



Building Sustainability



Chief Executive's Statement

The Group, like any successful business, must be conscious of the impacts its operations have on the environment and the communities in which it operates.



We recognise our responsibilities as a manufacturer to reduce the environmental impact of our activities.

In our most recent development of the new brick factory in Leicestershire over 15,000 trees were planted in partnership with the local community.



Ibstock plc is no ordinary manufacturing business. We are, and have always been, committed to driving sustainability - people, planet and profit - through investment in our organisation.

As the world seeks new solutions to today's social and environmental challenges, we find ourselves working towards a promising future. For us, this is a future where our own impact on the world is not only minimised, it is positive.

Together with our customers, partners and suppliers, we constantly innovate. This is an intrinsic part of our commitment to develop new strategies, initiatives and processes that will deliver efficiency throughout the construction supply chain. At the heart of this philosophy is our people-focused approach. This means we put individuals at the very centre of problem-solving. It is the foundation of our

successful sustainability journey. This strategy sits alongside our investment in more resource-efficient methods of manufacture - which of course will be embodied in our new, flagship brick factory. We are delighted to see that this is being recognised by industry peers and the wider world through awards and commendations.

However, we are not resting on our laurels. Many of our current targets are geared towards achieving significant improvements by 2020 - and at present we are very much on course to achieve them. With the support of our committed team and the communities around us, we have the firmest foundation for the most sustainable of futures.

Joe Hudson

Joe Hudson - Chief Executive
Ibstock plc

BUSINESS
IN THE
COMMUNITY



Key facts and figures

Ibstock plc is a leading manufacturer of clay bricks and concrete building products with operations in the United Kingdom and United States.

Our principal products are clay bricks, brickwork components, concrete roof tiles, concrete stone substitutes, concrete fencing, prestressed concrete products and concrete rail products. Our range of products are manufactured, marketed and distributed by Ibstock Brick, Glen-Gery, Supreme Concrete, Forticrete, Ibstock Kevington and Anderton Concrete.



Our products help build beautiful buildings.



Over 150 million tonnes of consented clay reserves and in excess of an additional 100 million tonnes of clay reserves.



Ibstock plc:

- 33 manufacturing plants in the UK.
- 10 manufacturing plants in the USA.
- Employs 2,841 people.
- Invested £44 million in major projects that will lead to efficiency and sustainability improvements.
- Generated sales of £452 million and an adjusted EBITDA of £120 million.
- Current market capitalisation is over £1 billion.

Ibstock Brick is the biggest manufacturer of clay bricks sold in the UK. With 19 manufacturing plants, Ibstock Brick has the largest production capacity in the UK. It operates a network of 23 active quarries which are generally located close to its manufacturing plants.

We have created an ambitious programme to implement sustainability and environmental improvements right across the business. Central to this is the use of our Birtley brickworks to test

out initiatives in a real life situation. By doing this we can monitor performance and improve what we do. Looking ahead, our key strategic priority is to reduce waste to landfill.



Ongoing sustainability and environmental improvements

- Water efficiency
- Recycled water
- Energy efficiency
- Sustainability policy ISO 14001 update
- Lighting efficiency programme update

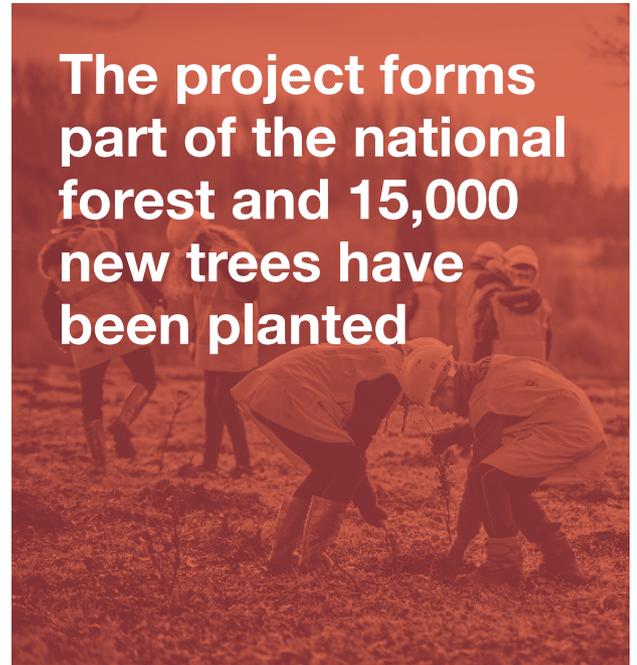
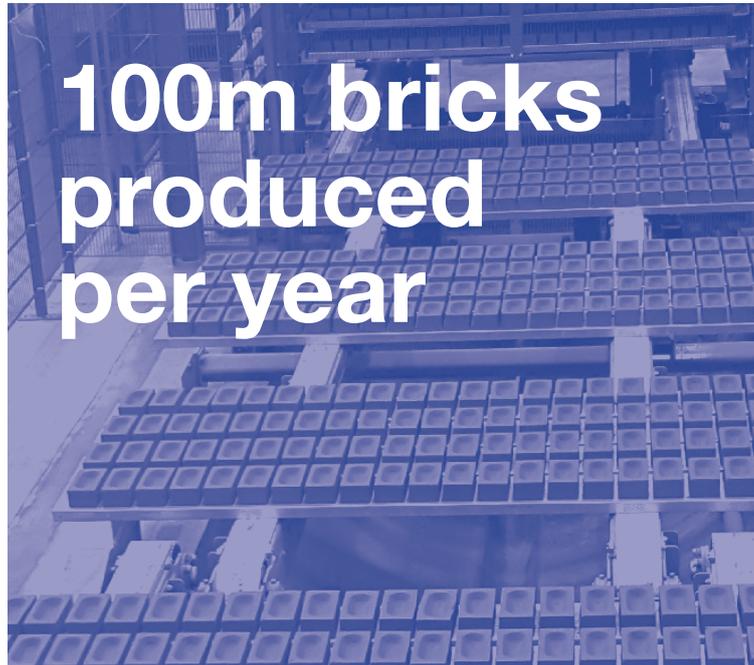


Ibstock Kevington is the UK's biggest manufacturer of brick special shapes and components. The range includes prefabricated arches, chimneys and all cladding systems designed to make brick quick and efficient to use.

“The backbone of our approach to sustainability is our People First initiative. This not only helped us to achieve ISO 50001, it has enabled us to develop our strategy, pilot key initiatives and set objectives and targets for the entire business. We’re extremely proud that during 2017, all Ibstock Brick manufacturing sites continued to be compliant with ISO 14001, ISO 50001, ISO 9001 and BES 6001 where we maintained our “Excellent” status.”

**Darren Bowkett – Operations Director Ibstock Brick Limited
and Managing Director Ibstock Kevington**

Eclipse factory





Driving sustainability through continued investment

Ibstock plc has built the UK's most efficient brickworks. All aspects of the project have been developed to ensure optimum sustainability and to minimise the environmental impact of the plant.

It is located on an old landfill site and close to its principal source of raw materials which are supplied to the plant through a series of conveyors, thus minimising the need to bring materials onto the site.

The production building has been specially clad with a highly breathable material, thus reducing the need to install additional ventilation equipment. This reduces the energy consumption of the plant.

The buildings were designed to maximise the use of natural daylight. The criteria set out in the BREEAM Industrial 2008 standard were used and in every case the Daylight Factor was significantly exceeded. The resulting building will set Group standards for lighting efficiency. This will lead to enhanced safety as well as significant reductions in energy consumption.



First ground out in September 2015



Most efficient brick factory in the UK



Main structures complete February 2017

Supreme is a leading manufacturer of concrete fencing products, concrete lintels and general concrete building products, with seven manufacturing plants across the UK. They provide high quality and durable solutions for building and landscaping projects.

“We firmly believe that the active participation of our workforce is fundamental to our sustainability and health and safety programme. By engaging and involving people from across all levels of our business, we have been able to work as a single team - thus drawing on both vast experience and fresh ideas from newer employees.”

Mark Houghton - Managing Director Supreme



Environmental Management ISO 14001

ISO 14001 is an internationally agreed standard that sets out the requirements for an environmental management system. It helps businesses improve their environmental performance through more efficient use of resources and reduction of waste, gaining a competitive advantage and the trust of stakeholders.

Anderton Concrete is the UK market leader in supplying blindside cable housing systems for railways and infrastructure products as well as a major supplier of retaining walls, fencing and structural components to the wider building industry.

“Our production processes are continually evolving, with sustainability and a commitment to the circular economy at the heart of our strategy. A continuous investment in the development of skills and expertise across of our workforce means we show true leadership in our field.”

Mike Fadden - Managing Director Anderton

Forticrete is a leading manufacturer of concrete substitutes for natural stone walling, dressings and concrete roof tiles, with seven manufacturing plants in the UK.



“Our commitment to sustainable manufacturing is demonstrated by our compliance to the updated version of ISO 14001: 2015, which was attained in September 2017, a year before it comes into effect. At all levels of the business, our team has shown industry leadership in finding new ways to reduce our impact on society and the natural world.”

John Lambert - Managing Director Forticrete

Glen-Gery is a leading manufacturer of bricks and stone products in the Northeast and Midwest regions of the United States, with a network of 10 manufacturing plants, 10 distribution centers and 29 active quarries.

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“Sustainability is the foundation for every part of our business. We encourage and invest in a culture of improvement and remain committed to working with our people to deliver on clear sustainability objectives. Right across our workforce,

we are developing actions that drive improvement in the manufacturing process to minimise our environmental impact.”

Greg Silvestri - Managing Director Glen Gery



Key Successes & Highlights of 2017

Benchmark Year

All measures are based against our 2016 benchmark year. This will be used as the base level for all data in this report.

Health & Safety

The most common injuries and safety concerns reported on our records are slips and trips, contact with moving machinery and manual handling injuries. To address this, we have a safety first priority to focus on Health and Safety (H&S) in the workplace, and it is at the core of our operations.

The Group employs over 2,800 people across the UK and US and it is the Group's objective to provide a healthy and safe working environment for all our employees and contractors at Ibstock plc sites and working on Ibstock plc's behalf at other locations.

It is the Group's objective to achieve zero injuries, although any injury is unacceptable we can show that we continue to reduce the number of more serious injuries (lost time accidents) incurred each year.

We are pleased to report a reduction in the current year with 18 lost time accidents (LTAs) in the year ended 31 December 2017.

This represents a fall of 10% year-on-year and significant reduction of 86% on our 2004 performance. This is a result of a concentrated effort on improving our engineering controls, management systems and a start on addressing the role of behaviours in incident causation and prevention. Our existing KPI's include reactive (Lost Time Accidents) and proactive measures (Safety Concerns) and our performance is given below.



Lost time accidents (LTAs)

2017 2016



Safety Concerns

2017 2016





To mark the European Week for Safety and Health at work, we launched a series of new videos to remind employees about the importance of Health and Safety in the work place.

The Group has training programmes in place to ensure all employees are competent to carry out their duties and an auditing protocol is in place to ensure policies and procedures are effective and adhered to. A dedicated team of Health and Safety professionals support our operational employees in all aspects of Health and Safety management and leadership.

To mark the European Week for Safety and Health at work, we launched a series of new videos to remind employees about the importance of Health and Safety in the work place. The videos cover employees at each of our individual businesses as well as contractors and are based around our 12 Fundamentals - the main points on which the organisations Health and Safety policies are built.

In addition to continuing our long-term focus on the improvement in lost time accident (LTAs) performance, 2018 will also see the definition and commencement of our new five-year Health and Safety strategy and health and wellbeing programme. Our belief is that the focus on engagement and behaviours combined with health and wellbeing programmes will help us to progress toward improvements in our safety culture and performance.

Action on Emissions

As a Group we complied with a number of legal obligations in the Government's Climate Change Agreement, European Union Emissions Trading Scheme, and Energy Saving Opportunity Scheme.

This is our third year of reporting under the mandatory carbon reporting of greenhouse gas (GHG) emissions and reporting to scope 1 & 2 with elements of scope 3 included.



We recognise the importance to cutting carbon emissions and as a business have always been at the forefront of responsible manufacturing. We continue to have a sustained and focused effort by investing in energy efficient plant, technologies and performance improvements.



Greenhouse Gas (GHG) Emissions Tonnes of CO₂ e/Tonnes production for Scope 1 & 2

2017	2016
0.18	0.19

The 2017 number differs from that reported in the Annual Report of Accounts following external verification of the raw data. Some small adjustments have been made in 2017 compared to 2016 due to issues around metering and invoice corrections.

Action on Water

It is well documented that the greenhouse gas (GHG) emissions from mains water use are associated with the energy use from supplying water from treatment process.

More than 50% of our water requirements come from non-mains water supply.

With the recent changes to the water market in the UK, which came in to effect on 1 April 2017, the business is no longer restricted to buying retail water services from a regional water company.

Instead, all of our UK operations Water & Wastewater Services now come from one company. One of the key drivers for this change is access to a one stop shop for some of the points below.

- Capability to provide smart metering (AMR) to improve water usage
- Single monthly consolidated billing
- Access to proactive Value Added Services (VAS) including water audits and smart metering
- Leak detection and repair and infrastructure services



Mains water
M³ per tonne
of production

2017

2016

0.11

0.12



Non mains water
M³ per tonne of
production

2017

2016

0.16

0.17

Action on Waste

We have an aspirational target for Waste Management to work towards achieving the Carbon Trust certificate for Zero Waste to Landfill in the UK.

2017 saw good progress with a common approach across Ibstock plc to ensure compliance with legislation, the waste KPI and reduce administrative burden.

Throughout 2017 our UK operations carried out a tendering process with the aim of having controlled management of waste contractors. As a result of this process we have significantly reduced the number of waste contractors.



Tonnes of waste to landfill per tonne of production

2017	2015
0.002	0.007



Zero waste landfill in the UK is our target

We now have greater flexibility to recovering different types of waste and increasing our recycling potential.



In 2017 the business had more than 35 apprentices throughout the Group with more than 2,600 training days, c750 days on leadership, c500 days on sales and customer service and c4,000 days H&S and environmental training.

Action on People

Our people lie at the heart of the Group's operations and as such we are committed to developing an environment where every employee can thrive and give their very best each and every day.

Our continual investment in their training and development contributes to a highly engaged workforce with the skills and experience necessary to deliver the Group's business objectives both now and into the future.

In 2017, over 9,000 days of training were provided to the Group's employees and we delivered a comprehensive development programme covering a range of topics from operational skills improvement through to modular and structured Leadership Programmes to support our succession plans.



Total number of training days

2017	2016
9,034	9,312

We maintain a high number of training days each year and naturally there will be fluctuations in numbers.

Action on People (continued)

We pride ourselves on developing our people and around 20% of roles were filled by internal applicants ensuring our people are able to fulfill their career aspirations and we retain their in-depth skills and knowledge of our customers and operations, which is one of the key reasons for our continued success.

Delivering continuous improvement is the core of our operations, constantly looking for more efficient ways of doing things and embracing technology wherever possible. However, all employees will eventually retire, and over the last 20 years the Group has run a highly successful apprenticeship programme. Since 2012 we have enhanced this programme through central co-ordination and standardisation to ensure all apprentices are trained to a consistent standard, including specific sign off within the organisation over and above that of the training provider.

Currently, we have 34 members of our apprenticeship scheme, completing technical, mechanical or electrical apprenticeships and in a male-dominated environment; we are pleased to have recently recruited our first female apprentice, who will commence her apprenticeship in September 2018. Our objectives for 2018 include finalising the feasibility assessment of expanding our offering of an Operators' apprenticeship which will be based upon the Sciences Manufacturing Process Operative Standard.



Apprentice of the year 2017 – Ben Lumsden



Our apprenticeship scheme ensures that we mitigate the risk of an ageing workforce and harness the skills and experience of these people so that when they retire their replacement is fully trained and competent to take over their role.

In 2017, our employee retention rate was 88% and, when combined with our service profile, demonstrates a sustainable organisation where people feel valued and advocated us as being a great employer.

Committed to Environmental Sustainability



“I am proud to be part of a business with a long history of investing in energy efficiency, CO₂ reduction and recycling such as materials and process water. We also have a long history of being part of local communities by supporting projects, many of which have been documented in this and previous reports.

I am also immensely proud to be part of a business that invests in people, it is people who identify the potentials for improvement and have the desire to make a difference. Over 9,000 days of training were provided to our people in 2017 ranging from H&S, leadership development, environmental and energy awareness, technical, mechanical and electrical apprenticeships.

Like any successful business Ibstock plc is conscious of the impacts of its operations have on the environment and communities in which it

operates. We continue to produce sustainable products intended for a long life with low maintenance.

We recognise the importance of being a sustainable business and that sustainable development is a multidimensional concept such as the four pillars of sustainable development. The Group addresses these four pillars and defines our commitment through economic, social, natural resources and environmental aspects of its operations underpinned by development of management systems.”

Michael McGowan - Quality, Environmental & Energy Manager.

40 years’ experience in manufacturing with an MSc Sustainability & Environmental Management

Economic

We engage with our communities in a responsible way

We believe we are a responsible corporate citizen and take part whenever and wherever we can in community projects. We value our relationships with our neighbours, in some of our locations we have been part of the local community for hundreds of years.

We are committed to fostering the economic prosperity of the communities and neighbourhoods where we operate. We are a good local employer and make use of local businesses.

Social

Social sustainability is about people

Ibstock plc is a professional and environmentally conscious business and is committed to complying with and continually improving the effectiveness of its policies and procedures such as:

- H&S
- Sustainability
- Quality
- Equality
- Modern Slavery
- Business Code of Conduct
- Whistle blowing
- Training and development

As a responsible business we contribute to economic growth and development in the communities and neighbourhoods where we operate.

Natural Resources

Committed to responsible sourcing

Ibstock plc is committed to responsibly sourcing all materials and priority is given to any supplier who can meet the requirements of standards, such as BES 6001, where it is economically viable to do so.

BES 6001 is the Framework Standard for Responsible Sourcing and provides a holistic approach to managing a product from the point at which component materials are mined or harvested, through to manufacture and processing.

All of Ibstock Brick, Forticrete and Supreme sites have the BES 6001 certification.

Responsible sourcing of construction products is demonstrated at all businesses through an ethos of supply chain management and product stewardship and encompasses social, economic and environmental dimensions.

Environmental

Committed to environmental sustainability

Ibstock plc is committed to environmental sustainability as it makes sense to protect the environment we live and work in. We therefore take very seriously our efforts to:

- Save energy, water and raw materials.
- Reduce waste and dispose of it properly.
- Monitor and audit our use of resources generally.
- Comply with and if possible exceed all environmental standards.

We are positive about improving our processes to minimise their impact on the environment, as we value our relationship with our neighbours in every community in which we operate.

All of our UK businesses have ISO 14001 Environmental Management in place. Our North American business has in place an established Environmental Management System which incorporates energy.



Our Environment

Agricultural land surrounds many of our quarries, Ibstock plc has committed to ensure these areas remain in agricultural use until the land is needed as part of our future development.

The fields are used for diverse growth of wheat, maize and fruits managed by our tenant farmers under Farm Business Tenancy agreements.



Ibstock plc supports 14 miles of footpaths, just more than half of the London Marathon route

Ibstock plc maintains over 43 miles of hedgerow which would reach from central London to Brighton



In our most recent development of the new brick factory in Leicestershire over 15,000 trees were planted in partnership with the local community.

We will maintain these woodlands until they reach maturity.

Our 580 acres of woodland will remove just over 1500 tonnes of Carbon Dioxide annually

Our 343 acres of grassland is equivalent to 171 football pitches

With over 19 acres dedicated to the aquatic environment this is equivalent to the area of 69 Olympic swimming pools

With 452 acres of grazing land you could graze just over 900 sheep at any one time

A diverse range of grazing areas extend throughout Ibstock plc portfolio. These are let for sheep, goats and horses on locally agreed licenses within our communities.



Our 343 acres of grassland is equivalent to 171 football pitches

From the lawns in front of our offices to soil mounds around our quarries, grasslands are a significant part of our environment. In some areas our grasslands have been managed to generate wild flower and orchids, with management plans developed to further improve on these habitats and encourage species diversity both in flora and fauna.



With over 19 acres dedicated to aquatic environments this is the equivalent area of 69 Olympic swimming pools

The ponds and the immediate bank settings provide a rich and diverse habitat.



Improving standards

There are a number of standards operated throughout our businesses which include environmental, energy and quality. These provide a consistent set of procedures which are regularly reviewed and updated to identify ways in which they can be made more effective.

Leading the industry

Ibstock Brick was the first in our industry in the UK to achieve the international Energy Management Standard ISO 50001 of which we are immensely proud. Companies are required to have an appropriate environmental management system, this will vary depending on the specific demands of the local regime. Currently in the UK the total number of Group locations with ISO 14001 certification is now 100% and the focus is to move to the implementation of the new 2015 standard.

The business continues to take a proactive and progressive approach to current issues and has introduced a Group wide policy to combat modern slavery.

Brexit

Regardless of the uncertainty introduced by Brexit to environmental regulation, Ibstock plc will continue with its “environment first” strategy.

Energy Management Standard (EMS)

ISO 50001

ISO 50001:2011 the International Energy Management Standard provides a framework of requirements for organisations to continually improve and to integrate energy management into their overall efforts to improve environmental management.

All of Ibstock Brick sites have the ISO 50001:2011 certification and we became the first UK brick manufacturer to implement this. This built on their achievement of being the first to achieve all sites to ISO 14001 for their Environmental Management System. Holding ISO 50001 certification is supporting Ibstock Brick compliance with the requirements of the UK's Energy Saving Opportunity Scheme (ESOS).

Our motivation for implementing ISO 50001 was to be more efficient with the energy we consume.

This has enabled us to reduce energy consumption and as a consequence CO₂ emissions.

In addition our employees have benefited both at home and at work by becoming more aware of ways to improve energy usage.

Environmental Management

ISO 14001

ISO 14001 is an internationally agreed standard that sets out the requirements for an environmental management system. It helps businesses improve their environmental performance through more efficient use of resources and reduction of waste, gaining a competitive advantage and the trust of stakeholders.

All of our UK businesses have ISO 14001 in place, Ibstock Brick was the first to achieve certification at all sites to ISO 14001 in the year 2001. Our North American business has in place an established Environmental Management System which incorporates energy management.

Quality Management Standard

ISO 9001

ISO 9001 is the world's most widely recognised Quality Management System and helps businesses like ours to meet the expectations and needs of our customers. Most of our UK sites have ISO 9001 in place with all others including our North American business having an established Quality Management System to which they operate.

Having a Quality Management System in place allows us to remain competitive by producing high quality products, having motivated and engaged employees while maintaining compliance with relevant standards.

Responsible Sourcing

BES 6001

BES 6001 is the Framework Standard for Responsible Sourcing and provides a holistic approach to managing a product from the point at which component materials are mined or harvested, through manufacture and processing. All of Ibstock Brick and Forticrete sites have the BES 6001 certification with Supreme working towards this throughout 2017.

Responsible Sourcing of Construction Products is demonstrated through an ethos of supply chain management and product stewardship and encompasses social, economic and environmental dimensions.

Ibstock plc achieved an 'Excellent' rating in 2016. The highest possible level.

Energy Saving Opportunity Scheme (ESOS)

The ESOS regulations came into force on 17 July 2014. It is a mandatory energy assessment and energy saving identification scheme for large undertakings (and their corporate groups). The scheme applies throughout the UK. ESOS was established by the Department of Energy and Climate Change (DECC) in response to the requirement for all Member States of the European Union to implement Article 8 of the Energy Efficiency Directive ('the Directive').

All of Ibstock plc's UK operations are fully compliant with this scheme and have had relevant energy assessments carried out and will act on viable documented energy saving opportunities.

IBSTOCK PLC

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The information and data contained within this report has been verified by Lucideon CICS Ltd as reliable and providing a fair and balanced representation of the reported environmental activities in the reporting period. A full Assurance Statement has been provided to Ibstock plc.

This document has been printed on FSC certified paper using vegetable based inks. Third party verification. The key performance measures have been approved by Lucideon.

July 2018

LUCIDEON
insight creating advantage

