

Avon Metals



United Nations Global Compact

Communication on Progress Covering Calendar Years 2010 to 2012

20th November 2013

To our Stakeholders:

Avon Metals has been a signatory to the United Nations Global Compact since 2007, and we continue to align our operations and strategies with its ten principles in the four key areas of Human Rights, Labour, Environment and Anti-corruption.

Signing the Global Compact affirms our long-standing commitment to strive to conduct business responsibly, and where possible, we actively encourage our business partners and other key stakeholders to join the initiative.

Our Communication on Progress (COP) is made available to stakeholders through the UN Global Compact website (www.unglobalcompact.org) and our own corporate internet site (www.avonmetals.com).

EXECUTIVE SUMMARY

Avon Metals is a metals recycling company whose main activity is the production of 15,000 metric tonnes per annum of primary and secondary (scrap) based aluminium alloys in ingot form. These ingots are used by producers of aluminium products to ultimately make a wide range of everyday products. These include; beverage cans; pie case foil; car engines & wheels; aircraft engines and landing gear; building products - such as door and window frame extrusions and curtain walling.

The Company is also an important physical trader of various other primary, secondary (scrap) and specialty minor metals (including titanium and tungsten).

Following a major restructuring and an increase in international trade, the company has prospered into a dynamic, forward thinking business that has been recognised in local and national business awards, including a Queen's Award for Enterprise in Sustainable Development in 2009 for our ongoing 20/20 Vision CSR initiative, a Queen's Award for Enterprise in International Trade in 2012 and a Major Commendation in the 2010 prestigious Business Commitment to the Environment (BCE) Environmental Leadership Awards. In addition a number of other awards have been awarded in the period up to 2012.

Avon Metals has demonstrated that a pragmatic approach to investing in our people, and protecting the environment through sustainable development, can be commercially viable.

Our 20/20 Vision Sustainability Report aims to deepen our Stakeholders' understanding about Avon Metals Corporate Social Responsibility Activities.



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MISSION STATEMENT

To maximise shareholder value through the manufacture and timely supply of high quality, ethically produced, eco-friendly innovative metals and alloy products and services to our global customers, whilst inspiring a safe, dynamic and challenging environment that enriches the lives of our employees and the communities within our sphere of influence.

INTRODUCTION TO OUR SUSTAINABILITY PHILOSOPHY

Sustainability, or sustainable development, is often defined as acting in a manner that meets the needs of today without hindering future generations.

In 2006, Avon Metals made a conscious decision to embark on a pioneering journey towards implementing, measuring and reporting sustainability.

Sustainability is more than just an initiative for Avon Metals - it is a philosophy that permeates right through the company influencing every single activity and decision. Avon Metals is committed to this philosophy and to continuous improvement on our road towards total sustainability. We seek to create a world class brand that will motivate customers, employees, suppliers and communities to partner with us for mutual long term benefit.

To achieve this, Avon is developing an all-encompassing, innovative Management and Leadership System entitled "Our 20/20 Vision". This initiative is based around 20 voluntary, quantitative Sustainable Development Indicators (SDI), covering the company's key performance in all three pillars of sustainable development – social well-being, economic prosperity and environmental stewardship - to be systematically measured and transparently reported to our stakeholders. The SDI's are reviewed on a periodic basis to assess their effectiveness and suitability based on current best practice.

In its pursuits to achieve sustainability, Avon has cultivated new markets and forged new partnerships in a diverse array of market sectors ranging from aerospace and automotive, to alternative renewable energy sources and commercial applications for our process residues.

Progress is benchmarked against realistic internal and external business targets. Reliable measurement is essential to guarantee continued monitoring, careful evaluation, committed implementation and tangible results. These are the cornerstone principles behind Avon Metals SDI reporting and we are determined to grow in ways that ensure a sustainable future for generations to come.

Continuous improvement is our aim, and to this end we have adopted a Kaizen philosophy. Input from stakeholders & shareholders alike will be actively sought and encouraged to ensure that we continue to implement best practices. We strive to exceed stakeholder expectations and improve the quality of life through our products and actions, and we will communicate transparently our vision, objectives and performance.

Steven Munnoch, Managing Director November 2013



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The Ten Principles

The UN Global Compact's ten principles in the areas of human rights, labour, the environment and anti-corruption enjoy universal consensus and are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

The UN Global Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption:

Human Rights

- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and
- **Principle 2:** make sure that they are not complicit in human rights abuses.

Labour

- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** the elimination of all forms of forced and compulsory labour;
- **Principle 5:** the effective abolition of child labour; and
- **Principle 6:** the elimination of discrimination in respect of employment and occupation.

Environment

- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.



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HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

AVON METALS LTD POLICY ON HUMAN RIGHTS

The objective of this policy is to minimise risks to Avon Metals from a breach of international Human Rights standards by the company or by association with business partners and suppliers. It aims to protect the business by providing a framework of fundamental principles of Human Rights by which Avon Metals Ltd will be guided in the conduct of its business.

Background

Human rights can be defined as basic rights that allow individuals the freedom to lead a dignified life, free from fear or want, and free to express independent beliefs. Avon Metals Ltd supports the principles of Human Rights set out in the Universal Declaration of Human Rights (UNDHR), International Labor Organization's Declaration on Fundamental Principles and Rights at Work and is a signatory of the United Nations Global Compact.

Scope

This Policy applies to all Avon Metals Ltd operations, including wholly or majority owned subsidiaries and associated companies where Avon Metals Ltd has management control. Particular attention is required by procurement functions when considering material tenders, third party contracts, business partners, suppliers and their supply chains where practical. It is not feasible to assess every supplier and the entirety of their supply chain.

While we do not have a direct influence over our business partners' operations, we look to engage with them and demonstrate our own internal standards. Where local legislation conflicts with this statement, we will comply with the law while seeking to promote best practice through our own conduct.

The role of companies and Human Rights has no single universal set of principles. We continue to monitor international developments and adhere with best practice such as the UNDHR and UN Global Compact whilst being mindful of national and cultural differences.



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Statement of principles

Avon Metals Ltd respects and supports the following:

- The right to equal opportunity and non-discriminatory treatment
- The right to security of person
- The rights of children
- The freedom of association and right to collective bargaining
- It will not use forced or compulsory labour
- It will provide a safe and healthy workplace
- It will pay workers a fair wage
- It will not pay bribes
- It will ensure that the company's services and products are not used to abuse human rights

Employees

Avon Metals Ltd employees are required to comply with our Business Principles, Brand Beliefs and code of conduct through our human resources policies and procedures.

Business partners and suppliers

Avon Metals Ltd will strive to ensure that procurement functions (dealing with material tenders, third party contracts and suppliers and functions dealing with business partners (commercial lines, joint ventures, etc) endeavour to seek partners upholding the same principles through their operations and supply chains where practical.

Customers

Avon Metals Ltd will seek to ensure that its products and services are not used to abuse human rights. Avon Metals Ltd will regularly appraise the social and economic climate of every country where we do business.

Signed

Steven Munnoch, Managing Director

March 2013



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Avon Metals works with suppliers who share our commitment to human rights.

Avon Metals Supplier Code of Conduct, required of all third party suppliers, encourages engagement with key human rights issues such as child labour, discrimination and working conditions throughout the Supply Chain.

OHSAS 18001 Standard & Investors In People Standards are in development

Avon has acknowledged the Securities and Exchange Commission final rule pursuant to section 1502 of the Dodd-Frank Wall Street Reform and Consumer protection Act relating to the use of conflict minerals, related to Tantalum and Tungsten in Avon's case. Avon is in the process of developing its policy on managing such materials and will have its procedures fully in operation in early 2013. In the mean time Avon Metals can categorically state that it is not involved in any way with the processing of "Conflict Minerals" from conflict sources. This will be fully reported in our 2013 COP.

In the past reporting period 2010 to 2012, Avon Metals has not been subject to any investigations, legal cases, incidents or breaches of Avon's Code of Business Conduct, and in particular none related to human rights abuses.

Towards the end of 2012 Avon Metals started to implement policies related to eliminating minerals sourced from conflict regions in the supply chain and to ensure that no such supply streams were related to any of Avon Metals Business. These policies involve undertaking due diligence to determine to the best of our knowledge that our raw material sources are conflict free. These policies are based on the requirements set down in the EICC/GeSI protocols for such purchasing, which are based both on OECD and SEC guidelines and final rulings. These developing policies have ensured that Avon's supply chain for "Conflict Minerals" has remains Conflict free.

LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

As covered by our Human Rights Policy, Avon Metals respects the freedom of its individual employees to join, or chose not to join, legally authorised, trade unions, associations or organisations.

As of the end of 2012, none of Avon's employees have taken the option to join legally authorised, trade unions, associations or organisations.

During the reporting period 2010 to 2012 there were no strikes or lockouts at Avon Metals.



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Principle 4: the elimination of all forms of forced and compulsory labour

As covered by our Human Rights Policy, Avon Metals states it will not use forced or compulsory labour.

All Avon Metals employees work for the company as a result of need or want. No one is forced to work for Avon Metals. Avon Metals is solely based in the United Kingdom and abides fully with UK and European Law and as such prohibit the use of any forced labour, including slavery, servitude or prison labour.

Avon Metals is also developing its Conflict Free Minerals policy, which aims to eliminate amongst other things, all forms of forced and compulsory labour in our supply chain.

Principle 5: the effective abolition of child labour

As covered by our Human Rights Policy, Avon Metals recognises the rights of children.

Avon Metals does not employ child labour. Avon Metals is solely based in the United Kingdom and abides fully with UK and European Law with respect legal age for employment.

Avon Metals is also developing its Conflict Free Minerals policy, which aims to eliminate amongst other things, all forms of child labour in our supply chain.

Principle 6: the elimination of discrimination in respect of employment and occupation.

As covered by our Human Rights Policy, Avon Metals states the right to equal opportunity and non-discriminatory treatment.

Avon Metals views as unacceptable any form of harassment, or unfair or unlawful discrimination based on race, age, gender, colour, sexual orientation, disability or national origin, whether by employees, temporary employees, managers, customers, vendors or Avon Metals' visitors.

As of the 31st December 2012 of the 55 Avon Metals employees

- 93% Male : 7% Female
- 50% Minority Employees : 50% Non Minority Employees
- 20% Employees aged below 30
- 52% Employees aged 30 to 50
- 28% Employees aged over 50
- Ratio of Male to Female salaries 1.07 : 1

All employees are made aware of our zero tolerance stance towards discrimination of any kind.

A Employee Conduct Code Manual has been issued.

English Lessons are provided for speakers of other languages.



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Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: undertake initiatives to promote greater environmental responsibility

Principle 9: encourage the development and diffusion of environmentally friendly technologies

Avon Metals is a forward thinking, environmentally conscious company, and we have made a pledge to reduce our carbon footprint an ultimate target of becoming “carbon neutral”. Following the recent economic downturn, our carbon neutral target has been revised to 2020. Being carbon neutral involves calculating the total climate-damaging carbon emissions, reducing them where possible, and then balancing the remaining emissions, often by purchasing a carbon offset e.g. paying to plant new trees or investing in “green” technologies such as solar and wind power.

Avon Metals core business is centred about the procurement and recycling of scrap metals predominantly Aluminium, but also a whole host of other metals. Many of these secondary materials are reprocessed into new alloys for onward use in a vast range of industries or refined or traded on to be incorporated into new alloys or parts.

Together with this sustainable business plan Avon has also committed to minimise the impact on the environment as much as possible.

As in other parts of the business Avon Metals has utilised the Global Reporting Initiative (GRI) G3 guidelines to measure and report environmental impacts in a number of areas including raw material use, energy consumption, greenhouse gas generation, emissions, water use and discharge and waste generation and disposal.

Avon Metals have ISO 14001 environmental management system certification in place which is accredited by BSI an independent accreditation body.

The Company is also an active member of the Climate Change Levy scheme operated by the DTI.

The following initiatives have been started or investigated within the 2010 to 2012 reporting period.

A number of employees have been involved in Lead Manufacturing projects after attending Training Courses. The melting operations at Avon Metals are energy hungry by definition. Due to the increasing cost of energy (gas, electric), the need to increase productivity and reduce our Carbon footprint, small project teams were set up to improve performance of the gas-fired furnaces in September 2010 and the electric furnaces in June 2011.



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Key areas that were looked at were furnace utilisation, casting temperatures and scheduling.

Through the efforts these small teams, the Gas Furnaces saw a 5.3% drop in kWhrs/tonne and the Electric Furnaces saw a 7.0% drop in kWhrs/tonne. These improvements have led to a reduction in our carbon footprint.

In addition to the lean manufacturing projects that will continue to run, Avon Metals is always looking for opportunities to reduce its carbon footprint.

Stack emissions have been assessed on an annual basis. The emissions have been consistently below the operational permit allowance. In 2011 as a result of the emissions being so low, Avon Metals has been granted a lengthening of the testing interval from annual to biennial.

In the reporting period 2010 to 2012 Avon Metals has made an excellent improvement in sound abatement to the local area. The movement of scrap metal around the plant can be very noisy. A number of initiatives have been implemented to minimise the escape of noise from the site. These have included the installation sound dissipation vents, acoustic dampening roller doors, trees around the site boundaries to absorb noise and we have restricted our scrap movement hours from 7:00 hrs - 22:00 hrs to 7:00 hrs - 19:00 hrs.

Avon Metals continues to source aluminium packaging waste, foils, cans, food containers etc for remelting into new alloys. This in the first instance, stops this material going for landfill disposal and secondly reduces the requirement for primary aluminium which is significantly more energy dense due to the energy required to smelt aluminium ore.

Avon Metals continues to be an important corporate sponsor of two local wildlife organisations, Slimbridge Wildfowl and Wetlands Trust and Gloucestershire Wildlife Trust.

In 2012 a butterfly garden was funded to create a mix of nectar rich plants to benefit and attract butterflies and other wildlife to this area. There are also log piles and habitat towers to provide homes for insects.



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STATEMENT OF CONTINUED SUPPORT FOR THE UN GLOBAL COMPACT'S CEO WATER MANDATE

Water is essential for sustaining life. However, this valuable resource is distributed unevenly throughout the world and is also often used wastefully and polluted. This is resulting in severe ecological damage, disease, food shortages and violent conflicts. By developing and promoting solutions to support efficient and responsible consumption of water, Avon Metals is committed to conserving one of the most crucial of all raw materials.

A commitment to protecting water quality and reducing water consumption has long been part of Avon Metals company policy." Drinking water is a resource in scarce supply. A mere 2.5 percent of all the water on Earth is freshwater – and most of that is either contained in ice, or is present as groundwater and therefore difficult to access. According to estimates by the United Nations, water shortages will assume critical levels in numerous regions over the course of the next few decades. Today, over a billion people already have no access to clean water. As the world's population continues to grow and consumption habits change, the amount of drinking water needed, and the volume required for sanitary and hygienic purposes and especially for food production, will continue to increase. Increased urbanization is intensifying the pressure on local water resources and, particularly in the emerging countries, water pollution is on the increase. In some areas, climate change will exacerbate the situation still further due to decreased precipitation and rising sea levels.

Efficient water usage and water pollution control are key issues when it comes to sustainable development. Agriculture has a crucial role to play in this respect, as the majority of the water consumed in the world (around 70 percent) is used in the cultivation of foodstuffs.

As an active UNGC signatory, Avon Metals are also part of the CEO Water Mandate which focuses on achieving more sustainable consumption of this essential resource. By joining the CEO Water Mandate, Avon Metals commits to setting meaningful water reduction targets and tracking and reporting water usage, and has indicated its commitment to adhere to a comprehensive approach to water management. The Mandate is broken into six key areas: direct operations; supply chain and watershed management; collective action; public policy; community engagement; and transparency. Each key area concludes with a pledge for signers to commit to a number of related actions.

Steven Munnoch, Managing Director



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Future Plans

Avon Metals continues to assess projects that have the potential to reduce our environmental impact.

A planned power correction upgrade for the electric induction furnaces has been rescheduled for reassessment in 2015. The cost is over £100k and in the current economic climate this is difficult to justify, however it has the potential to save in excess of 1000 tonnes per annum of CO² emissions alone so will remain on the carbon footprint reduction list.

Work will commence in 2013/2014 to assess how we can utilise the plant site infrastructure to reduce our Carbon Footprint. Rain water capture and recycling and flue heat recovery system have been identified as possible initiatives to save or recover valuable resources.

Avon Metals will be moving to the new GRI G4 reporting model to monitor and report its performance.

Avon Metals will continue to support and fund Slimbridge Wildfowl and Wetlands Trust and Gloucestershire Wildlife Trust.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery

In an effort to combat global corruption, the World Economic Forum Partnering Against Corruption Initiative (PACI) was formally launched by CEOs from the Engineering & Construction, Energy and Metals and Mining industries in January 2004. PACI is business driven global initiative with commitment from the top.

The PACI is the only global business-driven, anti-corruption initiative; it commits corporate leaders to action. It brings together companies in multiple industries from all over the world, regardless of their membership in the World Economic Forum or the size of their company. By signing the PACI Principles, signatory companies like Avon Metals commit to having a zero tolerance policy towards bribery and to developing and implementing or maintaining a broad-based, anti-corruption programme to guide the behaviour of their employees.

The PACI's mission is to develop multi-industry principles and practices that will result in a competitive level playing field, based on integrity, fairness and ethical conduct. The PACI Principles for Countering Bribery, create a common language on corruption and bribery valid



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for all industries firmly believing that corruption cannot be countered without leadership and commitment from the top.

These principles also apply to key business relationships with controlled subsidiaries, joint ventures, agents and other intermediaries, as well as contractors and suppliers. Effectiveness is ensured by a self-assessment process, which allows for companies to receive expert feedback on their anti-corruption programmes.

The PACI places the private sector in a unique position to guide governments' and international organizations' strategies and policies on anti-corruption and has built strong relationships with the key players and institutions from the global anti-corruption landscape.

AWARDS & ACCREDITATIONS

2012

- Winner: The Queen's Awards for Enterprise: International Trade
- Winner : Exporter of the Year, Insider Magazine Business of the Year
- Winner : Business of the Year, Gloucestershire Business Awards

2011

- Winner: Supplier of the Year, Cast Metals Federation Awards
- Winner: Nature Works Education Award, Gloucestershire Wildlife Trust
- Finalist : Business of the Year, Gloucestershire Business Awards
- Winner: Steven Munnoch Young Business Person of the Year, Gloucestershire Media Business Awards

2010

- Finalist : Best SME in "The Manufacturer Awards" – winner announced October 2008
- Finalist : Best Company in the Gloucestershire Business Awards
- Finalist : ITV / Price Waterhouse Coopers West of England Business Awards
- Winner: Major Commendation from Business Commitment to the Environment (BCE)



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2009

- Winner: The Queen's Awards for Enterprise: Sustainable Development
- Finalist : ITV / Price Waterhouse Coopers West of England Business Awards
- Finalist : Business of the Year, Gloucestershire Business Awards
- Finalist : Corporate Social Responsibility, Gloucestershire Business Awards
- Finalist : SME Manufacturer of the Year, The Manufacturer Awards
- Finalist : Sustainable Manufacturing, The Manufacturer Awards
- Finalist : Business Growth Award, EEF Future Manufacturing Awards
- Finalist : Environmental Achievement Award, EEF Future Manufacturing Awards

2008

- Finalist : Best SME in "The Manufacturer Awards" – winner announced October 2008
- Finalist : Best Company in the Gloucestershire Business Awards
- Finalist : ITV / Price Waterhouse Coopers West of England Business Awards

2007

- Winner : The Queen's Award for Enterprise: International Trade.
- Winner : International Trade Award in the Gloucestershire Business Awards
- Winner : Steven Munnoch, Young Business Person of the Year in the Gloucester Business Awards
- Winner : Cast Metals Federation Supplier of the Year
- Winner : Gloucestershire Ambassador's Book Check Cup for outstanding contribution to the region
- ISO 14001 Environmental Management System
- Beacon South West Status

Steven Munnoch, Managing Director

