

Sustainability Report



Introduction

I am delighted to present Graham & Brown's first sustainability report. This report captures some of the environmental and social activities at Graham & Brown that goes back several decades. Indeed the Company's commitment to both environmental and social matters is deep rooted in its culture. We received our first environmental award back in 1974, from the then "British Waterways", for the improvement made to the area around the Leeds to Liverpool canal as a result of development work we had undertaken in building the company headquarters. In more recent times the Company has been very active in working with our suppliers and customers in providing a product which not only meets the high quality demands placed upon us, but also the environmental responsibility expected by our stakeholders. The process of continually lessening our environmental effect on the world around us helped ensure the Company achieved ISO 14001 certification in December 1998. To reflect some of the improvements already made, this report includes data from previous environmental audits.

However we realise that we must not end our efforts there. As a major player in the global wallcoverings manufacturing industry, we take very seriously our position in meeting the needs of society, and that there is always room for improvement. With this in mind, this report draws a line in the sand to which our future performance can be measured. Indeed this report itself is one of the means we will be using to track our environmental and social performance from this time forward.

It is our intention to produce a report that can be easily read and understood, with future editions having clear, year on year comparisons to illustrate our progress. We have enlisted the help of an educational writer and the staff and pupils of Daisyfield Primary School in order to present an additional educational supplement to this technical sustainability report. This ensures that the information is presented in a way that can be understood by all, while having the views of future generations involved in securing our environment.

I hope you find this report and the educational supplement both interesting to read and clear in its message. We would welcome any comments you may have in order to improve our performance.

Ian Brown
Production Director
Graham & Brown

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Sustainability Report



Vision

G&B will supply wallcoverings that improve the quality of home life and inspire the creative spirit.

Our designs are a pleasure to use and durable. The comfort of wallcoverings, that were once restricted to grand houses, are brought into everyday homes throughout the world.

Our products and process will have a neutral or restorative environmental impact, utilising sustainable resources.

We will realise the potential of our employees and enhance the quality of worklife.

We will contribute to the improvement of community life, particularly in the areas of education, sport and the environment.

Throughout, the views of stakeholders will be respected, managed and realised.

Strategy

Continual and dynamic progress towards sustainable production and service.

1. Design

- Maintain innovative and creative design leadership
- Improve product ease of use
- Improve product durability
- Develop modular designs
- Develop a service package from the selection of the wallcovering to removal

2. Product

- Reduce chemical composition
- Maintain sustainable forest and recycled paper inputs
- Trial alternatives to chemical components of the product

3. Process

- Reduce all emissions and wastes
- Reduce the environmental burden across the entire supply chain
- Improve material and resource efficiency
- Seek sustainable resources

4. Quality of worklife

- Energise our health and safety improvement plan
- Maintain our programme to improve individual skills and attain recognised qualifications
- Continue to develop a workforce that reflects national composition characteristics and benefits
- Respond to staff expectations

5. Quality of community life

- We will work with our immediate neighbours to improve local educational, environmental and sporting activity

- Maintain the historic tradition of wallcovering manufacture in Lancashire and within the Graham and Brown families

6. Governance and Ethics

- Stakeholder views will be identified, prioritised and realised through a series of varied stakeholder engagement activities
- An ethical code will be developed to reflect the values and behaviours we want to follow
- Management systems will be maintained to ensure effective improvements across the business, with clear organisational responsibilities and contact points identified, for stakeholders to access appropriate management information

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Introduction

This is Graham & Brown's first sustainability report. We plan to produce a sustainability update every year in recognition of the fact that Graham & Brown, like all other companies has environmental, social, and economic impacts and these impacts are on a local, regional and global scale. We will minimise or remove adverse impacts and improve on our beneficial impacts.

The report is based on our performance in the Year 2000, with the exception of sections 7.2.2 Employee Potential and 7.2.4 Equal Opportunities. Because of a lack of data from 2000 we have used 2001 performance data. The goals and targets recorded are for the year 2001, with the progress to date being up to 1st of August 2001.

Methodology

The reporting structure is based on the Global Reporting Initiative, with the indicators of performance developed using ISO 14031. ISO 14031 Environmental Performance Evaluation has been further developed to examine Social and Economic issues. This provides us with the following types of indicator:

EnvCI Environmental Condition Indicators
(As in ISO 14031)

SCI Social Condition Indicators
(Developed for this report)

EcCI Economic Condition Indicators
(Developed for this report)

These indicators provide information on the condition of the Environment, Society or Economy on the national, regional or local scale. The condition indicators have been selected at the scale at which our impacts are most significant. By doing this we can analyse Graham & Brown's contribution to the condition.

Additionally the report uses the following indicators:

OPI Operational Condition Indicators
Providing information on the performance of Graham & Brown's Operations

MPI Management Performance Indicators
Providing information on management's efforts to influence the company's performance.

The report also uses elements or ideas from the following methodologies:

- London Benchmarking Group
- Life Cycle Analysis
- Ecological Footprinting

Quantifiable Data

Where available this report uses quantifiable rather than qualitative data. The Board and management of Graham & Brown have decided to examine their performance on total quantity data (e.g. site tonnes CO2 per annum) rather than by the more commonly reported average amount per unit of production (e.g. kg CO2 per average roll of wallpaper).

This means that irrespective of how much more or less wallpaper is produced per annum the sustainability performance of the company will be based on whether Graham & Brown has managed to reduce the total figure of negative impacts (e.g. emissions) or improve the total figure of positive impacts (e.g. percentage of paper purchased from 3rd party accredited sources).

The figure below demonstrates these different approaches (not actual data):

Year	CO2 emissions	Production	Total CO2 increase	CO2/roll
1999	1 million tonnes	10 million rolls	16.7%	0.1 tonnes
2000	1.2 million tonnes	13 million rolls		0.092 tonnes

CO2 per roll could be portrayed as a good result as there has been a decrease from 0.1 tonnes to 0.092 tonnes per roll (what it would show is that the site is becoming more efficient) but hides the fact that the total negative impact is now greater having increased CO2 emissions by 16.7%.

The Performance System

Throughout this report we have used the following traffic light system to demonstrate how we feel we have performed:



Indicates that we feel we are making good progress in improving our performance



Indicates that we feel we are making acceptable progress in improving our performance



Indicates that we feel we are not achieving the progress we would like in improving our performance




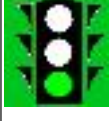
Summary of Key Sustainability Indicators

Issue	Key Sustainability Indicators	Traffic Light Performance
Product Stewardship	In 2000, 51.4% of raw materials were from sustainable sources.	
Forest Stewardship	100% 3rd party accredited virgin paper. (Note: 22% of paper used comes from recycled sources)	

Executive Summary

Climate Change and Energy	In 2000, CO2 emissions were 11,785 tonnes. 0.002% of UK emissions.	
Water Usage	In 2000, water consumption was 11,309 m3. 0.001% of the North West's consumption.	
Materials & Renewable Resources	The percentage change in materials efficiency per average wallpaper roll from 1999 to 2000 <ul style="list-style-type: none"> ● Paper = - 0.8% ● Plastisol (PVC) = + 1.2% ● Ink = - 3% ● Adhesive = + 1.9% ● Medium = - 32.5% ● Lacquer = - 46.6%. 	
Waste Management	In 2000, 4400 tonnes of non-hazardous waste were produced. Our paper waste equates to 0.05% of the industrial and commercial paper waste produced in the UK. 695 tonnes of hazardous (special) waste materials were produced. Equating to 0.2% of the Special wastes disposed of in the North West.	
Atmospheric Emissions	In 2000, Graham and Brown produced; <ul style="list-style-type: none"> ● 2.82 tonnes of VOC (as carbon), approximately 0.00016% of the VOC's (excluding methane) emitted in the UK. ● 42.1tonnes of CO approximately 0.00088% of the CO emitted in the UK. ● 38.4 tonnes of NOx approximately 0.0024% of the NOx emitted in the UK. 	
Effluent and Aqueous Discharge	In 2000, the trade effluent discharge was 7,818 m3. 0.01% of the trade effluent discharged in the North West.	
Health & Safety	In 2000, 48 RIDDOR 3 day (reportable) accidents occurred. A rate of 9,561 per 100,000 workers, nearly 9 times that of the UK manufacturing industry. Preliminary figures for the first half of 2001 show a 60% reduction in both the number of Lost Time Accidents and RIDDOR 3 day accidents compared with the same period in 2000.	
Employee Potential	In 2001, 50.4% of staff received 'off the job' training, slightly below the national average of approximately 60%. In 2000, 13% of staff were working towards or have achieved NVQ's and non vocational qualifications. The same as the national average.	
Employee Satisfaction & Well-being	In 2000, 67% of employees enjoyed coming to work, slightly higher than the national average of 60%.	
Equal Opportunities & Diversity	In 2001, female employees have a 29.5% share of the employment, slightly higher than the manufacturing industry average of 26%. In 2001, 3.8% of the workforce was from an ethnic background, a similar level to that in the Northwest. Low however when compared to Blackburn's 15.43%.	
Community Support	In 2000 Graham & Brown donated £7,447 to charity in the UK and £17,000 to charity in the US. This equates to 0.73% of our pre-tax profit.	
Human Rights	In 2000, none of Graham & Brown's suppliers were from countries that have significant overarching human rights problems.	

Executive Summary

Turnover & Profit before Taxation	In 2000 Graham & Brown' s turnover was £61,962,796 for 2000 (0.46% of Lancashire's GDP)	
Efficient Infrastructures and Benchmarking	<p>BUILDINGS: India Mill has a production and space heating energy use of 224.6kWh/M2 per annum, relatively efficient when compared with the government benchmark econ 18. Shuttleworth Mead Distribution Centre has a space heating energy use of 36kWh/M2 per annum a very efficient building fabric. The Design Centre has a space heating energy use of 335.3 kWh/M2 per annum a typically efficient building fabric.</p> <p>TRANSPORT: The average company vehicle efficiency is 209.44g/CO2 per kilometre. This places us in VED Band D 185 g/CO2 emissions per kilometre, the highest emission band.</p> <p>MACHINERY: We are currently monitoring individual machines to identify our process energy consumption per annum.</p>	
Investment, Research & Innovation	Net Capital Expenditure for 2000 was £4,152,070 approximately 0.83% of Lancashire's manufacturing net capital expenditure.	
Economic Benefits & Supplier Purchasing	<p>Our wage per month for 2000 was £1891. 14% higher than the average Lancashire gross salary.</p> <p>In 1999 60% of our main suppliers came from the North West with 53% of our expenditure on purchases were with companies in the North West of England.</p>	

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Quality Management

Quality Policy

Graham and Brown Ltd are committed to a policy of Quality Assurance (BS EN ISO 9002:1994), which is designed to ensure that all products and service comply with our high standards and the requirements and expectations of our customers. Everyone employed at the company is responsible for the quality of the work they produce.

Organisation and Management

As part of our Quality Management we have a system for identifying and recording quality problems and, where possible, recommending solutions based on a number of production units. We also discuss any issues that arise at weekly production meetings, where solutions are devised and progress is monitored.

When customer complaints and queries arise they are dealt with in an efficient manner by the Customer Services department. Problems are brought to the attention of Quality Assurance and Production for resolution.

Our Production Director is ultimately responsible for all aspects of Quality within Graham & Brown. Other members of the management and staff have specific responsibilities for the development, implementation and day-to-day administration of Quality Assurance procedures and work instructions.

The System is subject to a six monthly review by management to ensure its continuing suitability and effectiveness. Performance is monitored via internal audits, which are carried out over a 12 month cycle. A third party certification body also audits our system on a 6 monthly basis.

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Environmental Management

Environmental Policy

Graham & Brown Ltd will perform all operational activities in a manner that helps balance cost effectiveness, quality, environmental considerations and the views of :-

The Community, Regulatory Bodies, Employees, Customers, Suppliers and Interested Parties.

Objectives

Graham & Brown Ltd will endeavour to :-

- Implement a Policy which is appropriate to the nature and scale of our operations.
- Minimise the use of raw materials wherever practicable.
- Minimise Plastics and Paper Waste.
- Comply with all relevant legislation, regulations and major customer requirements.
- Reduce wherever practicable harmful emissions.
- Make this policy freely available to all interested parties.

Commitment

The Managing Directors of Graham & Brown Ltd, together with all staff, share the responsibility for the Environmental Management Programme and the commitment to prevent pollution and to continually improve, wherever costs allow, the company's future Environmental Performance.

Reviews

We will periodically review and revise this Policy as appropriate to our business activities.

Organisation and Management

Graham & Brown manage our environmental system under the requirements of ISO 14001. The company's environmental objectives are set each year and progressed by the environmental management action group, which generally meets on a 6 monthly basis.

Overall responsibility for the environment lies with the Production Director. With any environmental issues of a technical nature being dealt with by the R&D Manager. Environmental operational controls such as waste disposal are the responsibility of designated personnel and clearly defined in procedures. In the case of any environmental incidents or complaints, these are recorded and progressed by the Management Systems Controller.

The System is subject to a six monthly review by the management review team to ensure its continuing suitability and effectiveness. Performance is monitored via internal audits, which are carried out over an 18 month cycle. The system is audited on a 6 monthly basis by a third party certification body.

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Health & Safety Management

Health and Safety Policy Statement

This company policy aims to ensure that all steps are taken to safeguard the health, safety and welfare at work of all of its employees, and those who may be affected by the undertakings of the company.

Graham & Brown is committed to meeting the needs of its customers by uniting its workforce in a proactive approach. This Health and Safety Policy is integral to the business strategy in protecting the future of the company and its workforce.

Organisation and Management

Graham & Brown encourage all its employees to comply with the Health and Safety at Work Act 1974, Regulations, Approved Codes of Practice, and Guidance Notes. We aim to prevent accident and ill health, and to ensure the health, safety and welfare at work of its employees and all other persons on their premises.

Overall responsibility for Health and Safety lies with the Production Director. Health and safety legislation and developments are monitored by the Safety Advisor who also assumes a direct role in the implementation and maintenance of the company health and safety programme and to publicly support the programme in practice. A Health and Safety Committee is in place to ensure that at regular intervals matters can be raised which stimulate interest with regard to the health and safety of anyone on the site, in order that standards can be constantly improved.

The company's Health and Safety objectives are set each year and progressed through a Health and Safety Action Plan, which is also reviewed on an annual basis.

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Investors in People

Organisation and Management

Graham & Brown manage our human resources through the Investors In People Standard.

Each Director takes his objectives from the business plan and disseminates them to his managers who cascades them throughout the organisation. Each manager, when explaining the objectives at the employee's appraisal, ascertains if training will be needed in order to achieve the objectives.

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Equal Opportunities

Equal Opportunity Policy

No employee of the company nor any visitor or sub contractor shall receive less favourable treatment than another for reasons of gender, race, religion, colour, disability or sexual orientation. Nor will any employee be placed at a disadvantage by the Company conditions of employment. All employees will treat each other at all times with dignity and respect regardless of their gender, race, religion, colour, disability or sexual orientation.

Organisation and Management

Graham & Brown are committed to the development of positive policies to promote equal opportunities in employment regardless of the worker's sex, marital status, creed, colour, race or ethnic origin.

Our management undertake to draw opportunities for training and promotion to the attention of all eligible employees. We review the operation of the equal opportunity policy on a regular basis, and have procedures in place to deal with any grievances relating to un-equal treatment on the grounds of sex, marital status, creed, colour, race or ethnic origins. All key personnel involved in management, recruitment and selection and dealing with the public are provided with appropriate training in this policy.

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Supply chain Management

Organisation and Management

Graham & Brown have a large number of suppliers providing goods and services to maintain the operations of the company.

The company spends millions of pounds per annum due to its high investment programme to ensure that the quality of its finished products and the service that it supplies with the product to its customers and clients is good, consistent and reliable.

To enhance the management of the supply chain the company has embarked on a management exercise supported by the consultancy Quest Future Solutions to enhance the management of the supply chain.

As per the requirements of ISO 9000 and ISO 14001 the company has sent questionnaires to 90 companies in the supply chain asking questions on the Quality, Environmental and Health & Safety Performance of the company.

The replies have been analysed and given a total score out of 16. Of the respondents replying so far the highest score is 10.5 (Texaco) and over a third have returned scores of 0. This means that they have no formal management systems and no policies in the areas of quality, environment or health & safety.

This supply chain exercise is still underway but when completed Graham & Brown will analyse the results and decide on minimum supplier criteria and will then work with initially the top 20 suppliers to help them improve their supplier performance.

Further proposed developments include a formal purchasing assessment process, which examines the quality and lifecycle (environment, social and financial) of the goods or services to be purchased.

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Stakeholder Communication

Who are our stakeholders?

Stakeholders are those that have a share or interest in an organisation, whether they affect or are affected by it. Stakeholder communication is the engagement of those stakeholders, thus providing an understanding of their interests and expectations. Graham & Brown recognise the importance of these dialogues and the needs and opinions of our stakeholders. These can then be considered in balancing the management of our operations. At present our key stakeholders comprise of:

- Graham & Brown,
- Customers,
- Employees and Retirees,
- Suppliers,
- UK and EU Government and Regulators,
- Local Residents and Community Groups,
- Local Business
- NGO's and,
- Financial Sector

How do we communicate with our stakeholders?

As Graham & Brown move towards sustainable development our communication channels adapt as dialogue with stakeholder groups grows and changes. At present we have a variety of communication channels both internally and externally. Presently our key internal communication channels are:

- The Employee Opinion Survey carried out every two years allowing every employee to comment on all aspects of our company. More details are available in the Employee Satisfaction section of this report.
- Paperclip is our company newsletter produced to keep every employee informed of all the developments taking place within Graham & Brown.
- Team Briefings are held on a 6 weekly basis and Core Briefings are held every 12 weeks to communicate relevant information.
- Health & Safety, Quality and Environmental Management Systems
- Noticeboards are used to report production rates, external environmental and quality audit reports and matters relating to health & safety, quality and the environment
- The Directors set time aside to visit the shop floor on a regular basis and discuss relevant issues with employees.

Our dialogue with external stakeholders is being developed through the following mechanisms:

- Through this, the First Graham & Brown Sustainability Report, we hope to increase all our stakeholders' awareness of our activities and provide the opportunity for their comment on any aspect of our operations.
- Our first Neighbourhood Survey designed to gauge the awareness and opinion of the local community on Graham & Brown's operations. More details are available in the Community Support section of this report.
- The Supply Chain Initiative, which was developed to help suppliers improve their quality, health and safety performance. We hope this will expand to look at other areas as the supply chain improves their performance. More details are available in the Policy, Organisation & Management section of this report.
- Graham & Brown have links with several local schools and the local community centre. In particular,

Daisyfield Primary, whom they have worked with for the last 10 years. Two of Graham & Browns management team are governors at the school allowing us to incorporate the schools interests and needs into our organisation.

- Involvement as a Board member of Groundwork, keeping us up to date with environmental and local community issues
- Roger Graham is actively involved in the management of the Wallpaper Manufacturing Association

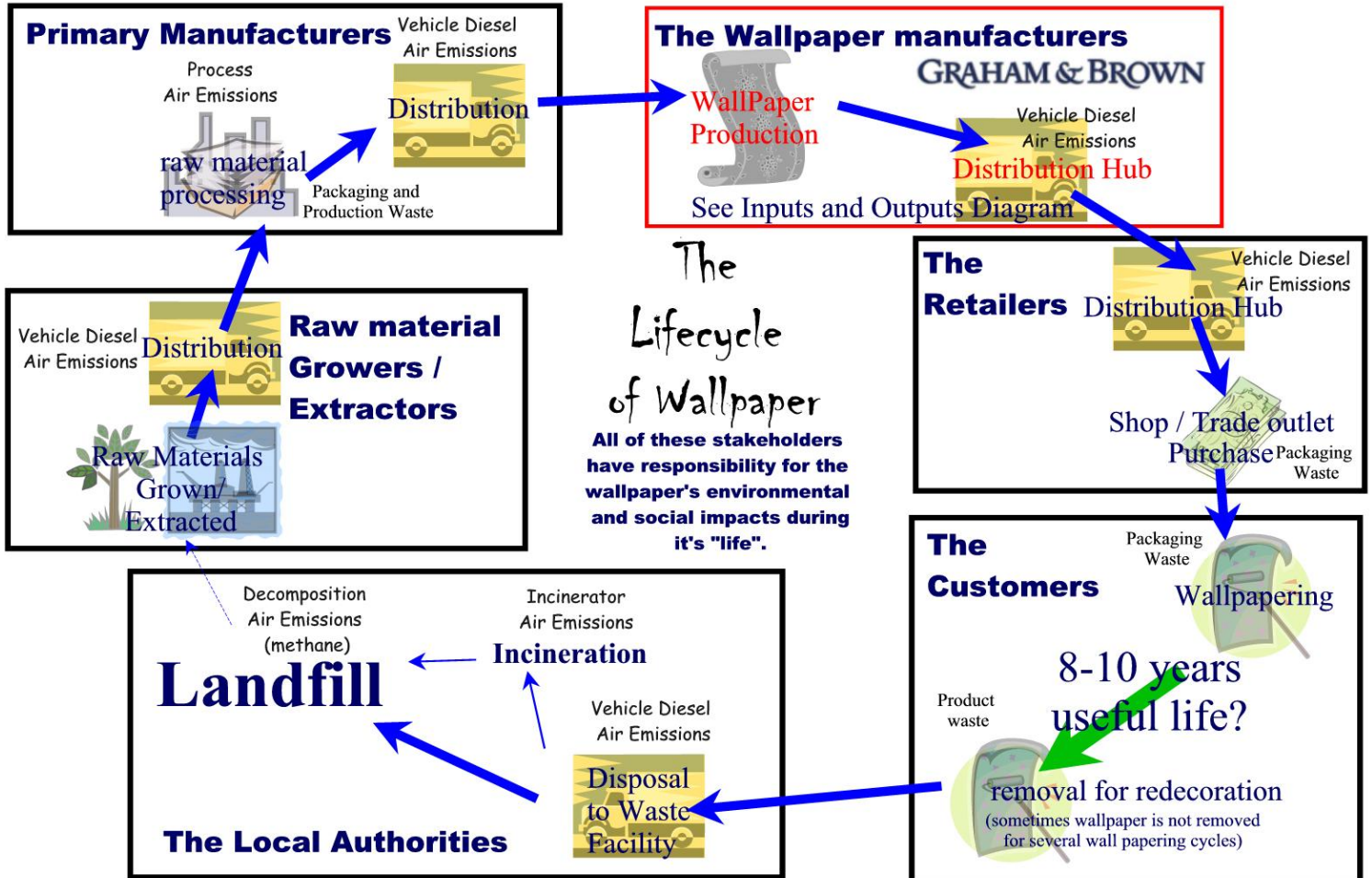
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Life Cycle Analysis of Wallpaper



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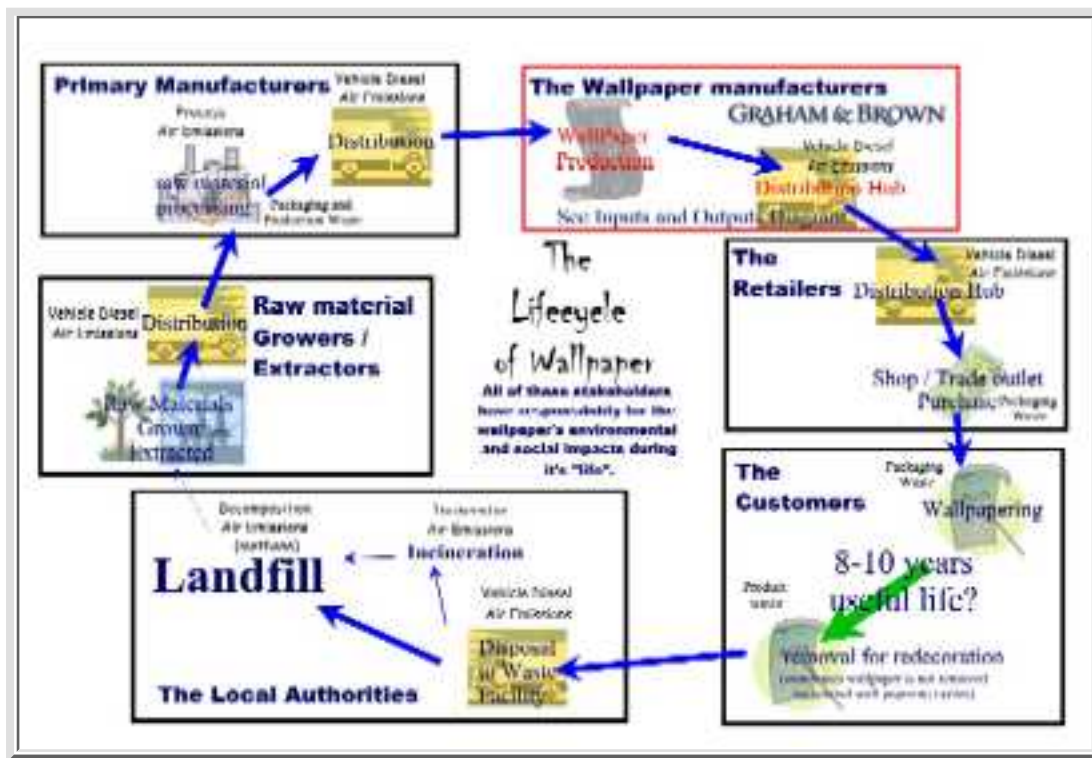
Product Stewardship

Headline Indicators

EnvCI	<p>Percentage of UK products that are produced harvested, manufactured, transported in a sustainable way (not known and not researched).</p> <p>There are 3 major product stewardship initiatives in the UK. Forest Stewardship Council, Marine Stewardship Council, Soil Association (Environment Agency 2001).</p>	
OPI	<p>49% of the finished product (by weight) contains raw material extracted or harvested sustainably.</p>	
	<p>Graham & Brown's current percentage of main raw materials from sustainable resources is as follows; Paper 78% (see forestry and forest stewardship)Plastisol 0% (see Evaluate - What's our impact? below on Chlorine)Ink 0% (water based inks have lessened the impacts).</p>	
	<p>Graham & Brown are maintaining FSC Chain of custody.</p>	
	<p>None of Graham & Brown's transport is currently sustainable. No vehicles powered by biofuels, fuel cells or electricity generated from sustainable sources are used.</p>	
MPI	<p>Number of initiatives demonstrating progress towards increased paper/plastisol/ink from sustainable sources, working with our suppliers and other lifecycle stakeholders.</p>	
	<p>Maintenance of 3rd party certification and recycled paper content.</p>	
	<p>Raising awareness of alternative fuels in our transport supply chain.</p>	

Understand - What do we do?

Graham & Brown manufactures wallpaper. However manufacturing is only a very small part of the life cycle of wallpaper, the principle components of which are shown in the lifecycle diagram below. It can be seen from the diagram that the lifecycle of wallpaper has a considerable impact environmentally, socially and economically. Graham and Brown have direct influence on the purchase of raw materials, the manufacture of the wallpaper and one of the elements of distribution but has much less influence before and after this on the life cycle.



At present the United Kingdom along with many other countries has little experience in this area. However product stewardship along with ecological footprinting should bring some of the biggest long-term benefits to profitability, people, and the environment.

Evaluate - What's our impact?

The impact of the whole life cycle of wallpaper is impossible to fully evaluate at present, as detail is not known on many of its parts. However Graham & Brown has an important role in improving the environmental, social and economic impact of wallpaper, as we design and manufacture the product. This provides us with the ability to initially specify raw materials, in turn improving the ability to recover and recycle at the end of life of the product. This is perhaps one of the greatest challenges we face as product designers and specifiers. Our main raw materials are paper, plastisol and ink. To date we have made some major progress in improving the sustainability of the product. All our paper now comes from sustainable or recycled sources and major solvent reductions have occurred through changes in ink specifications. Plastisol is the other main material used in the manufacturing process. There are severe sustainability issues relating to the manufacture of Polyvinyl Chloride (PVC) products in relation to toxic by-products entering the environment and the issue of closing the environmental loop. PVC products are often very stable and do not break down easily (useful in their working life but an issue at the end of life stage), thus unless the issues of toxicity, by-products from manufacturing and end of life decomposition can be solved this material remains unsustainable. This material requires significant improvement. Graham & Brown are closely monitoring the outcomes from the Natural Step PVC report - PVC An Evaluation Using The Natural Step Framework and the governments report on Life cycle Assessment of Polyvinyl Chloride and Alternatives.

Control - How do we manage it?

The rest of this report shows how Graham and Brown are managing and improving elements of the lifecycle.

Improve - What have we done to make our company performance better?

Up until now much of our work to reduce the life cycle impact of wallpaper has been on site. We have constantly looked for raw material alternatives that reduce our ecological footprint. For example, in the mid 1990's we converted our process from solvent based inks to water based alternatives, as a consequence reducing the ecological footprint of the product. This report shows many other initiatives that we have taken more recently to reduce our impact. Graham & Brown have started to look outside our 'manufacturing box' within the wallpaper life cycle. For example, all the virgin

timber used in the production of our wallpaper now comes from 3rd party accredited forestry. This means that the virgin timber came from a well-managed forest. The other main element of the uncoated paper we use is recycled paper.

Monitor - What are our goals and how do we know we are achieving them?

The future challenge for Graham & Brown is to continue to work with all of the stakeholders in the wallpaper lifecycle to ensure that the minimum negative impact on the environment, and society is achieved. This will involve forming partnerships with the other members within the life cycle and coming to agreements on ways of reducing the impacts of wallpaper. As part of this challenge we have two objectives;

- The continuous improvement of the percentage of raw materials from sustainable resources.
- To develop a transport system that uses alternative vehicles and/or renewable fuels by 2010.

Dialogue - What do you think and how can you help?

- As stakeholders, how can we improve the lifecycle of wallpaper?
- How can chlorine & plastisol manufacture become more sustainable?
- How often do you re-wallpaper a room?
- Why do you re-wallpaper? Is it worn out? / To be fashionable? / moving in to a new home?
- Do you remove the previous paper first? If not how many layers are built up before it is taken off?
- As a consumer why would you choose to paint a wall as opposed to wallpapering it and vice versa?
- Which part of the wallpaper life cycle should we attempt to improve first?

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Forest Stewardship

Headline Indicators

EnvCI	Total forest resources in Europe (all forests not just commercial) 146,000,000 hectares (4.2% of world forest resources).	
	Total European forestry in 3rd party certification schemes 46,650,000 hectares (31.9%) year 2000.	
	Average European annual gain of forest per year (1990-95) 520,000 hectares (0.35%)	
OPI	100% FSC or FFCS 3rd party accredited virgin paper. (Note: 22% of paper consumed comes from recycled sources).	
MPI	Continued maintenance of registration to FSC Chain of Custody throughout 2001.	
	Supply chain initiatives to identify sources of recycled paper.	

Understand - What do we do?

Graham and Brown use thousands of tonnes of paper per year. Paper is the largest single component of Graham & Brown's wallpaper and this paper is produced from commercial forestry that is felled and converted into paper product.

Evaluate - What's our impact?

100% of the virgin paper used is 3rd party accredited. Grahams and Brown's use of 3rd party schemes for sourcing virgin paper should encourage non-certified commercial growers to change their practices.

22% of our paper comes from recycled material. It is virtually impossible to know how the paper was sourced and manufactured originally. As the overall sustainability of paper products increase so will the sustainability of recycled paper.

Control - How do we manage it?

Graham and Brown only purchase paper from two types of sources.

The first is from third party certified forestry. This means that the commercial growers have to meet a number of environmental, social and recreational criteria, which are assessed independently. Third party accredited forests are normally better managed than non-accredited forestry. The Forestry Stewardship Council (FSC) and Finnish Forestry Certification System (FFCS) certify paper used by Graham & Brown.

The second type of paper purchased is manufactured, without the use of any chorine or chlorine compounds, from recycled paper fibres and can be recycled up to around 6 times.

Improve - What have we done to make our company performance better?

The company ensures by chain of custody management that it does not use paper from non sustainable sources and reduces transportation emissions by sourcing within Europe.

Monitor - What are our goals and how do we know we are achieving them?

Graham & Brown have objectives to:

- Maintain registration to FSC Chain of Custody throughout 2001 and work to develop mutual recognition of other forest stewardship certification processes, ensuring the highest practicable standards.
- Maintain 100% 3rd party accreditation on virgin pulp paper products.
- Maintain 80/20 ratio of virgin pulp to recycled pulp paper products.
- Identify sources of recycled paper.

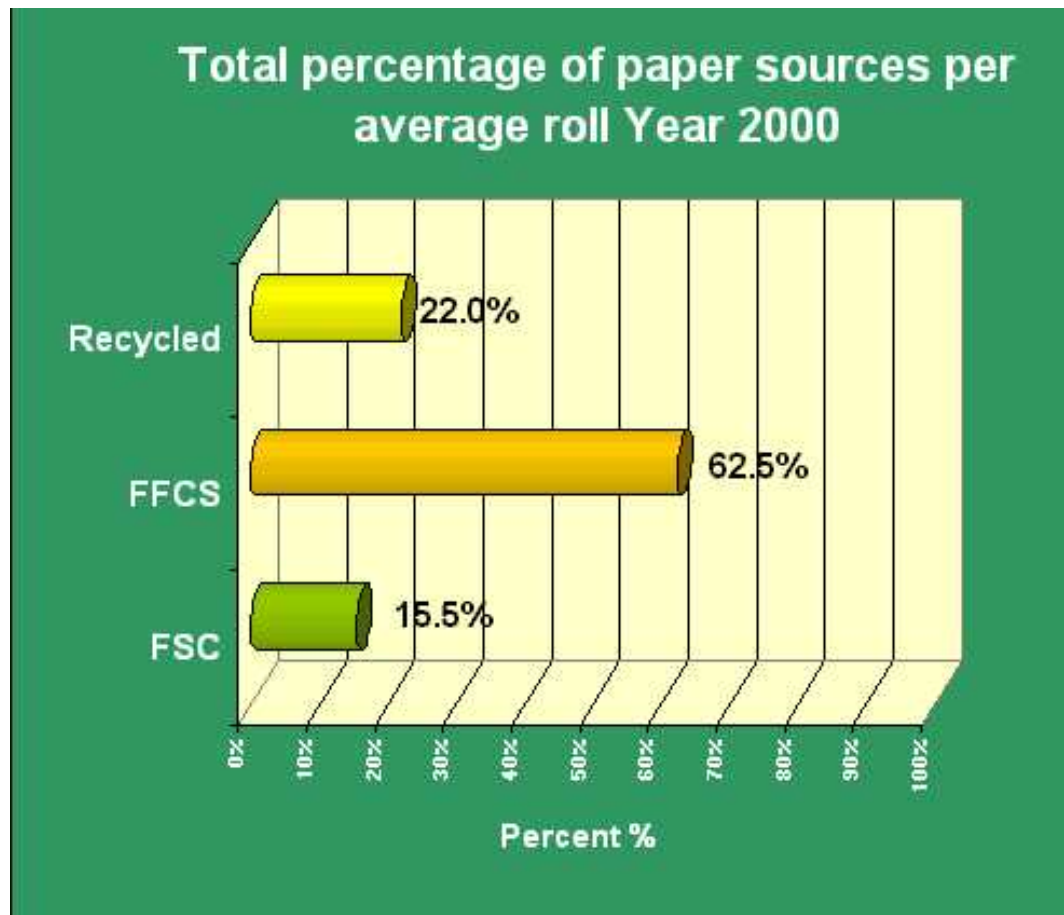
Dialogue - What do you think and how can you help?

Should we aim to use 100% virgin 3rd party accredited timber products or continue to use some recycled product even if some of this recycled material is unlikely to have come from sustainable sources?

Forestry and Forest Stewardship Indicator Set

Paper Input Graphs

Fig 1: Main paper products per average wallpaper roll



Cross References

Graham & Brown Maintenance objective no. 4 - FSC chain of custody

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Climate Change and Energy

Headline Indicators

EnvCI	National CO2 emissions 557.3 million tonnes in 2000 (NETCEN, 1990-1999; DTI, 2000 provisional) In 1999 the UK Industrial (excluding the electricity supply industry) CO2 emissions were 220.6 million tonnes (AEAT)	
OPI	In 2000, Graham & Browns produced 11,785 tonnes of CO2 (UK sites), 0.002% of UK emissions	
MPI	Monitor energy cost savings across business in 2000 to report in 2001	
	Monitor closely progress towards Climate Change Levy targets	
	To produce a report on the potential carbon neutral operation of the new distribution centre by the end of 2001	

Understand - What do we do?

One of the biggest environmental impacts of any business is the amount and type of energy that they use and the consequent emissions into the atmosphere of Carbon Dioxide (CO₂) and other green house gases. These contribute to global climate change. Graham & Brown produce CO₂ from the use of electricity and natural gas and company cars/vans.

Evaluate - What's our impact?

In 2000, Graham & Browns produced an estimated 11,785 tonnes of CO₂ (Blackburn sites). This is 0.002% of the total UK annual carbon dioxide emissions from manufacturing, transport, heating and lighting which, although small, is not insignificant. This was an increase of approximately 1.5% on the 1999 figure and was due to increased production levels in 2000.

Control - How do we manage it?

Graham & Brown monitor the consumption of electricity, gas and vehicle fuel (petrol and diesel). Monitoring is carried out on a weekly basis on specific high energy consumption machinery.

The company is also part of a climate change levy agreement between other wallpaper manufacturers within the Association of Wallpaper Manufacturers and the Government. The agreement sets targets for reducing energy consumption and thus carbon dioxide emissions for the gas and electricity consumption of the India Mill site. If these are achieved it reduces the levy to be paid by 80%. This agreement does not cover the Design Centre or Shuttleworth Mead Distribution Centre, which will pay the full levy.

Improve - What have we done to make our company performance better?

The company has always invested substantially in energy efficient plant and heat recovery systems such as a VOC removal plant, which has helped produce major reductions in energy consumption as well as emission control. A 9.9% overall decrease in gas, electricity and vehicle energy consumption per average roll of wallpaper has been achieved this year.

Monitor - What are our goals and how do we know we are achieving them?

As part of the Climate change agreement an energy efficiency site report was commissioned, it identified a further 6.5 million kWh per year potential energy savings that are being considered as part of a rolling energy efficiency programme.

The goals set by the government for the climate change levy are:

- 01/2001 to 12/2002 an 0.6% reduction on the 1999 baseline energy consumption figure
- 01/2002 to 12/2004 an 9.3% reduction on 1999 baseline
- 01/2004 to 12/2006 an 10.9% reduction on 1999 baseline
- 01/2001 to 12/2008 an 11.2% reduction on 1999 baseline
- 01/2001 to 12/2010 an 11.5% reduction on 1999 baseline

Based on the 2000 figures, Graham & Brown has a 4.6% increase in energy consumption at India Mill mainly due to increased production. By December 2002 it must reduce this figure by 5.2% to meet the climate change agreement target set by Government. There are rules for varying the target due to changes in production.

Graham & Brown have an improvement objective to investigate feasibility of operating the new Distribution Centre on a Carbon Neutral basis and report by the end of 2001.

Dialogue - What do you think and how can you help?

How should we be targeting and cutting CO2 emissions?

Climate Change and Energy Indicator Set

Fig 1: CO2 emissions excluding transport for 1999 & 2000. Transport data was unavailable for 1999 for comparison.

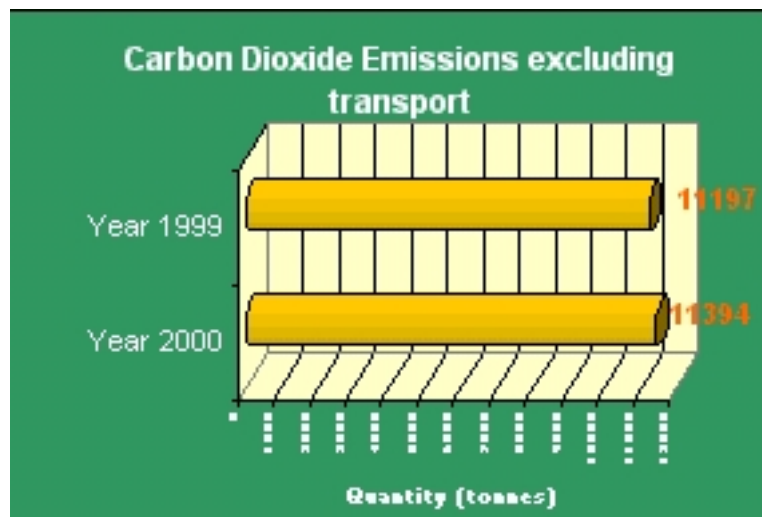
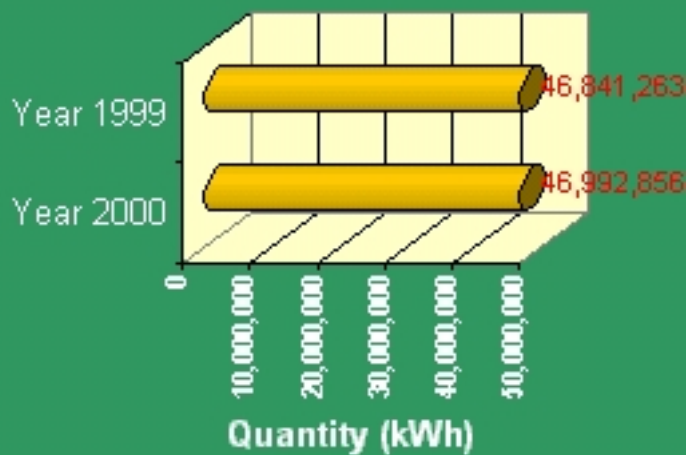


Fig 2: Total Gas and Electricity Consumption for 1999 and 2000

Total Energy Consumption



Cross References

Improvement Objective No. 4 - New Distribution Centre
Maintenance Objective No. 1 - Part B Authorisation

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Sustainability Report



Water Usage

Headline Indicators

EnvCI	15.5% of the rainfall that fell in the North West was abstracted in 1997. This equates to 1,116 million tonnes of the 7,200 million tonnes of rainwater that fell in the North West of England (Biffa Report 2000/2001)	
OPI	The quantity of water consumed by Graham & Brown in 2000 was 11,309 m ³ (year 2000). This is 0.001% of the North West's water consumption based on the 1997 abstraction figures. Minimal water was used on other sites.	
MPI	Maintain present water consumption efficiency and review water usage, identifying any opportunities for improvement	

Understand - What do we do?

Water is not one of the resources that seems to be lacking in the North West of England this year, indeed the predictions are that total rainfall will increase in the North West due to global climate change. Why worry about water consumption?

Evaluate - What's our impact?

Graham & Brown consumed 11,309m³ of water in 2000, a small increase of 65m³ on 1999. The 2000 figures equate to 0.001% of the North West's water consumption based on the 1997 abstraction figures.

Graham & Brown is concerned about water use for 3 reasons.

- Considerable and increasing amounts of energy and chemicals are used to purify and deliver water to the customer, and the facilities for both producing clean water and cleaning water effluents are limited.
- The economic cost to Graham & Brown to purchase water is significant. A combined charge of £58,359 for water consumed and trade effluent produced; so any savings made in reducing water consumption could be spent on more urgent issues.
- Other parts of the United Kingdom, for example, the South East, are using far more water than is received annually through rainfall. A national grid is being set up to transfer water to the drier south of England.

Control - How do we manage it?

No formal water management system is in place, as Graham & Brown consume a relatively small quantity of water. Of the water that is consumed, a small proportion is used in the process during the wash down of 3 of the paper machines. The majority is consumed through the canteen and toilets.

Improve - What have we done to make our company performance better?

Graham & Brown use recycled rainwater for cleaning company vehicles and have introduced Hippo Bags into the cisterns of all toilets. Hippo Bags displace water in the toilet's cistern, reducing the volume of water utilised each time

it is flushed.

Monitor - What are our goals and how do we know we are achieving them?

As water efficiency may become an issue under the requirements of the Pollution, Prevention and Control (England & Wales) Regulations 2000, Graham & Brown intends to review water consumption on site and set appropriate targets for water consumption.

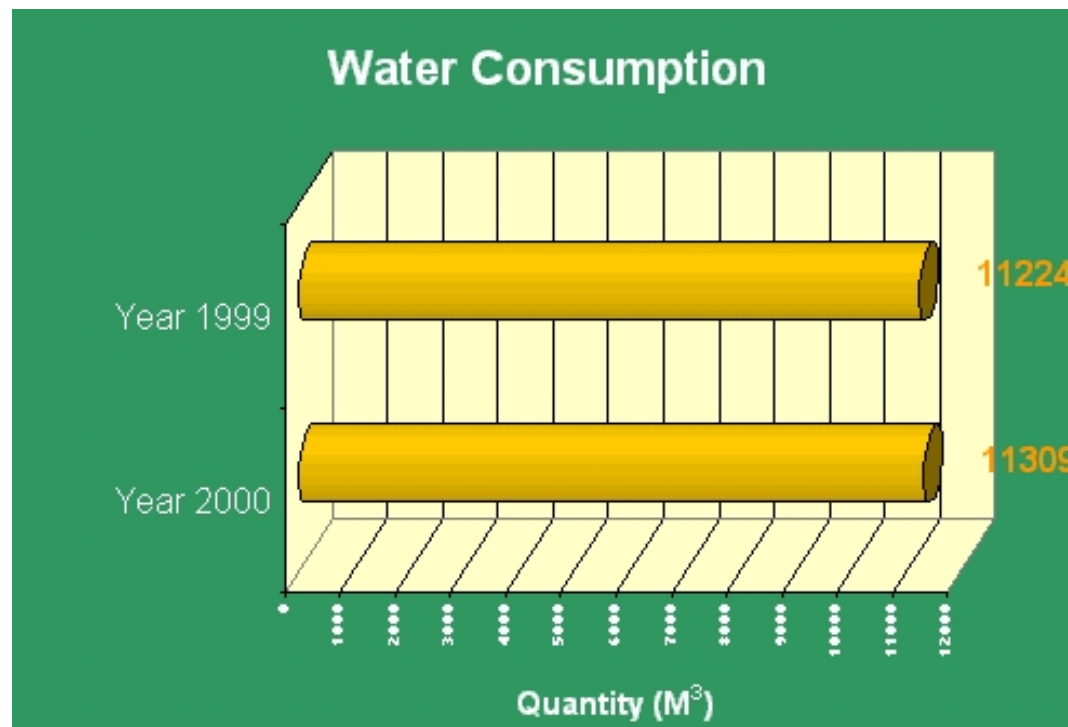
One opportunity that Graham & Brown intend to investigate is the conversion to self regulating water taps around the site.

Dialogue - What do you think and how can you help?

How should we be targeting and cutting water consumption?

Water Consumption Indicator Set

Fig 1: Total water Consumption Figures 1999 & 2000



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Sustainability Report



Materials

Headline Indicators

EnvCI	Robust indicators of resource - or environmental - productivity at the national level have not been developed yet.	
OPI	Percent change in quantity of materials used per average wallpaper roll (from 1999 to 2000)	
	Paper - 0.8%	
	Plastisol (PVC) + 1.2%	
	Ink - 3.0%	
OPI	Adhesive + 1.9%	
	Medium - 32.5%	
	Lacquer - 46.6%	
MPI	To produce a 1kg finished roll, Graham & Brown consume 1.47kg of material. This means 69.7% of our raw material resources reach our final product	
	Percentage of raw materials from a renewable source = 49.0%	
	Percentage of raw materials from recycled material = 14%	
	Material efficiency teams established for paper, plastisol, ink and adhesive.	
MPI	Monitoring reports considered to maintain material efficiency on a 3 monthly basis.	
	Teams established to source renewable or recycled paper, inks and packaging.	
	Initiatives with suppliers to reduce toxic content are working	

Understand - What do we do?

Material use and consumption is of critical importance to the sustainability of wallpaper products in the long term. Some materials in the adhesive pre-paste are deliberately toxic to inhibit mould growth. Without these anti-mould toxins the product life of the wallpaper could be considerably shortened.

Evaluate - What's our impact?

Graham & Brown constantly strive to improve the efficient use of resources; this benefits the company's profitability and the environment. Currently 69.7% of our raw material resources reach our final product and we shall use this as our baseline for raw material efficiency in future reports.

At Graham & Brown all the major materials that make up an average roll are monitored and currently we estimate that 49.0% of the raw materials are from renewable resources. We shall use this as our baseline to compare future performance.

Control - How do we manage it?

We have made good progress on improving the sustainability of our pulp suppliers. It will be far more difficult to ensure that the plastisol and other chemical elements of the product become sustainable. Many of these materials rely on petroleum or chlorine products as a feedstock.

Plastisol is a major part of the product. Graham & Brown is striving to use plastisol efficiently, ensure full chain of custody and minimise environmental damage in supplier processing activities. In line with our major customers' requirements toxic elements not required in our products are being removed.

Improve - What have we done to make our company performance better?

We are constantly working to minimise the quantity of material inputs per roll. Investments discussed in section 7.3.3 Investments, Research & Innovation have all lead to improved efficiency in raw material use.

Through discussion with our suppliers we have eliminated elemental chlorine from the paper making process and plan to eliminate unintentional used toxics from products as required by our customers.

Monitor - What are our goals and how do we know we are achieving them?

Graham & Brown have two objectives relating to raw material;

- We have an objective to reduce the amount of printed paper waste from production going to landfill. Waste targets set for each production machine for year 2001.
- We have an objective to reduce the amount of liquid plastisol waste from production going to landfill by 5% year on year.

The progress of these two objectives is monitored through the Management Performance Indicators for Waste.

We have also set ourselves two other targets:

- To improve material efficiency from 69.7% to 72% by the end of 2002
- To increase renewable and recycled resource composition from 63% to 68% by the end of 2004

With our suppliers we are evaluating the use of chlorine bleaching compounds against other bleaching agents.

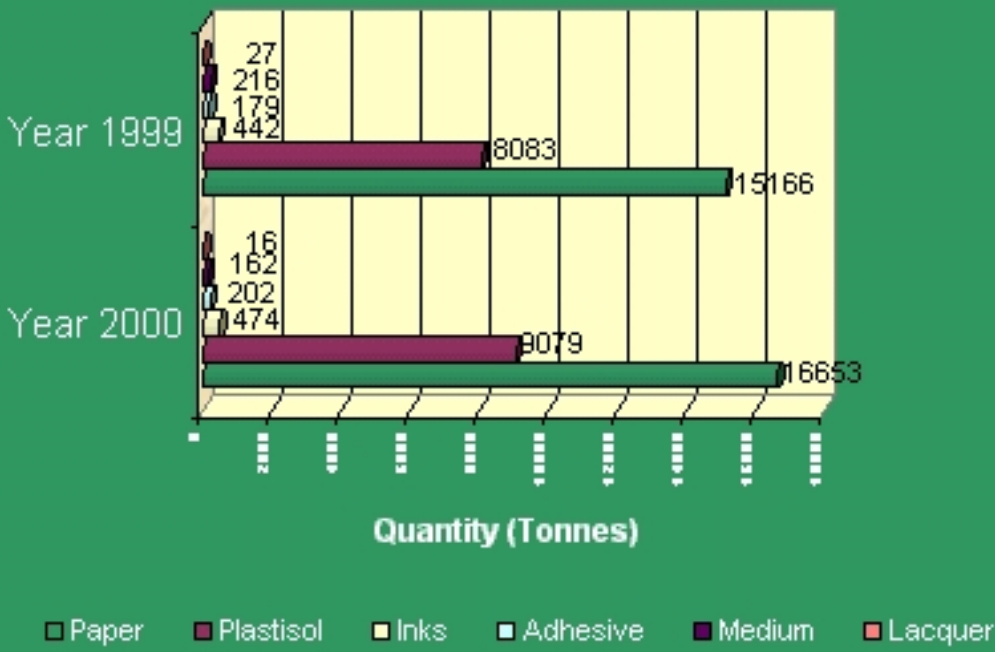
Dialogue - What do you think and how can you help?

- How can the chemical plastic elements of the product be made more sustainable?
- When we are able to produce a product that is made from totally renewable / recycled material and has no element of toxic content, would you increase the amount of wall covering in your home?
- What percentage of paint products is made from renewable/ recycled materials?

Materials and Renewable Resources Indicator Set

Fig 1: Main material consumption for 1999 and 2000

Annual Material Consumption



Cross References

- Improvement objective no. 1 - printed paper waste
- Improvement objective no. 3 - liquid plastisol waste

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Sustainability Report



Waste

Headline Indicators

EnvCI	<p>In 1997, 24 million tonnes of waste was disposed of in the North West. (Biffa 1997)</p> <p>In the North West, special (hazardous) waste disposal is approximately 413,000 tonnes per annum. (Biffa 1997)</p> <p>In the North West non hazardous waste disposal is approximately 23,587,000 tonnes per annum. (Biffa 1997)</p> <p>In the UK 7 million tonnes of paper & card waste is produced per annum by industry. (DETR)</p>	
OPI	<p>Graham & Browns total waste arising was 5,095 tonnes, 0.02% of the North West waste arising.</p> <p>In 2000 Graham & Brown disposed of approximately 695 tonnes of special (hazardous) waste, which was a mix of plastisol and white spirit waste. A very small quantity of waste oil was also disposed. This is 0.17% of the North West Special waste arising.</p> <p>In 2000 Graham & Brown disposed of an estimated 4400 tonnes of non hazardous waste. This is 0.019% of the North West non hazardous waste arising.</p> <p>In 2000 Graham & Brown produced 3,646 tonnes of printed paper waste. This is 0.05% of the UK paper & card waste arising.</p>	
MPI	<p>Graham and Brown have 4 (Year 2001) targets for plastisol waste control of which 1 is complete and 3 are on target within their allotted timescale.</p> <p>Graham & Brown have 14 (Year 2001) targets for printed paper waste control of which 6 are complete and 7 are on-going and on target within their allotted timescale and 1 on cylinder care is ongoing but over schedule.</p> <p>Graham & Brown have one objective on recycling PVC coated paper waste. The objective is ongoing within its allotted timescale.</p>	

Understand - What do we do?

As a consequence of Graham & Brown's wallpaper production we create approximately 4,400 tonnes of non-hazardous and 695 tonnes of hazardous waste materials. There are two main causes of waste generation.

- The overproduction of plastisol and inks required for a print run. It is important that we produce enough ink and plastisol to complete the print run, this sometimes leads to overmake.
- As part of our quality control it is important that the printed product matches its design specification. This leads to the production of trialing waste and non-perfect product.

Evaluate - What's our impact?

Graham & Brown's two major waste streams are printed paper and plastisol (a component of plastic) & white spirit. These account for 85% of the waste production. Graham & Brown produce less than 0.17% of the special wastes disposed of in the North West and 0.05% of the industrial and commercial paper waste produced in the UK.

Control - How do we manage it?

The Environmental Management System has developed specific waste management procedures & membership of Valpak ensures a degree of packaging recovery and recycling.

Improve - What have we done to make our company performance better?

Graham and Brown developed a Waste Focus Group in early 2000. We found that printed waste paper production had increased by 11.5% from 1999 to 2000. A large proportion of this was due to a market change that meant we were no longer able to sell non-perfect products, these then became classified as waste.

Lack of space on site has presented a storage issue for the overproduction of plastisol, which is usually reprocessed. This has resulted in a 32.5% increase in plastisol waste.

Graham & Brown have now established a number of waste reduction initiatives and made investment in new equipment, management & training:

- Production monitoring system has been developed and implemented throughout 2000. Part of this is the Barco Production Monitoring System: We are currently installing a real-time production monitoring system, which will enable us to collect data on paper yield and machine running efficiency.
- For Screen Lines a replacement colour computer has been installed and for Gravure machines a new colour computer and dispensing system has been purchased and is being installed.
- Problem Solving teams, monitoring systems, procedures & training implementation.

Monitor - What are our goals and how do we know we are achieving them?

As part of our Business Plan we have set ourselves the goal to; "Improve the monitoring of waste and harness everyone in the company to achieve a major reduction".

Through our **Environmental Management System** we have a goal;

" To minimise plastisol and paper waste", this is progressed through two objectives;

- To reduce the amount of printed paper waste from production going to landfill as indicated by waste targets set for each production machine for year 2001. This objective has 4 targets, 1 is complete and 3 are on target within their allotted timescale.
- To reduce the amount of liquid plastisol waste from production going to landfill by 5% year on year, related to production output. This objective has 14 targets of which 6 are complete, 7 are on-going and on target within their allotted timescale and 1 on cylinder care is ongoing but over schedule.

Graham & Brown also have an objective to investigate the viability of recycling PVC coated paper waste by end December 2001. The objective is ongoing within its allotted timescale.

Dialogue - What do you think and how can you help?

- What sensible methods can be used to sell our non-perfect rolls?
- Which sectors of society might benefit from subsidised wallpaper services?
- How can Graham & Brown work to develop markets for wastes?

- Do you have case study material on waste minimisation programmes appropriate for Graham & Brown?

Waste Mangement Indicator Set

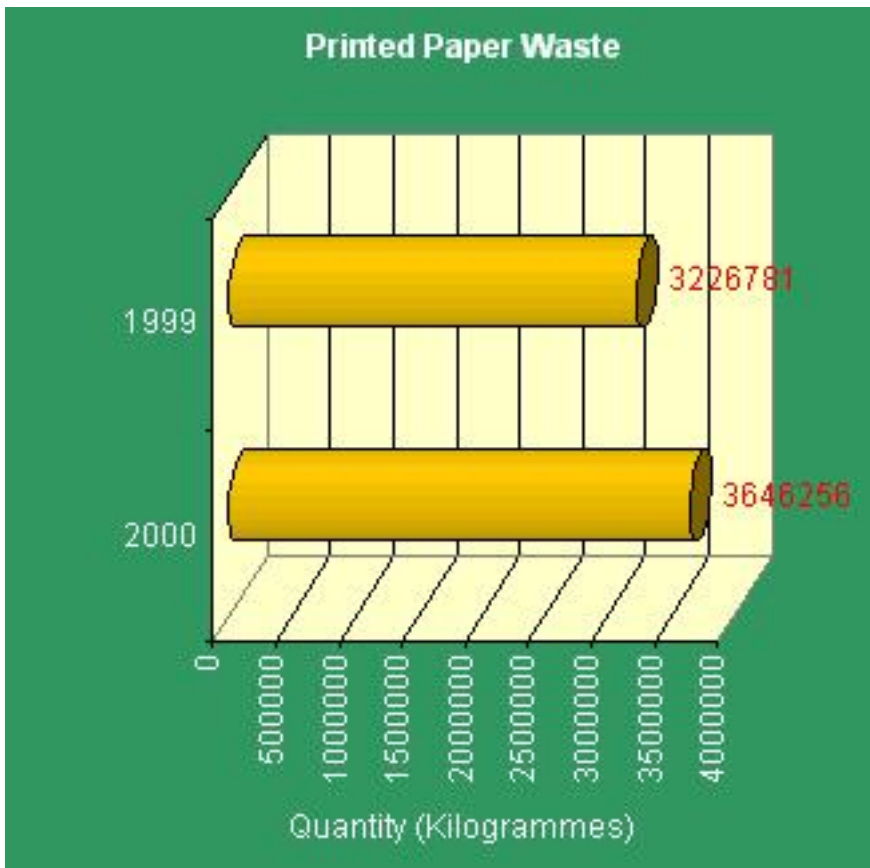
Plastisol Waste

Fig 1: Total Plastisol Waste Production for 1999 and 2000



Printed Paper Waste

Fig 2: Total Printed Paper Waste Production for 1999 and 2000



Cross References

Improvement Objective No. 1 - Printed Paper Waste

Improvement Objective No. 3 - Liquid Plastisol Waste

R & D objective No. 3 - Recycling of PVC coated paper waste

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Sustainability Report



Emissions

Headline Indicators

EnvCI	Total UK emissions in 1999 of Volatile Organic Compounds (VOC) excluding methane, was 1,744,000 tonnes.	
	Total UK emissions in 1999 of Carbon Monoxide (CO) was 4,760,000 tonnes	
	Total UK emissions in 1999 of Nitrogen Oxides (NOx) was 1,605,000 tonnes (Source: AEAT)	
OPI	In 2000, Graham and Brown produced 2.8 tonnes of VOC (as carbon). Approximately 0.00016% of the VOC's (excluding methane) emitted in the UK	
	In 2000, Graham and Brown produced 42.1 tonnes of CO. Approximately 0.00088% of the CO emitted in the UK	
	In 2000, Graham & Brown produced 38.4 tonnes of NOx. Approximately 0.0024% of the NOx emitted in the UK.	
MPI	Graham & Brown have 4 targets for the control of air emissions, all of which are on target within their allotted timescale.	
	The production of a report in 2002 assessing a possible reduction in atmospheric emission as a consequence of reduced energy & material consumption.	

Understand - What do we do?

One of the key elements of wallpaper production is the application of colours and patterns to the paper. To achieve these effects, inks and plastisols are used. A component of these materials are Volatile Organic Compounds (VOCs), a type of solvent. The VOC's specifically come from the plastisols which use white spirit to control viscosity, and plasticisers which become volatile at the elevated temperature used during processing. VOC's directly contribute to air pollution, as well as producing secondary air pollutants such as ozone through chemical and photochemical reactions. To reduce these VOC emissions to atmosphere we burn them in an incinerator on site. As a consequence of this CO and NOx are produced. CO when inhaled is absorbed into the bloodstream 300 times faster than oxygen and therefore deprives the brain and heart of oxygen, whereas NOx (the oxides of nitrogen) can produce Nitrogen Dioxide through a series of chemical reactions. Nitrogen Dioxide can pass into the lung where it forms Nitric and Nitrous acid, these can then damage the mucus lining of the lung.

Evaluate - What's our impact?

In 2000 Graham & Brown produced approximately 0.00016% of the VOC's (excluding methane) emitted in the UK, 0.00088% of the CO emitted in the UK and 0.0024% of the NOx emitted in the UK.

Control - How do we manage it?

As part of a Local Authority Authorisation to carry out our prescribed process, Graham & Brown have specific procedures within the Environmental Management System for the control and maintenance of the incinerator that reduces VOC emissions and keeps the CO and NOx emissions within legal limits.

Improve - What have we done to make our company performance better?

In 1985 Graham & Brown installed a heat recovery incinerator, the first in the industry, to deal with the emissions of white spirit and plasticiser fumes from two production lines. In 1996 Graham and Brown invested over £2 million in a new incinerator of significantly superior performance to the original, and additionally, all lines now have extraction systems to the incinerator reducing emissions below the legal levels set by the Local Authority and the Environment Agency.

The burner incinerates potentially harmful emissions from all the vinyl coating lines. The hot air that results from this process, is then used to heat the thermal oil used in the manufacturing process. This in turn significantly reduces the amount of natural gas required. As much as 40% of process heat can be supplied this way.

We have adopted the use of low aromatic white spirit, containing a maximum of 0.5% aromatic hydrocarbons (standard white spirit can contain 17%) reducing VOC emissions.

The burner has also recently been modified, it now runs at a 100C lower temperature reducing the energy consumption and further reducing the NOx emissions.

Monitor - What are our goals and how do we know we are achieving them?

Graham & Brown's objective for VOC, NOx and CO is to:

Continue to meet all requirements of our Authorisation to carry out our prescribed process throughout 2001. This includes keeping NOx and CO emissions within the legal required limits and to investigate any options that present themselves, to reduce CO and NOx.

As part of this Graham & Brown have 4 targets for the control of air emissions, all of which are on target within their allotted timescale.

Dialogue - What do you think and how can you help?

- Are you aware of suitable materials that result in reduced emissions to atmosphere?
- What further methods could we use to reduce emissions?

Emissions Indicator Set

Fig 1: VOC, CO and NOx Emissions for 1999 and 2000

1999/2000 VOC, CO and NOx Emissions



Cross References

Maintenance Objective 1 - Part B Authorisation

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Sustainability Report



Effluent and Aqueous Discharge

Headline Indicators

EnvCI	<p>In 2000, 73 million m³ of trade effluent was produced in the North West (United Utilities)</p> <p>For the period 97-99 the River Blakewater (passes close to the main site) from Whitebirk to Darwen had a Fair water quality rating (Environment Agency 2001).</p> <p>For the period 97-99 the Leeds-Liverpool Canal (adjacent to the main site) from Johnsons Hillock to Rishton had a Fairly Good water quality rating (Environment Agency 2001).</p> <p>For the period 97-99 the River Calder (adjacent to the Shuttleworth Mead Distribution Centre) from Padiham Power Station to Hyndburn Brook had a Fairly Good water quality rating (Environment Agency 2001).</p>	
OPI	<p>In 2000, Graham & Brown trade effluent discharges were 7,818 m³. This was 0.01% of the trade effluent discharged in the North West.</p>	
	<p>In 2000, 100% uncontaminated surface water runoff.</p>	
	<p>In 2000, zero spillage to surface water.</p>	
MPI	<p>There is one objective relating to effluent with seven maintenance targets. 4 are complete, and 3 are on target within their allotted time schedule.</p>	
	<p>Monitoring surveys to be undertaken to ensure Sustainable Urban Drainage System (SUDS) is working; the runoff from sites is without contamination and maintenance of all frontage to waterways remains at a high standard.</p>	
	<p>Ensure emergency procedures are tested once a year.</p>	

Understand - What do we do?

Graham & Brown produce liquid effluent as a consequence of making wallpaper. The majority of this is created once a print run is complete, through the washing of water based ink, adhesive and medium from the machines. A smaller quantity of the liquid effluent is produced from car park and delivery area run-off, which also drains to sewer via an interceptor. These emissions to sewer are licensed by means of a consent issued by the Water Authority.

Evaluate - What's our impact?

In the North West, United Utilities treats the wastewater from 4,200 trade effluent customers. We are one of those customers producing 7,818 m³ of trade effluent during 2000. This was 0.01% of the trade effluent discharged in the North West.

Through a variety of initiatives no surface water (except roof run-off) discharges from Graham & Brown sites to a watercourse without some prior treatment. Through these measures we have minimal contribution to reductions in local

watercourse quality.

Control - How do we manage it?

Graham & Brown control the pH of effluent by specifying non-acidic printing inks and coatings and control the heavy metal content of the effluent by specifying inks and coatings to meet the requirements of EN 71 Safety of Toys. We have emergency spillage procedures in place.

Accurate baseline data on effluent production is now available, having installed a state of the art effluent monitoring and measurement system in June of 1999. The year 2000 was the first full year of data collection from this new system, allowing us to effectively monitor and control our effluent production.

Improve - What have we done to make our company performance better?

In 2000, Graham & Brown opened a new distribution centre at Shuttleworth Mead. One of its more notable environmental features was a Sustainable Urban Drainage System (SUDS) that manages the surface water run off from the roofs and car parks. This run-off can be substantial and might otherwise cause pollution of the River Calder, which has been graded as a 'Fairly Good Quality' watercourse by the Environment Agency. SUDS also helps reduce the pollutant load of the run-off, thus minimizing its environmental impact.

In 2000, Graham & Brown have also been involved in the Water Mark Award Scheme, run by River Enhancement East Lancashire and the Darwen River Valley Initiative. To be eligible for the award we first had to show we were complying with the Duty of Care and pollution prevention legislation during a site audit, carried out by the Environment Agency. The award was then given for producing and giving a commitment to implementing waterside improvements over and above legal requirements.

Monitor - What are our goals and how do we know we are achieving them?

The Graham & Brown objective for effluent is to:

Continue to meet all requirements of Notice of Direction Concerning the Discharge of Trade Effluent throughout 2001.

- There are seven maintenance targets. 4 are completed, and 3 are on target within their allotted time schedule
- Graham & Brown have an objective to assess through cost benefit analysis the possibility of installing an Effluent Treatment Plant, we will report on this next year
-

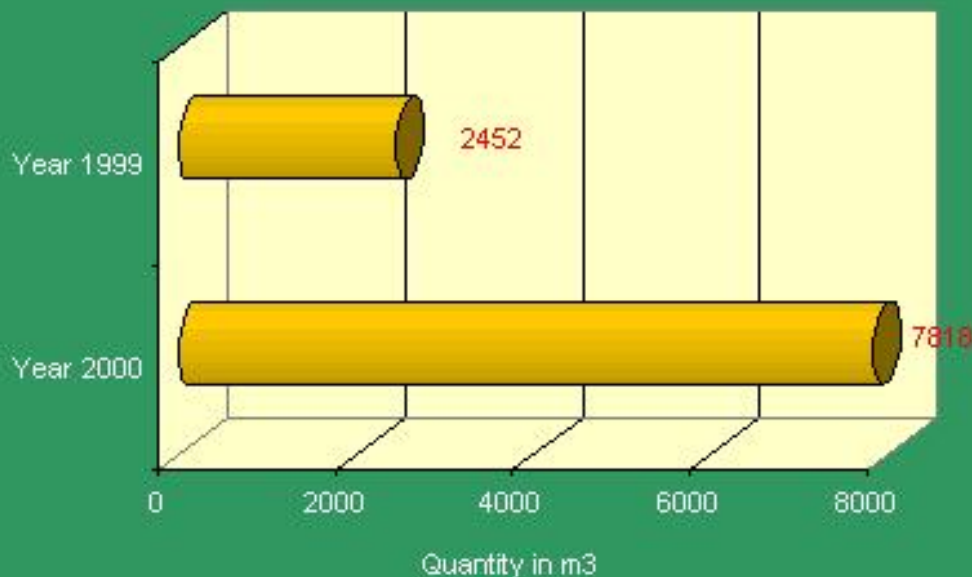
Dialogue - What do you think and how can you help?

- How can G&B further contribute to the improvement of water quality through local river initiatives such as the Darwen River and the Mersey Basin Initiatives.

Effluent and Aqueous Discharge Indicator Set

Fig 1: In 1999, quantity was measured for only one of several discharge points on the site. In future reports the year 2000 shall be used as a baseline as a new monitoring system is in place and all discharges are now routed through one sump.

Monitored Effluent Discharge for 1999 and 2000



Cross References

Maintenance Objective No. 2

Case Study

Sustainable Urban Drainage System (SUDS)

The Shuttleworth Mead site's inherent storm water management problems were as follows:

- Contaminated groundwater (former Power Station activities and coal mining at the site)
- High water table
- Limited gradients (1% decline to River Calder)
- High water surcharge from the adjacent River Calder due to heavy rain

To overcome these issues site drainage had to be designed with sufficient capability. A crate design surrounded by a permeable membrane known as a Modular Infiltration Unit was used for the drainage system, as a conventional French Drain system would have had too large a capacity and be subject to silting maintenance. The drainage runs into a settling lagoon. There is a high level overflow from the lagoon to another pond where solids can settle out and any pollutants can be broken down by the flora and fauna. This pond then discharges directly to the River Calder, the water having a minimal pollutant load.

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Sustainability Report



Health & Safety

Headline Indicators

SCI	In 1998/99 Manufacturing industry had a rate of 1,171 RIDDOR reportable non fatal injuries per 100,000 employees	
	In 2000 The Wallpaper Manufacturing Industry had a rate of 3,235 RIDDOR reportable 3 day accidents per 100,000 employees	
	Approximately 6.5 million working days were lost to injury in 1997/98	
	<i>(Source: Health and Safety commission based on results of Labor Force Survey and RIDDOR Data, by the Institute of Employment Research. Wallpaper sector data from the Association for Wallpaper Manufacturers)</i>	
OPI	In 2000 the total number of reportable 3 day accident at Graham & Brown was 48, this equates to a rate of 9,561 per 100,000 workers	
	In 2000 the total number of days lost accidents (more than 1 day but no more than 3) was 16	
	Preliminary figures for the first half of 2001 show a 60% reduction in both the number of Lost Time Accidents and RIDDOR 3 Day reportable accidents compared with the same period in 2000 and in the last 3 months we have had no RIDDOR reportable 3 day accidents.	
MPI	In 2001 Graham & Brown have a Health & Safety Action Plan with 31 key actions on it, of which 13 have been completed, 11 are ongoing and within their allotted time schedule, 5 started in the second half of 2001 and 2 have not been completed within their allotted timescale.	
	Continued incident reporting & corrective action to reduce potential for accidents	
	Increased Health & Safety spend per employee and a programme for monitoring effectiveness each month	

Understand - What do we do?

Graham & Brown have a legal and moral responsibility to ensure the safety, and protect the health of its workforce. The wallpaper industry has a high accident rate in the UK for the following reasons.

- The wallpaper industry produce a large and varied product range and this entails a high number of production run changes.
- The weight of materials being transported, fast moving machinery, high working temperatures and the chemicals that are used, provide a number of risk situations.

Evaluate - What's our impact?

In 2000 Graham & Brown had a RIDDOR 3 day accident rate that was nearly 9 times that of the UK manufacturing industry and 3 times that of the Wallpaper sector. However total accident figures demonstrated an increase from 1987 to 1997 and then a subsequent decrease from 1998 and are continuing to drop in 2001.

In 2001 we have implemented a variety of changes to our Health and Safety system. This has lead to a marked decrease

in 3 day RIDDOR accidents to an estimated 2200 per 100,000 employees; below the wallpaper sector average.

Control - How do we manage it?

A Health & Safety policy has been established since the early 80's and we undertake risk assessments throughout the company. Each year, a prioritised Health & Safety Action Plan is produced. The Health & Safety Action Plan for 2001 has 31 actions required with priority ratings.

Improve - What have we done to make our company performance better?

- Improved accident investigation and payment policy has resulted in an immediate 60% decrease in 3 day accidents.
- Graham & Brown have invested over £116,000 in Health & Safety improvements in 2000. This equates to £230 per employee in illness and injury prevention in 2000, this is set to rise to £320 per employee in 2001.
- The Health and Safety programme is designed to further reduce emissions into the working environment.
- We have revised safe systems of work throughout the business; reviewed risk assessments; provided further equipment to reduce manual lifting requirements and investigated the use of OHSAS18001 for health and safety management.
- An absence committee was formed to develop a sensible control system.
- We are developing a safety culture.

Monitor - What are our goals and how do we know we are achieving them?

By comparing our performance with the national condition indicator we have realised that additional attention to Health & safety is required.

Graham & Brown currently have an aim to reduce accident figures each year. To achieve this Graham & Brown have a Health & Safety Action plan containing 31 key actions on it, of which 13 have been completed, 11 are ongoing and within their allotted time schedule; 5 commence in the second half of 2001 and 2 have not been completed within their allotted timescale. Of the 14 high priority actions 7 are completed and 7 are ongoing within their allotted time scale.

Dialogue - What do you think and how can you help?

- Are there areas of health & safety we should pay particular attention to?
- What initiatives can we undertake to improve our employees' attitudes to accident reduction?

Health & Safety Indicator Set

Graham & Brown had a total of 188 accidents in 2000 a decrease of 8.7% on the 1999, although there was a 65% increase in 3 day accidents over the same period

Figure 1: Total number of accident for 1987 and 2000

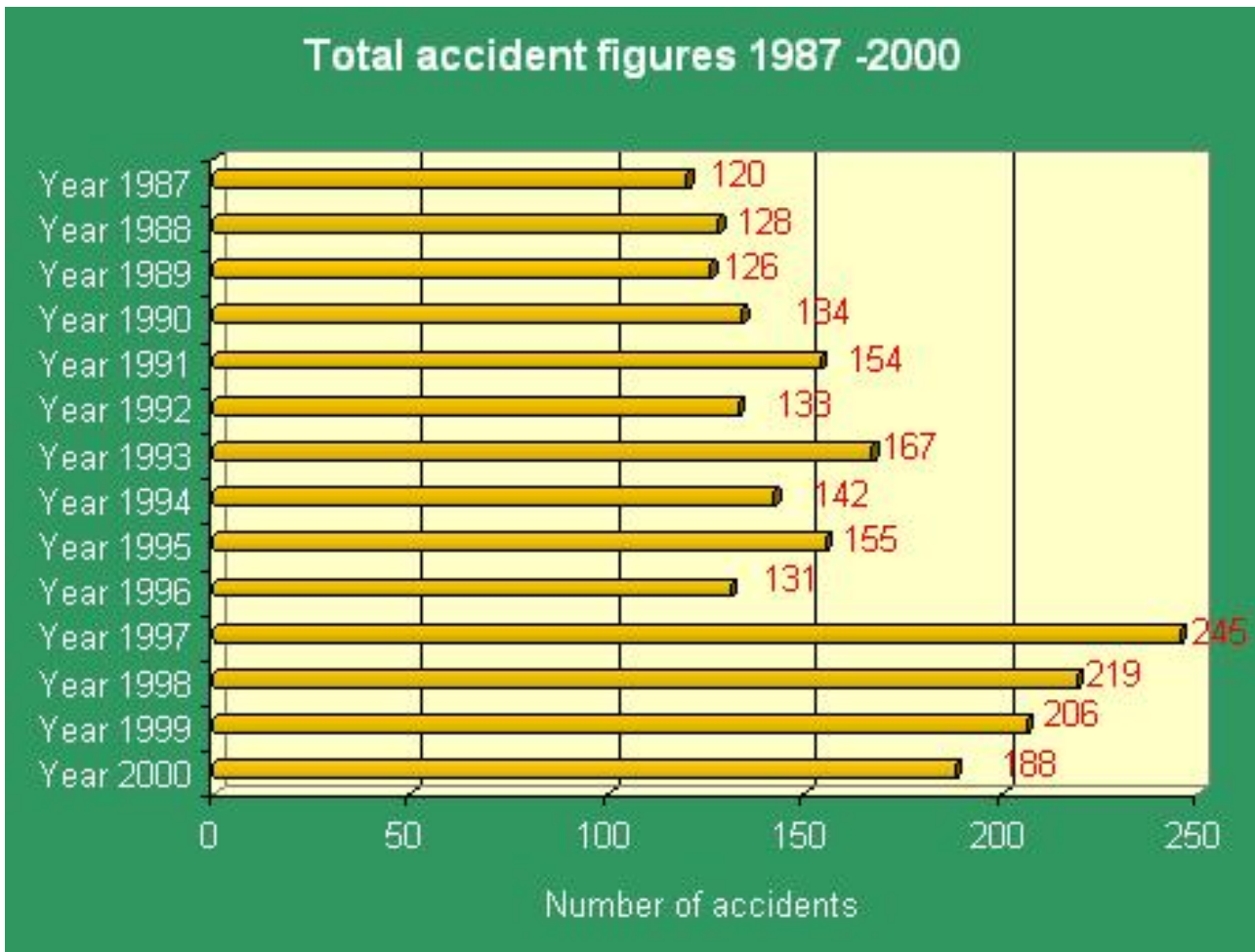
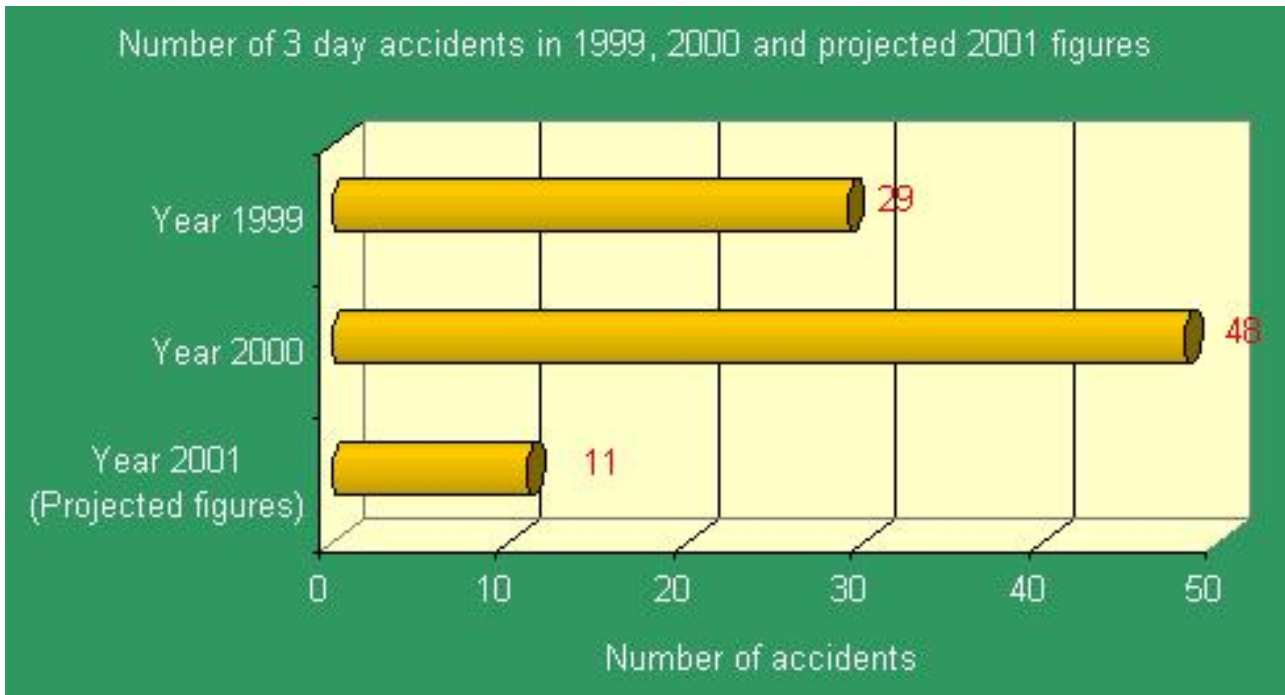


Figure 2: The number of 3 day accidents in 1999, 2000 & projected 2001



Cross References

2001 Health & Safety Action Plan

Sustainability Report



Employee Potential

Headline Indicators

SCI	<p>In 1998, approximately 60% of employees in the UK received some 'off-the-job' training paid for by the employer (Workplace Employee Relations Survey 1998).</p> <p>Approximately 13% of UK employees hold or are working towards an NVQ/SVQ (Source: Statistics of Education-Vocational Qualifications in UK, Department for Education and Employment 1999/2000).</p>	
OPI	<p>In 2001 50.4% of the employees at Graham & Brown received some paid 'off-the-job' training. Slightly lower than the national average.</p>	
	<p>In 2000 13% of the workforce were working towards and have achieved NVQ's and non vocational qualifications. The same as the national average.</p>	
	<p>Maintenance of Investors in People and the Skills Matrix to identify and fill skill gaps.</p>	
MPI	<p>Staff continue to respond positively to training opportunities and are valuing the benefits.</p>	
	<p>Monitor 'off the job' training levels and NVQ attainment figures</p>	

Understand - What do we do?

Graham & Brown are committed to developing the knowledge and skills of its employees, to maximise their potential to achieve the businesses goals at the same time as providing employees with the opportunity for personal enhancement. This is supported by an unequivocal intention to provide resources for all staff to attain an NVQ for their work and personal enhancement.

Evaluate - What's our impact?

In 2001, Graham & Brown provided 50.4% of our staff with 'off-the-job' training. This was at a lower rate than the national average of approximately 60%. 13% of the workforce has now received or is currently receiving NVQ or other non-vocational qualification training, this was compared to 9.7% in 1999. Graham & Brown's performance is the same as the UK average of 13% of employees hold or are working towards an NVQ/SVQ.

Control - How do we manage it?

Allowing employees to maximise their potential has been primarily achieved through the application of Investors in People (IiP). Graham & Brown was awarded IiP in March 1999 and re-assessment came in May 2000.

Objectives are cascaded through the business, followed by individual skills assessment to ensure all staff are capable of delivering their objectives. Where gaps are identified training and learning is initiated.

The training budget is set by the expenditure required for all requested external training. It does not include internal training or the cost to the business of time away from the workplace.

Improve - What have we done to make our company performance better?

- 3.3% of the workforce achieved an NVQ in 2000.
- The training budget has been reduced by 14% from £140K (2000) to £120K (2001), because the cost of providing the requested training for 2001 was lower than the previous year.

Monitor - What are our goals and how do we know we are achieving them?

Graham & Brown have two objective:

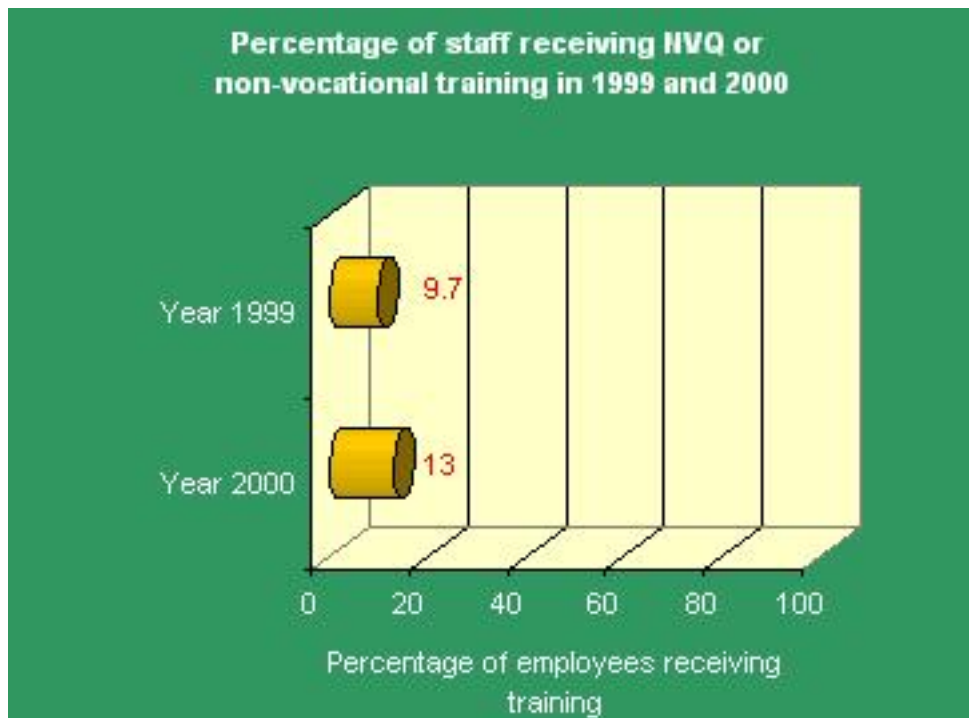
- To Provide 100% of workforce with the opportunity to gain an NVQ or alternative qualification
- To ensure that the skills of workforce match job competency requirements.

Dialogue - What do you think and how can you help?

- What learning will best equip our people to be productive on site and play a useful role in a sustainable society?

Employee Potential Indicator Set

Figure 1: Percentage of staff receiving training for 1999 and 2000



Cross References

IiP Policy

Case Study

Peter Edwards Health Safety and Security Manager

"In April 1960, I started work at India Mill in the old Northern Light building. I left school with very little education from a Secondary Modern School. My first job for Graham & Brown involved housekeeping i.e. sweeping up! From the age of 16 I was trained to become a printer on a surface-printing machine, these are now obsolete. At that time, to become a printer you had to go through the ranks, this usually entailed working as a reeler man and then moving up to a backtenter and finally you got to work at the front of the machine. This process could take 5 years.

At 22 years of age I had the opportunity to join the Military of Defence Police, which I took. During the time away from Graham & Brown I was trained as a police officer and a security manager. I also took 5 GCE' s to improve my education.

At 32 I applied for the position of chief security officer at Graham & Brown, responsible for three sites. My first three years were spent entirely on security duties. In the early 80's the country was in recession and Graham & Brown reduced the number of employees and sites. Although the 1974 Health and Safety Act had been implemented, no specific person was responsible for Health & Safety. After a reduction of my duties on Security I was offered the position of Health and Safety Officer for India Mill and the warehouse.

From the middle 80's the company has taken on the ownership of Health and Safety and welfare of its employees. In 1990 Graham & Brown purchased part of Colorol, which changed the attitude to Health & Safety forever. My responsibility for Health & Safety and Security doubled over night. Issues that Graham & Brown had never encountered became top priority. Health and Safety Committees were set up at each site and the COSHH regulations were implemented.

In 1995, Graham & Brown converted the Bowling Alley across the canal into a Design and Marketing Centre and Roman Road warehouse was extended. With no formal training in Health & Safety and with legislation increasing all the time, I was in danger of becoming overwhelmed with the new regulations. With this in mind the Company financed me to go on several training courses, to assist me in my duties.

Today the Board is committed to Health & Safety and training. A training budget is set at £114,000 pounds per annum. My personal training programme is ongoing, as is my vocational education.

This year I have completed my Level 4 NVQ in Health & Safety and I have attended courses on selection interviewing, appraisals, advanced communication, performance management, team briefings, presentation skills, managing change, problem solving and leadership.

Over the years Graham & Brown have helped me to ensure that I have the necessary skills needed for the future development of the Company."

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Sustainability Report



Employee Satisfaction

Headline Indicators

SCI	In 1998, approximately 60% of employees in the UK expressed a degree of job satisfaction (Workplace Employee Relations Survey 1998).	
	In 2000 absenteeism in UK industry was 7.8 days /person / annum (Office for National Statistics, 2001).	
	In 2000 absenteeism in the manufacturing industry was 6.9 days / person/ annum (Office for National Statistics, 2001).	
	The average wage per person per month in Lancashire for 2000 was £1,529 (Lancashire County Council 2000).	
OPI	67% of Graham & Brown employees responded positively when asked if they enjoyed coming to work, slightly higher than the national average.	
	Absenteeism has increased slightly from 7.27 days/ person /annum in 1999 to 7.65 days/ person /annum in 2000.	
	In 2000 Graham & Brown's average salary per month for 2000 was £1891 higher than the Lancashire average and an increase of 3% on 1999.	
MPI	To manage a varied programme of employee dialogue to assess satisfaction.	
	To continue to see positive responses above the national average from employees when asked if they enjoyed coming to work.	
	To develop initiatives to reduce our absenteeism figures.	
	To monitor Lancashire's average wages, and identify and monitor the Wallpaper Manufacturers Association average salary.	

Understand - What do we do?

Employee satisfaction is important to Graham & Brown because of its effect on the quality of life of the employees, as well as its effect on productivity. Employees with a high job satisfaction believe that the organisation will provide them with long term security and good working conditions, they are therefore more likely to be concerned about the quality of their work, are committed to the company, less likely to leave, and are more productive.

We felt that for the 2000 survey it was important that we should involve all employees in identifying the values of the organisation as opposed to just the senior management, as we try to answer the question "What does it mean to wear the Company Shirt?"

Evaluate - What's our impact?

Graham & Brown have carried out employee opinion surveys in 1995, 1998 and 2000. These provide us with a snapshot of employee feelings and satisfaction. The survey undertaken in 2000 used a different methodology to previous surveys and as a result makes comparison with previous years difficult. The 2000 methodology used Focus Groups to identify which issues should be highlighted in the opinion survey.

Strong positive highlights were the clear business vision, our ability to satisfy our customers and a strong staff loyalty, with employees having an understanding of the expectations of them. Negative highlights were found in the production function, where employees felt a lack of support and recognition and in Human Resources where there seemed to be a failing in some of the policies and decisions.

Absenteeism increased slightly between 1999 and 2000. It is below the UK industry average but slightly above the UK manufacturing industry average

Control - How do we manage it?

An external consultant carried out the 2000 survey. The surveys were sent through the post to home addresses, returnable in a pre-paid envelope. The results were then compiled and presented to the Board. The Board then identified areas that required action and implemented any changes.

To reduce the level of absenteeism a bonus scheme has been brought into place. A salary bonus occurs if absenteeism drops to 3%.

Improve - What have we done to make our company performance better?

Once the results of the survey had been established 2 main actions were decided upon;

- A 2 day advanced communication and development training course was provided to all management.
- A restructuring of the Production Department occurred, involving redundancies and redeployment. This restructuring allowed management to provide technical advice to all shifts in a uniform manner greatly increasing process efficiency.

Monitor - What are our goals and how do we know we are achieving them?

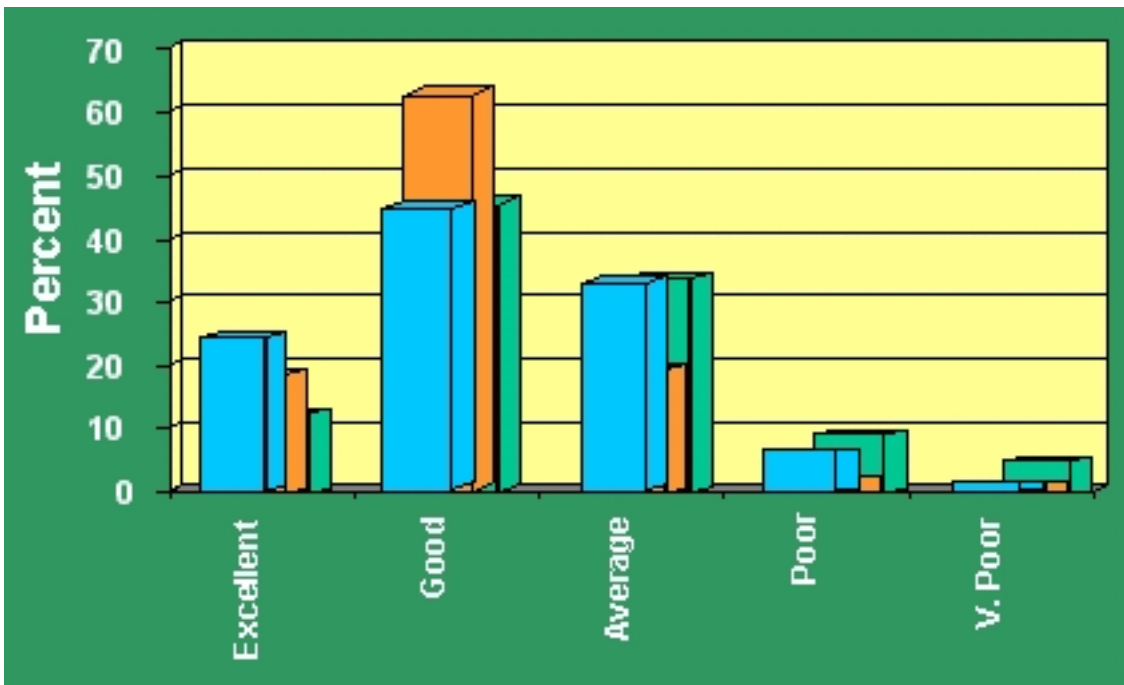
- To carry out a 2003 employee opinion survey and take action where appropriate. We aim to continue to see positive responses above the national average from employees when asked if they enjoyed coming to work.
- To see a reduction in our absenteeism figures.

Dialogue - What do you think and how can you help?

- How can we increase the response rate of surveys?

Employee Satisfaction Indicator Set

Graham & Brown as an employer? - Blue 2000, Orange 1998, Green 1995



Cross References

Employee Surveys 1995, 1998, 2000

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For more details go to <http://www.grahambrown.com/legal/legal.htm>

Sustainability Report



Equal Opportunity

Headline Indicators

<p>SCI</p>	<p>In 2000 the ratio of males to females working in the North West was 1: 0.84 (Office for National Statistics-Labour Force Survey 2001).</p> <p>In 1998 in the UK females had a 26% share of employment in the manufacturing industry (Workplace Employee Relations Survey 1998).</p> <p>3.8 % of the Northwest population are from an ethnic minority (Source: 1999/2000 figures Office of National Statistics).</p>	
<p>OPI</p>	<p>G&B have a male to female ratio of 1:0.42 with 29.5% of the workforce being female, slightly higher than the manufacturing industry average of 26%.</p>	
	<p>Approximately 3.8% of employees are from ethnic origins, a similar level to that in the Northwest.</p>	
<p>MPI</p>	<p>Managing a year on year improvement in the demographic spread of Graham & Brown's workforce.</p>	

Understand - What do we do?

Graham & Brown recognise the need to ensure that no element of our society experiences discrimination at work. We are committed to the development of positive policies to promote equal opportunities in employment. Up until the production of this report the changing spread of male to female and ethnic groupings in the company had not been monitored. We therefore have no data for 2000 or previous years. The statistics we have produced will be our baseline and are based on the position of the company in the first quarter of 2001.

Evaluate - What's our impact?

Graham & Brown's workforce is drawn from across the North West, but primarily from Blackburn. We employ twice as many men as women, well above the Northwest ratio of 1 male for every 0.84 females. If we compare ourselves with the average share of female employment in the manufacturing industry of 26%, we perform slightly better at 29.5%.

When considering the ethnic minority share of employment, 3.8% of our workforce is from an ethnic background, a similar level to that in the Northwest.

This table demonstrates the spread of men, women and those from an ethnic background at each of the 4 pay brackets within Graham & Brown.

Salary Band	Under £10k	£10k-£20k	£20-£30k	£30k+
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% of men in each pay bracket	2.4%	60.4%	31.7%	5.2%
% of women in each pay bracket	4.6%	84.8%	7.3%	3.3%
% of Ethnic origin male/female in each pay bracket	15.8%	68.4%	2.5%	5.3%

This table demonstrates the percentage composition of each pay bracket for men, women and those from an ethnic background within Graham & Brown.

Salary Band	Under £10k	£10k-£20k	£20-£30k	£30k+
% of salary band made up by women	46.6%	39.5%	9.6%	22.7%
% of salary band made up by men	53.4%	60.5%	90.4%	77.3%
% of salary band made up by a man or women from an ethnic background	20.0%	4.0%	2.0%	4.5%

Control - How do we manage it?

Graham & Brown have a formal equal opportunity policy (see Policy, Organisation and Management) and we use this as the driving force to achieve a fair workplace for all. We review the operation of the equal opportunity policy on a regular basis, and have procedures in place to deal with any grievances relating to un-equal treatment on the grounds of sex, marital status, creed, colour, race or ethnic origins. All key personnel involved in management, recruitment and dealing with the public are provided with appropriate training in this policy.

Improve - What have we done to make our company performance better?

The percentage of women and ethnic minorities at Graham & Brown this reflects the nature of the manufacturing industry and the level of job application for production positions by women and ethnic groups. We do perform better than the manufacturing industry average for percentage female employment. We are however constantly looking at improving both female and minority group representation in the business.

Monitor - What are our goals and how do we know we are achieving them?

- To identify the detailed geographic spread of employee residence.
- To continue to monitor Graham & brown's demographic spread in line with regional statistics.

Dialogue - What do you think and how can you help?

- What initiatives might help us attain a representative employee composition?

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Sustainability Report



Community Development

Headline Indicators

SCI	<p>Charities within the UK received £315m from the UK's business sector, during 2000 (Guardian Newspaper Feb. 7 2001).</p> <p>This figure reveals that an average of 0.2% of company pre-tax profits are donated compared to 1% in the USA. The National Council for Voluntary Organisations is likely to press government to set a donations target of 1% of pre-tax profits with all companies of a certain size. (Guardian Newspaper Feb. 7 2001).</p>	
OPI	<p>In 2000 Graham & Brown donated £7,447 to charity in the UK and £17,000 to charity in the US. We also make regular monthly donations of wallpaper to a variety of organisations. This equates to 0.73% of our pre-tax profit.</p>	
	<p>Graham & Brown invests £5,000 of the £7,447 through donations, and over one hundred and fifty hours of employee time, in developing long-term strategic community partnerships.</p>	
	<p>Since late 1999 Graham & Brown have provided £18,000 to commercial initiatives through the sponsorship of Blackburn Rugby Club.</p>	
MPI	<p>Evaluate more accurately our charitable contribution.</p> <p>Ensure nominated charity receives appropriate support.</p>	
	<p>Ensure that Graham & Brown continue to match employee charitable donations.</p>	

Understand - What do we do?

One of the key aspects of sustainable development is Community Development. This relates to how a company interacts with its local stakeholders, how we show our awareness of our position in the local society, environment and economy and how we improve the quality of life for the community. The London Benchmarking Group model for community investment has been used to assess our activity.

Evaluate - What's our impact?

Stakeholder Relationships

Graham and Brown believe that our approach to community support should provide a sense of moral and social responsibility corresponding to social expectations. Graham & Brown has a long-term interest in fostering a healthy community that stretches back to the company inception in 1946.

Community Contributions

At Graham & Brown we categorise our financial, gift in kind and time contributions in 3 ways:

Direct Charitable Contributions - money, time, gifts in kind that were donated to charity.

- In 2000 Graham & Brown donated £7,447 to charity in the UK (including Groundwork donation mentioned below) and £17,000 to charity in the US. This equates to 0.73% of our pre tax profits.

Community Partnerships - money, time, gifts in kind that were donated to community investment long-term strategic involvement in community partnerships.

- In 2000 Graham & Brown directly invested £5,000 in developing long-term strategic community partnerships through sponsorship of the local charity Groundwork. Over 150 hours of time was set aside to developing long-term strategic community partnerships through employee's links with local schools and community centre.

Commercial Initiatives - money, time, gifts in kind that were donated to commercial initiatives / activities in the community to support the direct success of the Company.

- Since late 1999 Graham & Brown have provided £18,000 sponsorship to Blackburn Rugby Club.

Control - How do we manage it?

Stakeholder Relationships

As Graham & Brown have become more aware of our impact on the local community we have started to assess our relationship with this key stakeholder. In September of 2000 we carried out our first neighbourhood survey of local stakeholders. 57 stakeholders were sent questionnaires containing 6 questions on the areas of stakeholder communications, environment, sustainability, and company performance. The response was 7%. One outcome of the survey was the erection of a 3 metre high fence around our compactors to stop litter blowing off site. This sustainability report will be the next tool in increasing dialogue with local stakeholders.

Community Contributions

Direct Charitable Contributions

- In 2000 we felt we were making a variety of charitable contributions in a rather random manner. We match any money raised for charity by staff. In May 2000 as part of our stakeholder dialogue all employees were asked to register their preference for Charity of the Year, with all charitable activity by Graham & Brown and our employees being donated to it.
- Through our American arm of the company we donate a proportion of our profit each year to the City of Hope a charity dedicated to the prevention, treatment and cure of cancer.

Community Partnerships

- Over the past decade we have developed ties with Groundwork Blackburn, a local environmental charity we support that specifically develops long-term strategic community partnerships. We also have links with several local schools, in particular Daisyfield Primary. Company time is provided to allow our employees to work with the local schools and community.

Commercial Initiatives

- Through our Directors keen interest in Rugby, we currently sponsor Blackburn Rugby Club

Improve - What have we done to make our company performance better?

Stakeholder Relationships

This Sustainability Report is our next proactive step towards communicating how Graham & Brown's business actions impact upon those around us. One of the aims of this report is that the information it provides is accessible to local school children - the generation that will inherit our efforts to improve Blackburn and the Northwest.

Community Contributions

Direct Charitable Contributions

Graham & Brown, from 1st July to 30th June each year, will officially sponsor a charity. Anyone wishing to arrange a charity event in the Company's name will sponsor the following Charity of the Year. The Board will also assign its charity budget to that particular charity.

Period

July 2000 - June 2001
July 2001 - June 2002
July 2002 - June 2003
July 2003 - June 2004
July 2004 - June 2005
July 2005 - June 2006

Charity

Cancer Research
Children's Heart Foundation
NSPCC
Night-Safe, Blackburn
East Lancashire Hospice
Anthony Nolan Bone Marrow Trust

We also make several wallpaper donations each month to charities and local community groups.

Community Partnerships

Graham & Brown realise the importance of educational links with schools. Informing the future generations of Graham & Browns activities, and finding out their opinions on our activities is equally important as dialogues with the current generation of parents. Graham & Brown have had links with several local schools, in particular Daisyfield Primary which we have had close ties with for the last 10 years. Two of Graham & Brown's management team are governors at the school. Over the years we have carried out factory tours, educational talks on wallcovering manufacture, and competitions and prizes for the children. Donations have also been made to the school in the form of ex-works computers, part reels of paper, and boxes of wallcovering as raffle prizes. This year we have also designed a mural for the local community centre at Daisyfield.

Commercial Initiatives

G&B has sponsored Blackburn Rugby Club since late 1999, and up until the end of 2000 has spent over £18,000 in sponsorship.

Monitor - What are our goals and how do we know we are achieving them?

- To develop mechanisms for monitoring gift in kind and time donations more closely.
- To continue to match charitable support with the aspirations of the workforce.
- To increase charitable contributions to 1% of pre tax profit.

Dialogue - What do you think and how can you help?

- Are you aware of Graham & Browns community activities?
- What should Graham & Brown be doing in the community?
- Does Graham & Brown support initiatives that you think are important?

Case Study

Graham & Brown and Daisyfield Primary School

Daisyfield Primary School is situated approximately 500 metres away from Graham & Brown. The school has 300 pupils with the majority being of an Asian background. Graham & Brown have been associated with the school for 10 years.

Graham & Brown's involvement started when Primary schools were asked to form ties with their nearest local industry. At first our contribution was to allow visits to the factory, by children who were 11 years old. They visited the Production Unit and the Design Studio.

In the early 1990's Peter Edwards our Health, Safety and Security Manager was asked to become a Governor to strengthen the ties we had with the school. Graham & Brown were pleased to allow him any time he required away from his duties to fulfil his obligation to the school. The Head Teacher and Peter organised projects with the children after their visits to the factory. The children would design wallpaper and one of our designers would judge the work

and present prizes donated by Graham & Brown.

Over the years Peter Edward's role within the school has changed. In 1998 he became the Chairman of the Governors for 2 years, and now acts as vice chairman. Sid Rafai, one of our Production Managers is currently the Chairman Of Governors for Daisyfield and they both now liase with the school.

Graham & Brown sit on the Finance committee, which involves helping the school to raise funds for some of their projects. We donate cartons of wallpaper for their open days and we supply blank paper for the children's artwork. Peter also helps with the Health and Safety aspects of the school and is also the Security Governor.

Since the Company has been involved in environmental issues, the children's 6 monthly visits now focus on the way in which we minimise our environmental impact. The Head Teacher and Graham & Brown intend this year to involve pupils in a project to draw and write about the way we manage environmental issues.

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Sustainability Report



Human Rights

Headline Indicators

SCI	<p>Number of OECD guideline investigations / prosecutions brought against UK multinational companies 2001.</p> <p>There are 3 OECD Guidelines current investigations of UK based multinationals There have been no OECD Guidelines prosecutions of UK based multinationals</p> <p>From e-mail reply from the UK National Contact Point (note: investigations may be on any of the OECD guidelines)</p> <p><i>"We have received a case that relates to the activities of two current UK companies which we are at the preliminary stage of investigating. We have also been helping the French and Belgian National Contact Point's in their investigation of a UK Multinational operating in their countries".</i></p>	
OPI	<p>None of Graham & Brown suppliers are from countries that have significant overarching human rights problems. Current overseas suppliers are from the European Union (Germany, France, Holland, Belgium, Finland, Ireland) Poland, Switzerland, United States of America, and Japan.</p> <p>At present we do not yet know how many of Graham & Brown customers are from countries that have significant overarching human rights problems</p>	
MPI	<p>Manage the development of regional Human Rights policies and procedures.</p>	

Understand - What do we do?

The Universal Declaration of Human Rights adopted by the United Nations in 1948 (and a later adoption of a declaration on the rights of the child) provides that all people anywhere, have a number of rights, which should be recognised by all governments, businesses, institutions and individuals.

Graham and Brown have business activities in Europe, America and Japan. As a multinational operation in OECD member countries we have a moral and a legal responsibility to ensure that OECD Guidelines are not violated directly by our company or that we indirectly support companies and other organisations, which do breach human rights.

The Guidelines also lay down wider responsibilities of multinational organisations such as for employment and industrial relations, environment, information disclosure, competition, taxation, and science and technology.

The OECD Guidelines in the UK are enforced and investigated by National Contact Points (in the UK this is the Department of Trade and Industry)

Evaluate - What's our impact?

Graham & Brown's main world market areas of Western Europe and North America have a relatively good recent human rights record although many "western" countries including Britain and the United States of America are in breach of some aspects of human rights standards.

Control - How do we manage it?

- Currently there is little direct control on this issue as the company trades mainly in Western Europe and North America. However as new markets are becoming more accessible to trade this issue becomes more important.

Improve - What have we done to make our company performance better?

Through the development of this report we have started to look into Graham & Brown's responsibilities.

Monitor - What are our goals and how do we know we are achieving them?

- Through the development of a human rights policy we can identify current and future suppliers and clients who may be involved in human rights abuses and develop a course of action to take when this is identified.

Dialogue - What do you think and how can you help?

- How should Graham & Brown ensure that suppliers and other stakeholders it has a relationship with, have a good human rights record?

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Sustainability Report



Turnover and Profit

Headline Indicators

EcCI	<p>UK Gross Domestic Product in 1996 was £628,839 million. (Source: Office for National Statistics)</p> <p>Lancashire's (14) Gross Domestic Product in 1996 was £13,415 million. (Source: Lancashire Economic Development Council).</p> <p>In 1999 the UK Manufacturing Industry Net Rate of Return on Capital was 12.0%. (Source: Office for National Statistics)</p>	
OPI	<p>Graham & Brown's turnover was £61.96 million for 2000 (0.46% of Lancashire's GDP).</p>	
	<p>In 2000 return on capital employed was 19.0%.</p>	
	<p>Pre tax profit for 2000 was £3.33 million.</p>	
MPI	<p>Board level management to continue to see an increase in UK based turnover of 5% per year.</p>	

Understand - What do we do?

In line with the 1999 5-year strategic business plan, Graham & Brown continue to increase UK based turnover by 5% per year and are on target to double our export turnover during that period.

Evaluate - What's our impact?

In 2000 Graham & Brown had a turnover of £61,962,796, an increase of 8.6% on 1999. We recorded a profit before taxation of £3,333,372 a decrease of 17% on 1999. This was due to our large investment in the Shuttleworth Mead Distribution Centre.

Graham & Brown turnover equates to 0.01% of the 1996 UK's Gross Domestic Product and 0.46% of Lancashire's Gross Domestic Product. In 2000 our Return On Capital Employed was 19.0%, lower than the 1999 figure of 26.5% but still higher than the 1999 UK Manufacturing Industry Net Rate of Return on Capital, which was 12.0%.

Control - How do we manage it?

The Graham & Brown Board is made up of family members and experts who through risk assessment and due diligence ensure that the strategic framework and policies are in place to invest in excellent staff and equipment. This helps ensure that the returns on investment are high.

Improve - What have we done to make our company performance better?

We fully embrace the principles of due diligence and risk assessment as put forward by the Turnbull Report.

Monitor - What are our goals and how do we know we are achieving them?

Maintain the continued increase in UK based turnover by 5% per year as envisaged in Graham & Brown's business plan. Whilst at the same time continually and dynamically progressing towards sustainable production and services.

Dialogue - What do you think and how can you help?

What measures of economic performance, other than GDP and ROACE might help us understand our contribution to sustainable development?

Cross References

Graham & Brown Company House Reports 1999 and 2000

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Efficient Infrastructure and Benchmarks

Headline Indicators

<p>EcCI</p>	<p>Buildings: Average UK Building Efficiencies (Econ 18 1998, Building Research Establishment)</p> <p>General Manufacturing (kWh/M2 per year)</p> <ul style="list-style-type: none"> • Typical 410, Improved 290 New 175 <p>Factory/Office (kWh/M2 per year)</p> <ul style="list-style-type: none"> • Typical 325, Improved 222 New 155 <p>Storage and Distribution (kWh/M2 per year)</p> <ul style="list-style-type: none"> • Typical 228, Improved 164 New 100 <p>Transport: Average UK Vehicle Efficiencies (DVLA)VED Band A < 150 g/CO2 emissions per kilometre up to VED Band D > 185 g/CO2 emissions per kilometre</p> <p>Machinery: Identify existing sectorial efficiency benchmarks or if unavailable develop a sectorial efficiency benchmark with the Wallpaper Manufacturers Association</p>	
<p>OPI</p>	<p>Buildings: India Mill manufacturing and office complex has a production and space heating energy use of 224.6kWh/ M2 per annum.</p> <p>Shuttleworth Mead Distribution Centre has a designed space heating energy use of 36kWh/M2 per annum.</p> <p>The Design Centre has a space heating energy use of 335.3 kWh/M2 per annum.</p> <p>Transport: The average Graham & Brown company vehicle efficiency is 209.44g/CO2 per kilometre (This places us in VED Band D >185 g/CO2 emissions per kilometre, the highest emission band).</p> <p>Machinery: We are currently monitoring individual machines to identify our process energy consumption per annum.</p>	
<p>MPI</p>	<p>Buildings: To monitor energy consumption and performance relating to climate change levy agreement.</p> <p>Transport: To over see the development of a policy that requires internal and external vehicle fleets to be fuel efficient and allow for the selection of alternative fuels for vehicles.</p> <p>Machinery: Upgrade ISO 14001 procedures to ensure machinery energy efficiency is a key environmental purchasing discussion. Continuing to monitor machine energy efficiency.</p>	

Understand - What do we do?

Graham & Brown have a need to ensure that their infrastructure, buildings, and plant are energy and material efficient. Without this it is impossible for a company to reach its full economic and environmental potential, and for it to successfully minimise energy consumption and waste production.

Evaluate - What's our impact?

Buildings:

Graham & Brown have a mixture of building infrastructure ranging from the new purpose built Shuttleworth Mead Distribution Centre with high-energy efficiencies, to the older properties such as the India Mill complex and the Design Centre, which was converted from a former bowling alley. The efficiencies of the building fabric therefore are variable. From utility bills it appears that India Mill has a relatively efficient building fabric when compared with the Government benchmark, econ 18, with an energy consumption of 224.6 kWh/M² per annum. The new Shuttleworth Mead has a very efficient building fabric and energy consumption of 36 kWh/M² per annum; the design centre has a typical space heating energy use of 335.3 kWh/M² per annum.

Transport:

The 57 Company vehicles range from high fuel consumption large cubic capacity executive vehicles (BMW, Audi etc) to family cars such as Ford Focus 1600 LX's. Under new taxation arrangement new cars purchased after the 1st March 2001 are now benchmarked on CO₂/grammes per kilometre into 4 taxation brackets A (up to £110 per annum) to D (up to £160 per annum). The company mainly uses large engine vehicles over 1600cc that fall into the higher tax brackets. Transportation of goods is carried out through an external contractor.

Machinery:

The company routinely invests in new machinery and plant. Product and energy efficiency were key considerations in the £4,152,070 capital investment made in 2000, a large proportion of which, was the investment in our new distribution centre. Key investments are discussed in section 7.3.3 Investment Research and Innovation section.

Control - How do we manage it?

Buildings:

Design efficiencies are carefully considered with regard to building regulations. Through membership of organisations such as the local Business Environment Association we keep up to date on new energy efficiency technology available and have procedures in place for their evaluation and implementation where appropriate. The new Shuttleworth Mead Distribution Centre is an example of where, with advice from Barnfield Construction, we have gone a long way further than regulatory requirements.

Transport:

Vehicles at present are chosen by employees on four Purchasing Bands B, C, D, E (medium hatch, family saloon, compact executive and executive sizes). Fuel or CO₂ efficiency is not formally considered by the company but may be considered by individual staff.

Machinery:

Energy efficiency is informally considered during purchasing.

Improve - What have we done to make our company performance better?

Buildings:

Graham & Brown invested in constructing the new energy efficient distribution centre at Shuttleworth Mead described in the case study.

Transport:

Graham & Brown, where possible, arrange delivery and distribution outside peak traffic hours to reduce travel time and increase fuel efficiency. A key factor in the choice of Shuttleworth Mead for our distribution centre was its proximity to the M65 providing us with excellent transport communications therefore helping to improving our transportation

efficiency.

Machinery:

Graham & Brown invested in Double Headers on paper machines; their drives have also been updated to the latest electronic control. This means an increase in process and material efficiency as we now have a non-stop printing process with improved printing accuracy. The new weight measuring device improves material efficiency by controlling the weight of the coatings being applied to the paper.

Monitor - What are our goals and how do we know we are achieving them?

Buildings:

- To undertake a benchmarking programme, with the aim to bring the existing building stock to an improved econ 18 rating by 2010.

Transport:

- To update our company vehicle policy to include controls on vehicle emissions and fuel efficiency.
- To evaluate the efficiency of our contract transport fleets.

Machinery:

- Formalise the purchasing policy to include product and energy efficiency and comparison of whole lifecycle costs and update ISO 14001 procedures to ensure machinery energy efficiency is a key environmental purchasing decision.

Dialogue - What do you think and how can you help?

What sort of transport system should we invest in for the future?

Cross References

Investment Research and Innovation Section

Case Study

Shuttleworth Mead Distribution Centre

Graham & Brown invested in the construction of a new distribution centre at Shuttleworth Mead. Energy and lighting efficiency was a priority in its design, the building is insulated and all windows are double-glazed. Each of the eight loading bays has inflatable dock shelters to keep the heat in during loading/off-loading, and the loading bay doors are all thermally lined. All radiators in the offices are thermostatically controlled, as is all heating in the storage warehouse. Currently installation of an automatic door for the frequent use loading bay is being considered.

The Distribution Centre ceiling is designed with the maximum permitted natural lighting. High efficiency bay lights are installed, and Lux sensor controls are being considered. The use of automatic zoned lighting along each aisle, triggered on entry and exit from aisle, minimises the use of electricity.

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Sustainability Report



Investment

Headline Indicators

EcCI	In 1997 the total manufacturing net capital expenditure in Lancashire (14) was £500 million (Lancashire County Council Economic Development Group)	
OPI	Graham & Brown Net Capital Expenditure for 2000 was £4,152,070 equating to approximately 0.83% of Lancashire's manufacturing net capital expenditure when compared to 1997 figures. This was an increase from the 1999 figure of 0.6%.	
MPI	To maintain a high investment in material and product research aligned to our vision of sustainable business development.	
	To maintain a high investment in energy, water and material efficient production plant.	
	Monitor returns on our investment and to see that the expected savings and benefits are achieved.	
	To oversee the production of future reports on the outcomes of the 2001 Research and Development.	

Understand - What do we do?

Graham & Brown has always been at the forefront of wallpaper innovation with, for example, the development of the Super Fresco range. This is due to the high levels of research and the consistently high level of profits invested back into the business.

Graham & Brown is a family owned business and has no external shareholders and institutions seeking short-term profits, it can therefore concentrate on the medium to long-term view and invest where appropriate.

Evaluate - What's our impact?

Graham & Brown are constantly striving to reduce the impacts and improve the efficiency of the business. As part of this we have invested £4,152,070 in 2000 on capital expenditure, an increase of nearly 40%. This is equivalent to approximately 0.83% of Lancashire's manufacturing net capital expenditure when compared to 1997 figures. The benefits of these investments range from controlling health and safety incidents and minimising our impact on the environment to improved efficiency.

Control - How do we manage it?

Graham & Brown have an informal purchasing policy that incorporates a series of investment principles. Careful consideration is given to evaluating investments on economic, social and environmental grounds. Cost Benefit Analysis is used to assess an investment on criteria such as; expenditure required, economic payback, process efficiency, energy efficiency, waste minimisation, maintenance and down time, and health & safety.

Improve - What have we done to make our company performance better?

As part of Graham & Brown continuous business improvement we make a variety of investments each year, some of the larger investments made in 1999/2000 are listed below.

- £800,000 was invested in Double Headers on paper machines; their drives have also been updated to the latest electronic control. This means we now have a non-stop printing process with improved printing accuracy.
- £100,000 was invested in a new weight measuring device that controls the weight of the coatings being applied to the paper, improving efficiency.
- £400,000 was invested in Winders and Wrappers. We introduced superior winders improving the presentation of the product. Whilst the wrappers for packaging the wallpaper have been converted from PVC to Polyethylene, the preferred wrapping material for recycling. This has also reduced the weight of the wrapping by a factor of 3.
- We invested £116,000 in 2000 on Health & Safety.
- Graham & Brown made a £5million investment in the new distribution centre at Shuttleworth Mead. The environmental impact of the site was a key concern throughout its design and construction.

Monitor - What are our goals and how do we know we are achieving them?

As part of our continued investment programme we have a planned net capital expenditure of approximately £2.5 million for 2001. Some of the larger planned investments are listed below.

- £350,000 is to be invested in upgrading one of our paper machines on the Colour Line.
- £175,000 is to be invested on a new colour prediction computer and two colour dispensing machines. These will minimise over manufacture of colour and reduce trailing time and waste production.

We have also identified 6 areas that we will be investigating as part of our ongoing development programme. These are to be researched and we hope to provide an update in future reports.

1. We are looking to develop a more robust product range that is easier to hang. We are also researching alternative pasting methods, for example pasting the wall as opposed to the paper.
2. Investigating the ecological footprint and sustainability impact of flat and non-woven polyester that could be introduced into the paper.
3. Identify real environmental costs of our business.
4. Develop the most enduring product range available.
5. We will investigate renewable energy and material sources and how they may be incorporated into our business.

Dialogue - What do you think and how can you help?

- In what areas do you believe we should concentrate investment and research?
- Do you know of materials relevant to our product, that have significant sustainability benefits?

Sustainability Report



Economic Benefits and Supplier Purchasing

Headline Indicators

EcCI	<p>Total non-domestic rates contribution to Blackburn with Darwen Borough Council in 1998/9 = £26,767,000</p> <p>3,245,000 people of working age live in the North West (National Labour Survey).</p> <p>The average gross wage per person per month in Lancashire for 2000 was £1656 (Lancashire County Council 2000).</p> <p>The average percent of UK companies main suppliers coming from their local region is not known.</p>	
OPI	<p>Total Graham & Brown non-domestic rates tax contribution to Blackburn with Darwen Borough Council (£122,250 or 0.45% of total non-domestic rates income of the Local Authority).</p> <p>Graham & Brown employ approximately 500 people in the UK, the majority of which live in the North West. This is 0.015% of the North West population.</p> <p>Average Graham & Brown gross wage per month for 2000 was £1,891 this is 14% higher than the average Lancashire gross salary.</p> <p>In 2000, we made £204,543 contributions through the company pension scheme. At present we do not know what proportion of this goes into the local economy. In 1999 60% of our main suppliers came from the North West, with 53% of our expenditure on purchases in 1999 valued at £15,814,000 with companies in the North West of England.</p>	
MPI	<p>Contribute to the development and implementation of an economic development strategy with the Local Authority.</p> <p>Wherever possible strive to maintain current level of employment opportunities, redeployment and retraining staff in preference to redundancy.</p> <p>Monitor average wages to maintain Graham & Brown as a preferred local employer.</p> <p>Monitor the performance of the company pension investments and evaluate the social and environmental performance of the fund.</p> <p>Monitoring of supplier performance and development of supplier initiatives.</p>	

Understand - What do we do?

All businesses contribute to society economically, this contribution can be split into 3 forms, these are:

- **Taxation** - Charged to business by the government and redistributed by them to local communities through national and local government services, infrastructure improvements and grants.
- **Wages and Benefits** - Companies also contribute in the form of wages and pension contributions paid to

employees.

- **Suppliers Fees** - For goods and services required by the Company. By buying goods and services locally it benefits the local economy as well as reducing the social and environmental impacts of long distance transport.

Evaluate - What's our impact?

Graham & Brown has several direct impacts on the economy, these are:

Taxation

- In 1999 Graham & Brown paid a total of £1,067,811 in National and Local Taxes. Taxes to local and national government, which is 0.45% of the total non-domestic tax, paid in the North West.

Wages and Benefits

- Graham & Brown employ approximately 560 people worldwide of which 500 are based in the UK, the majority of whom live in the North West. This is 0.015% of the working population of the North West.
- In 2000 Graham & Brown wages and salaries to employees totalled £12,712,736, this equates to an average salary of £1891, an increase from £1687 in 1999. The 2000 figure is 14% higher than the Lancashire average gross wage.
- In 2000 the Company Pension contribution to retired Graham & Brown employees was £204,543, an increase of 4.6% on 1999.

Suppliers Fees

- In 1999 £8,590,000 was spent purchasing local goods and services from Blackburn and Darwen companies. An additional £7,224,000 was spent in the regional economy.

Control - How do we manage it?

Taxation

- By general accountancy control and ensuring taxes are paid when due.

Wages and Benefits

- By ensuring that wages and benefits are fair in relation to quality and productivity criteria.
- We operate a pension scheme to provide final salary benefits open to all permanent employees with 3 or more years of service. As required by legislation there is a Statement of Investment Principles Covering Social and Environmental issues.

Suppliers Fees

- We are currently auditing the supply chain, evaluating 90 of our main suppliers on quality, environmental, health and safety issues. Encouraging our suppliers to comply with legislation and best practice provides health & safety and environmental benefits to the local as well as wider community.

Improve - What have we done to make our company performance better?

Taxation

- Standard good accountancy practice

Wages and Benefits

- Conducting employee opinion surveys (see Section 7.2.3 Employee Satisfaction)

Suppliers Fees

- Ensure suppliers meet legal and good practice health & safety standards, quality and environmental criteria and ensure that relevant local suppliers are always invited to bid for contracts.

Monitor - What are our goals and how do we know we are achieving them?

Taxation

- To ensure a vibrant local economy by positively contributing to the Blackburn with Darwen economic strategy.

Wages and Benefits

- To maintain above the local average staff salaries and benefits.

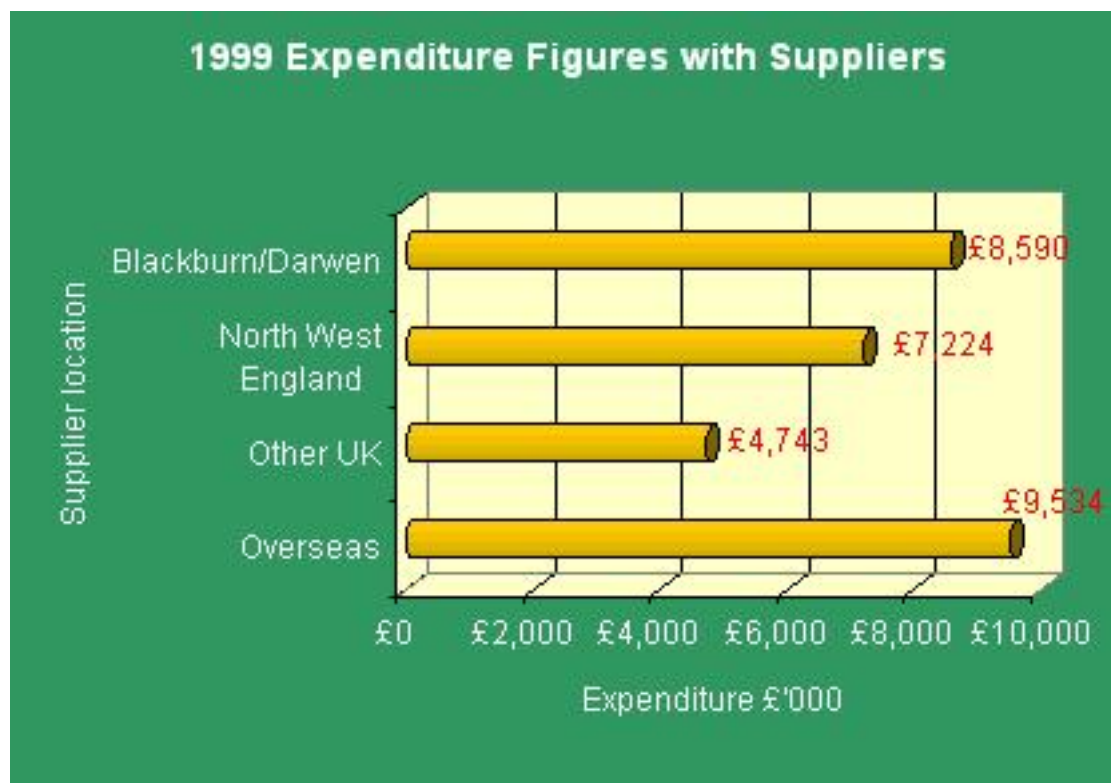
Suppliers Fees

- Formalising the local purchasing policy
- Maintain over 50% of supplies and services purchased in the North West
- To ensure that 100% of top 50 suppliers achieve specified levels of health, safety & environmental performance by the end of 2002.

Dialogue - What do you think and how can you help?

- What minimum quality, health & safety and environmental criteria should we expect from our suppliers?
- What are the Economic Priorities for Blackburn with Darwen and Lancashire that Graham & Brown can contribute to?

Local Economic Benefits and Supplier Purchasing Indicators



Supplier Location & Expenditure

Supplier Location	Type of Location	Number of Suppliers	Expenditure	Percentage of Total Expenditure
Blackburn with Darwen	Local	15	£8,590,000	28.5%
The North West	Regional	38	£7,224,000	24.0%

United Kingdom	National	13	£4,743,000	15.8%
UK Sub Total	UK	66	£20,557,000	68.3%
Europe, North America, Asia	Rest of World	13	£9,534,000	31.7%

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