**

1.04 Incident severity rate (FY22: 8.97)

694 Management Safety Tours (FY22: 741)***

1316 Safety Observation Cards submitted (FY22: 1060)

28 working days lost due to accidents (FY22: 8)

Our number one priority is ensuring all our colleagues go home safely every day. We are embedding a health and safety culture throughout the organisation, with the ultimate aim of zero harm. This year, we have made good progress on further building health and safety into our working culture.

During the year, we introduced a digital version of our Safety Observation Card (SOC) to make it easier for colleagues to report and suggest safety improvements. As a result we saw our SOCs increase to 1,316 which is a significant increase on the prior year.

Over the last 12 months, we have been focusing on areas to continuously improve and enhance our existing approach to health and safety.

During the whole of February 2023, we organised a Health and Safety month, where we held various events, including H&S training, AED demonstrations for all staff, PPE inspections and had numerous guest speakers. We also used this event as a launchpad for Life Saving Rules – several key safety rules to keep colleagues safe when carrying out higher risk activities. The event was a great success and a follow up questionnaire found that 89% of respondents valued the event, with 77% saying that it made them think more about health and safety.



* The below are all employee related metrics. Contractor related metrics can also be found in the ESG section of our corporate website.

** Per 200,000 hours worked.

*** With the completion of reactor 4 and stacker projects at Arnhem and the hold position for Hull we are currently working significantly fewer hours.

Sustainability continued



Governance

We strive for first-class governance, management and stakeholder relationships to sustain our growing scale.

We will uphold our commitment to high ethical standards, ensuring our processes and procedures are strengthened as we continue to grow.

0 incidents

of bribery and corruption (FY22: 0 incidents)

1 fine* and 0 non-monetary sanctions from non-compliance with environmental laws and/or regulations (FY22: 0)

0 incidents of bribery and corruption (FY22: 0 incidents)

3rd annual GRI and SASB reporting disclosure



1 'meet the Board' event held for Accsys colleagues

100% relevant colleagues (including Board) communicated with and completed refresher training on anti-corruption policies and other key topics (FY22: 100%)

€4,109 regulatory fines, sanctions or settlements (FY22: €0)

€0 direct spend on political campaigns, lobbying or think tanks (FY22: €0)

FY23 highlights

- Accsys scored 43/100 in the S&P Global Corporate Sustainability Assessment - reflecting an improvement of 5 points (+13%) over last year's score of 38/100
- Continued adherence to QCA Corporate Governance Code (see page 82 for more information)
- ISO 9001 Quality Management certification awarded to Arnhem site
- Continuing to integrate ESG principles into procurement practices
- Monitoring and training in relation to key governance topics, including Anti-Bribery, Market Abuse and Modern Slavery

GOVERNANCE CASE STUDY



Embedding quality into everything we do

In February 2022, Accsys' Arnhem site was granted ISO 9001 accreditation. This certification has been awarded for the first time in Accsys' history.

ISO 9001 is an internationally recognised accreditation for quality management. It acts as a strong indicator that a business is well-run and credible, helping ensure partnerships are secure, risk is minimised and customer satisfaction is the best it can be.

ISO 9001 certification is not an obligation – it's a choice. And by choosing to be accredited we are demonstrating our commitment to organisational excellence.

Our journey towards ISO 9001 accreditation began in mid-2020. Over the past two years a tremendous level of effort and teamwork has gone into the granting of this accreditation, from introducing new systems and internal auditing processes, to training and educating colleagues on the ISO 9001 principles and support methodologies.

As well as giving customers and external partners confidence in our business, the certification will benefit colleagues through ensuring we have clearly defined and well managed processes.

As part of our ongoing commitment to ISO 9001, our quality management system will now be subject to an external audit at least once a year.

Looking forward

- TCFD (Task Force on Climate-related Financial Disclosures) implementation commencement
- Continuous improvement of Board focus on ESG
- Monitoring new mandatory reporting frameworks e.g. EU Taxonomy
- ISO 45001 and ISO 14001 certification action plan developed
- Further improvement to data management processes

* Related to a small chemical spillage. There was no significant health exposure.