



SHAPING FUTURE PERFORMANCE

VICTREX PLC
ANNUAL REPORT 2019

An **innovative world leader** in
high performance polymer solutions

SUSTAINABILITY AT OUR CORE

Jakob Sigurdsson
Chief Executive Officer



We seek to bring transformational solutions that address the world's material challenges every day.

Introduction from the Chief Executive Officer – Jakob Sigurdsson

With sustainability at the core of our business model Victrex seeks to bring transformational solutions that address the world's material challenges every day. We seek to deliver sustainable benefits principally in three areas: for our customers and markets through our products, with efficient use of resources and being socially responsible in the communities where we operate. Through our 2023 Vision (timed to mark the 30th anniversary of Victrex's formation) Victrex has clear targets which seek to improve on our strong sustainability platform.

PEEK and the PAEK family of polymers already have a good track record in sustainability, including the potential for recyclability of PEEK in applications and the future possibilities from a circular economy and re-use of materials. We have long-term sustainability targets, with a number of interim targets already completed. Over the next twelve months we expect to further refine these targets, both for practicality and also for the medium term, particularly around our resource efficiency area, where our newer manufacturing acquisitions or investments need to be reflected. We will also take account of the UN's 2030 Sustainable Development Goals in our targets.

Our sustainable solutions area looks to increase the level of PEEK polymers in cars from an average of 8g to 12g in the medium term, with our lightweight and durable polymers supporting the trend for CO₂ reduction, as well as reduced waste through enhanced processing. In our Medical area, we increased our target for the number of implanted patients with PEEK-OPTIMA™ from 9 million to 12 million. Following our initial recognition in 2018, we continue to be part of the FTSE Russell Green Revenues Index, reflecting our sales into transport markets, where our lightweight materials support the trend of CO₂ reduction.

Across our resource efficiency area, our focus on CO₂ reduction per unit of revenue continues to see steady improvement and we have also increased the proportion of renewable electricity we buy to 85%. Participation in the Carbon Disclosure Project ('CDP') remains a key priority and I am pleased to note our score improved further this year, to a B-, a great achievement considering our initial E grade in 2013. We also saw some efficiency improvements in our Aptiv™ film processing, through our new film reclaim plant.

In social responsibility, our activities in the community, and to support the next generation of scientists and engineers, show progress. Through supporting STEM (science, technology, engineering and maths) activities in schools, as well as supporting 31 apprentices this year, we have a clear focus with a target of 10,000 employee hours supporting local communities.

Although our sustainability platform is robust, I believe we can make further strides over the coming years. With our Polymer & Parts strategy focused on moving further downstream to supply semi-finished products and components – beyond manufacturing polymers – we have an opportunity to deliver further benefits to our customers and markets. Whether it be in Aerospace, where the current commercial airline fleet is expected to double by 2035; in Automotive, where durability, electrification and lightweighting are key themes; or in Medical, where our polymers are delivering real performance benefits to patients, sustainability remains integral to our business model and long-term success.

As Chief Executive Officer I have direct responsibility for our sustainability strategy and look forward to continuing our progress.

Jakob Sigurdsson
Chief Executive Officer
5 December 2019

OUR SUSTAINABILITY GOALS

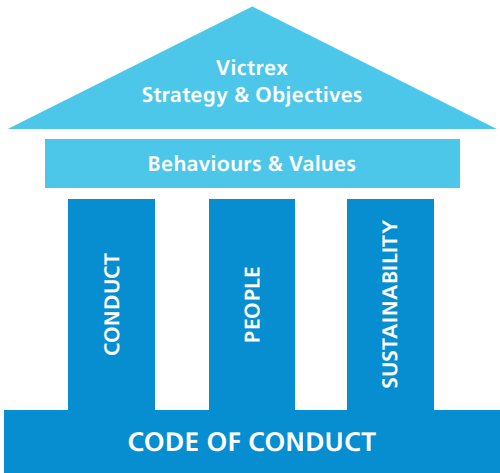
Victrex delivers sustainable benefits and solutions to our customers and our markets, alongside maximising our resource efficiency across our global footprint, and being socially responsible in the communities where we operate.

Sustainable solutions 	Resource efficiency 	Social responsibility 
<p>Vision: Develop and deliver sustainable polymer solutions that provide clear social and environmental benefits to society</p> <hr/> <p>2023 target:</p> <ul style="list-style-type: none"> → Save more CO₂ than we produce (carbon neutral) → 5 million-tonne reduction of CO₂ in Aerospace and Automotive → Target 12 million patients with PEEK-OPTIMA™ implanted globally (target enhanced from current 9 million+) <hr/> <p>Our 2023 Vision: interim targets</p> <hr/> <p>Metric:</p> <ul style="list-style-type: none"> → CO₂ savings → Scale of patient benefits <hr/> <p>Interim targets:</p> <p>COMPLETED</p> <ul style="list-style-type: none"> → Independently review method of measuring CO₂ savings in Transport → Extend PEEK-OPTIMA™ further into new and existing spinal therapeutic areas → Extend PEEK-OPTIMA™ into new therapeutic areas <hr/> <p>TO DO</p> <ul style="list-style-type: none"> → Extend Invibio solutions into emerging geographies <hr/> <p>ENHANCED TARGETS</p> <ul style="list-style-type: none"> → Increase volume of PEEK in cars from 8g to 12g over the medium term, supporting lighter vehicles and CO₂ savings 	<p>Vision: Maximise resource efficiency across the value chain</p> <hr/> <p>2023 target:</p> <ul style="list-style-type: none"> → 50% reduction in CO₂ per £ revenue → 50% reduction in waste per £ revenue <hr/> <p>Our 2023 Vision: interim targets</p> <hr/> <p>Metric:</p> <ul style="list-style-type: none"> → Reduction in energy and waste → Tonnes CO₂ per £ revenue <hr/> <p>Interim targets:</p> <p>COMPLETED</p> <ul style="list-style-type: none"> → Engage with key suppliers by FY 2016 to identify their climate change impact and improvement plans → Establish an R&D programme by FY 2015 to identify process yield improvements and waste reduction opportunities → Engage with key suppliers by FY 2016 to identify their waste impact and improvement plans <hr/> <p>TO DO</p> <ul style="list-style-type: none"> → Establish a long-term energy efficiency plan <hr/> <p>ENHANCED TARGETS</p> <ul style="list-style-type: none"> → Establish long-term resource efficiency plan with raw material supply chain → Translate low carbon energy sourcing strategy across UK manufacturing sites 	<p>Vision: Inspire the next generation by supporting science, technology, engineering and maths education ('STEM')</p> <hr/> <p>2023 target:</p> <ul style="list-style-type: none"> → 10,000 employee hours (cumulative) supporting community activity by 2023 → 1,000 young people reached through education activities → 50% of employees engaged on sustainability <hr/> <p>Our 2023 Vision: interim targets</p> <hr/> <p>Metric:</p> <ul style="list-style-type: none"> → Employee involvement in the community → Number of young people worked with <hr/> <p>Interim targets:</p> <p>COMPLETED</p> <ul style="list-style-type: none"> → Employee network in place to support community STEM education activities in the UK by end of FY 2015 and globally by end of FY 2016 → Victrex/Catalyst Science Education Centre project fully up and running by end of FY 2015 → Employee engagement in sustainability assessed in FY 2018's employee survey, with results benchmarked against peer companies <hr/> <p>TO DO</p> <ul style="list-style-type: none"> → Ongoing support to high schools to achieve improved STEM academic results → Corporate responsibility benchmarking by BITC (Business in the Community)

OUR CODE OF CONDUCT – DOING THE RIGHT THING

Passion, innovation and performance are integral to our behaviours and we support and uphold them in an ethical manner. Our ethical principles are set out in our Code of Conduct and underpin the way we do business and treat one another. Our Code of Conduct sets the foundations of how we act personally, with others and in our communities. Our continued success as a business rests on maintaining these principles and ensuring we strive to always do the right thing.

Our Code of Conduct is supported by policies on each of the Conduct, People and Sustainability pillars shown in the table below.



Doing the right thing in our CONDUCT	Doing the right thing for our PEOPLE	Doing the right thing for SUSTAINABILITY
<ul style="list-style-type: none">→ We are open and honest→ We comply with all applicable laws and regulations→ We do not engage in anti-competitive activity, bribery or corruption→ We protect our Company information and confidential information shared with us→ We follow good standards of corporate governance and do not abuse market regulations	<ul style="list-style-type: none">→ We treat people with fairness and respect, and hold ourselves and each other to account→ We do not discriminate→ We provide a safe and healthy workplace and ensure our activities do not harm our employees, the public or the environment	<ul style="list-style-type: none">→ We deliver sustainable polymer solutions→ We work to minimise the environmental impact of our business operations→ We contribute to the wellbeing of our local communities→ We seek to inspire the next generation

 [Chief Commercial Officer's report](#)
Pages 22 to 24



All of our employees, officers and Board members are responsible for following our Code of Conduct and its supporting policies. There is annual recertification of the Code of Conduct through mandatory awareness learning for employees, with additional training on specific supporting policies for targeted employees and this programme continues to develop. In September the completion rate was 90%. The Code is available in five languages, viewable on www.victrexplc.com.

We encourage employees and our stakeholders to speak up if they have concerns that our Code of Conduct or its supporting policies are not being followed and our Global Whistleblowing Policy gives help on how to do this.

Sustainability matters

We recognise that some of our operations can impact on the safety and wellbeing of our people and those in the communities around us. This is reflected in our principal risks on pages 27 to 29. Our Safety, Health and Environment Policy promotes our continuous improvement in this area.

Our employees

We value our employees and continue to seek to recruit, retain and develop our talent, and this too is reflected as a principal risk on page 27. Ensuring we recognise the positive contribution of a diverse workforce and hold ourselves to account for delivering it is paramount. As such we have reviewed a number of our key employment policies during FY 2019 to ensure they remain fit for purpose and continue to enhance processes to ensure we recruit the highest quality people with the right fit to our organisation. To enable employees easy access to all policies we have developed a 'one stop shop' Employee Handbook which will be rolled out in the UK in FY 2020. Our Group Diversity & Equal Opportunities Policy has been updated to strengthen our inclusion and diversity stand, including enhancement of our flexible working approach, with a formal policy being rolled out in FY 2020.

We have continued to develop and progress action plans to further develop areas which did not score as highly as we hoped in our FY 2018 employee survey; however, we take pride that this periodic survey did achieve a 75% engagement rate, a near double-digit improvement on our previous survey and some five percentage points above the industry benchmark. The next employee survey is due to be performed in early 2020. While an official survey was not performed during the year ended 30 September 2019 we did a number of other employee engagement activities in the period, e.g. quarterly global staff briefing and Q&A sessions.

Our gender pay gap report was published this year, details of which can be found on page 43 and on www.victrexplc.com.

Respect for human rights

We recognise the importance of treating the people around us, and those we may impact, with respect but also acknowledge there are practices globally that seek to threaten human rights. Victrex does not tolerate these practices.

In relation to our supply chain activities we have focused policies on Modern Slavery and Conflict Minerals and Anti-Bribery and Corruption. Before any vendor can become an approved supplier to Victrex, they must acceptably pass through our due diligence process which involves:

- site-specific audits where appropriate;
- detailed responses to a robust on-boarding process that examines all relevant areas of the business operation, with special focus on issues pertinent to CSR factors; and
- acceptance of the Victrex Supplier Standards Handbook.

Sustainability report continued

**Respect for human rights continued**

The process is cyclical, to ensure the appropriate focus is maintained on those vendors deemed as strategically important or as high risk to Victrex.

Our Modern Slavery Statement is available on www.victrexplc.com reaffirming our policy commitment and our ongoing actions in this area.

We operate a Global Data Protection Policy (and a suite of supporting procedures and arrangements) to ensure compliance with applicable data protection legislation including GDPR. The policy and procedures are published on the Company's intranet on a dedicated Group Policies page. Employees who handle personal data are required to complete mandatory annual training, including through e-learning. We keep our training materials under regular review and work is underway to create functional specific data protection training materials. The internal audit review programme includes a review of the adequacy of the Company's procedures in relation to data protection compliance.

Anti-bribery and corruption

In conducting business on behalf of Victrex, our employees and representatives must follow our Code of Conduct. This is a commitment to being open, honest and following all relevant laws and regulations. This commitment is supported by underlying policies and processes including with respect to Fraud, Anti-bribery & Corruption, Financial Crime, Gifts & Hospitality, Share Dealing (Market Abuse), Data Protection, Competition Law and Export Controls & Sanction Compliance, and are reflected in our principal risks on pages 27 to 29. Our focus on Doing the Right Thing extends beyond the letter of the law to ensure we act ethically and openly, treating others fairly and how we would want to be treated. The desired outcome of our Code of Conduct, including the policies and procedures which underpin it (including the Anti-bribery & Corruption Policy), is to ensure we act responsibly in all our dealings and foster a sustainable business.

The Company is committed to a zero-tolerance position with regard to bribery, made explicit through its Anti-Bribery & Corruption Policy and supporting policies/guidance on gifts and hospitality, interactions with politically exposed persons and healthcare professionals. The policies and procedures are published on the Company's intranet on a dedicated Group Policies page. The risk of bribery and corruption is considered a key aspect of the Ethics and Regulatory Compliance principal risk on page 29 and a number of mitigations are in place. In addition to ensuring compliance with export controls and sanctions, the Company conducts enhanced due diligence on individuals or organisations where there is a perceived or actual increased risk of bribery (for example, where the Company is engaging with a politically exposed person), or the Company is conducting due diligence for a potential joint arrangement or acquisition. All employees are required to complete Code of Conduct e-learning on commencement of employment and thereafter annually. This contains a section on anti-bribery and corruption matters. We keep our training materials under regular review and work is underway to create specific e-learning modules for anti-bribery and corruption, to supplement classroom-based training sessions. We ensure appropriate anti-bribery and corruption clauses are included in relevant contracts. The Company maintains a register of employee interests (where there are actual or possible conflicts of interest) and a record of gifts and hospitality given and received above certain thresholds in the form of a Giving & Receiving Register. A review of the Company's anti-bribery and corruption arrangements is featured on the Board's programme of business and the internal audit review programme includes a review of the adequacy of the Company's procedures in relation to anti-bribery controls and procedures. Further information on our approach to anti-bribery and corruption matters is contained on page 71.

Non-financial information statement

This section of the Strategic report constitutes Victrex plc's non-financial information statement, produced to comply with sections 414CA and 414CB of the Companies Act 2006. The below table, and information it refers to, is intended to help stakeholders understand our position on key non-financial matters, and where the relevant information is located in this report.

Reporting requirement	Material policies and standards that govern our approach	Key risks relating to these matters (pages 27 to 29)	Risk management and additional information
Environmental matters	<ul style="list-style-type: none"> → Safety, Health & Environment (SHE) Policy* → Environmental Policy (ISO system) → Code of Conduct* 	→ Safety, health and environment	→ Sustainability report – Sustainable solutions and Resource efficiency, pages 38 to 42
Employees	<ul style="list-style-type: none"> → Group Diversity & Equal Opportunities Policy → Disciplinary Policy & Procedure → Grievance Policy & Procedure → Flexible Working Policy (UK)** → Employee Handbook** → Global Whistleblowing Policy → Share Dealing Codes → Code of Conduct* 	→ Recruitment and retention of the right people	<ul style="list-style-type: none"> → Sustainability report – Our Code of Conduct, page 35 → Sustainability report – Social responsibility, pages 43 to 45
Respect for human rights	<ul style="list-style-type: none"> → Modern Slavery & Human Trafficking Policy → Modern Slavery Statement* → Conflict Minerals Policy* → Data Protection Policy → Code of Conduct* 	→ Ethics and regulatory compliance	→ Sustainability report – Our Code of Conduct, pages 35 and 36
Social matters	<ul style="list-style-type: none"> → Sustainability Policy → Code of Conduct* 	→ Recruitment and retention of the right people	→ Sustainability report – Social responsibility, pages 43 to 45
Anti-corruption and anti-bribery	<ul style="list-style-type: none"> → Anti-Bribery & Corruption Policy → Fraud Policy → Conflict of Interests Policy → Gifts and Hospitality Policy → Financial Crime Policy → Policy on Interaction with Healthcare Professionals → Policy on Interaction with Politically Exposed People → Export Controls & Sanctions Policy → Competition & Anti-Trust Policy → Code of Conduct* 	→ Ethics and regulatory compliance	→ Sustainability report – Our Code of Conduct, page 36
Description of the business model		→ All key risks link to our business model	→ Business model, pages 8 and 9
Non-financial key performance indicators			→ Non-financial key performance indicators, page 17

* These policies are published on www.victrexplc.com, along with being available to employees via the Group intranet. All other policies listed are available to employees via the Group intranet.

** Policies to be launched in FY 2020.



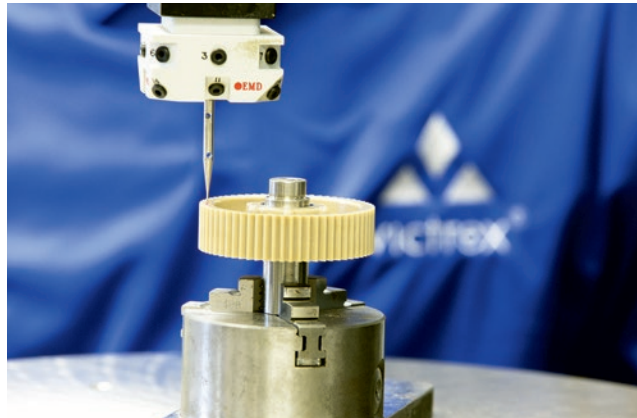
SUSTAINABLE SOLUTIONS

Our sustainable solutions area focuses on products and services which help shape future performance for our customers and markets, by providing sustainable environmental and social benefits. PEEK and PAEK polymers also have recyclability properties which means they can be re-ground and re-used in certain applications, supporting our sustainability credentials.

Automotive industry – reductions in CO₂ footprint remain a priority

According to the European Environment Agency ('EEA'), passenger cars account for approximately 60% of CO₂ transport emissions, followed by heavy duty trucks at 26%, water navigation at 13.6% and civil aviation at 13.4%.¹ Consequently, cutting the CO₂ emissions of vehicles – whether in production, use or disposal – continues to be a very important objective for the automotive industry despite the slowdown in global demand during 2019.

One way to reduce the carbon footprint is by further improving the energy efficiency of automobiles. High precision PEEK thermoplastic gears can contribute to that. Compared to traditional metal-based gears, Victrex's gear solutions offer decisive benefits, including, in addition to enhanced efficiency, system cost reduction and improved NVH (noise, vibration, harshness) performance. A number of applications can also be satisfied, not just traditional gear systems – pumps, valves and actuator gears are areas that Victrex is focusing on.



A sustainable offering

Following the extension of our material expertise to advanced capabilities in the design, development and manufacture of gears, Victrex offers a fully integrated and highly innovative approach to PEEK Gear solutions, based on VICTREX™ HPG polymers for both internal combustion engines ('ICE') and electric vehicle powertrain platforms.

Recent milestones in automotive include:

- Several global manufacturers, including one major car manufacturer in Europe, have already taken advantage of Victrex's ability to look at the whole system, not just the gear. Consequently, the first PEEK Gears are now on the road with over ten other development programmes now in place.
- Our gear design and manufacturing facility in Grantsburg, USA (formerly Kleiss Gears), was awarded the very important automotive quality standard IATF 16949, proving that the systems and capabilities required by Tier1/OEM manufacturers are in place. This is expected to help them meet emission targets with cost-effective powertrain solutions that do not compromise on durability and time to market.²

The fast-accelerating rise of auto-electronics and electric vehicle applications

With more and more auto-electronics being applied in vehicles generally, for example, in actuators and pumps, engineering requirements are increasingly demanding – and versatile high performance PEEK based thermoplastics can provide a perfect answer.

Looking further ahead, climate change, rapid urbanisation, official policies and disruptive technologies will continue to affect the automotive industry as it makes the challenging transition from combustion engine to electric powertrain. After all, electric mobility is expanding with a car fleet that exceeded 5.1 million in 2018, i.e. an increase of over 2 million, or 63% over the previous year.³ This opens up additional mid- to long-term opportunities for the PEEK family of high performance polymers, potentially resulting in up to 100g of PEEK in an EV in the future, an opportunity that Victrex is currently exploring for other applications.

Sources

- 1 <http://www.europarl.europa.eu/news/en/headlines/society/20190313STO31218/co2-emissions-from-cars-facts-and-figures-infographics> viewed 2019-08-13.
- 2 STK Automotive Mission statement.
- 3 <https://www.iea.org/gevo2019/> and 'Global EV Outlook 2019' on <https://www.iea.org/publications/reports/globalevoutlook2019/> released 27 May 2019 both viewed 2019-08-13.



RESOURCE EFFICIENCY

Our performance in how we are managing and measuring our resource efficiency is shown in our 2023 Vision on page 33.

Resource efficiency

With lighter materials which can support CO₂ savings, we have clear sustainable benefits to society, but also have an impact on the environment through the resources that we use to make our products and the processes that we operate. We focus on controlling these impacts and, as we grow, are committed to continual improvement. Our priorities remain the efficient use of energy and waste minimisation and we are proactively focusing on improvement in these areas.

Examples during the year include the commissioning of a new £3.5m Aptiv™ film reclaim plant. This replaces a less efficient process, enabling more material to be processed faster using less energy. Around 40% of polymer processed through the film line is recovered and recycled.

At our Rotherham plant, optimised process solvent use and plant infrastructure improvements have achieved a reduction of over 250 tonnes waste for disposal in the year. Whilst we continue to project further reductions in the years ahead, we are mindful that the practicality of our overall waste targets will need re-evaluating.

Separately, optimised raw material changes to the process have reduced aqueous effluent by over 150 tonnes per year, demonstrating our continued improvement.

Principal environmental impacts

The Group's main environmental impacts are set out in the charts on page 40 and are different from the Group's overall greenhouse gas ('GHG') emissions (on pages 41 and 42). These show energy use, water use and waste from our main UK polymer production sites. These production sites have the biggest environmental impact (97%); the impact from our US Gears facility, UK Fibres plant and our overseas technical and office facilities is not material at this stage and is not included.

We have reported data per unit of revenue to best align our indicators with our Polymer & Parts strategy as we move downstream into more specialised manufacturing with a varied product mix, along with absolute data to demonstrate our total impact. Encouragingly, targeted improvement projects resulted in lower energy and water efficiencies per unit of plant output. Environmental indicators were impacted by lower sales volumes.

Our GHG report (updated in line with the new UK government's policy on Streamlined Energy and Carbon Reporting ('SECR')) includes our corporate CO₂ emissions by emission type (Scope 1 emissions generated by the direct combustion of gas; Scope 2 emissions from purchased electricity and steam; total energy used; and Scope 3 emissions from other sources, for example distribution). Absolute emissions data is reported along with Scope 1 and 2 emissions per unit revenue.

Our participation in the Carbon Disclosure Project ('CDP'), which benchmarks global companies, has seen further improvement and is a recognition of our efforts in this area. CDP measures companies in their efforts to reduce carbon, and during the year we were pleased to increase our score to a B- grade, higher than the chemical sector average and a continuous improvement since our E grade in 2013.

Compliance

Proactively staying well ahead of environmental standards is part of Victrex's philosophy across our operations. When we design and build new plant we work closely with global regulatory authorities to make sure that the best available techniques to protect the environment are adopted. Our UK chemical production plants are regulated under Environmental Permitting Regulations and, as such, are subject to close regulatory review by the UK Environment Agency. We carry out extensive routine monitoring, with over 2,000 tests per year, to proactively make sure our plants are well controlled. During the year there was one environmental notifiable event. At our Hillhouse manufacturing plant in the UK, during routine monitoring we detected an instance when suspended solids in a waste stream were elevated above agreed levels but with no potential to cause significant environmental impact.

Victrex has an effective system for reporting and investigating incidents and near misses. In the period there was one reportable incident at our Rotherham site. This occurred during routine chemical manufacture and related to a limited release of gas. There was no harm to people or the environment although we did receive a HSE improvement notice. A detailed investigation has been carried out and, as appropriate, enhancements to existing processes and procedures have been put in place to minimise re-occurrence.

We have well established systems and procedures in place to manage environmental performance and to achieve continuous improvement. During the year we successfully maintained ISO 14001:2015 accreditation for the environmental management system on our compounded pellets production plant, validating our high level commitment to environmental improvement.

Although PEEK is a high performance thermoplastic and has good recyclability potential in applications – with thermoplastics representing less than 0.2% of total plastics – and not high volume, bulk commodity plastics, Victrex signed the Operation Clean Sweep ('OCS') pledge to demonstrate our commitment to eliminate industry plastic pellet loss to the environment. To support the pledge during the year we have delivered extra awareness training for employees.

Sustainability report continued



RESOURCE EFFICIENCY CONTINUED

Energy use (UK operations)

In line with previous reporting, energy use is reported for our UK manufacturing sites.

Energy data is based on meter readings and/or invoices.

Pleasingly absolute energy used decreased. Energy per unit of revenue has slightly increased due to impact of lower sales volumes.

Primary energy
Thousands GJ

2019	794
2018	847
2017	764
2016	735
2015	731

Primary energy per unit revenue
Thousands GJ/£m

2019	2.7
2018	2.6
2017	2.6
2016	2.9
2015	2.8

Water (UK operations)

Water use is reported for our UK production operations (North of England). Our overseas water usage is not material. Water usage is based on site meter readings. A notable reduction in total water usage and usage per unit of revenue was achieved due to plant operation efficiencies and infrastructure improvements. This was reflected in a lower water per unit revenue despite lower sales volumes.

Water usage
Thousands m³

2019	499
2018	605
2017	566
2016	532
2015	602

Water usage per unit revenue
Thousands m³/£m

2019	1.7
2018	1.9
2017	2.0
2016	2.1
2015	2.3

Waste (UK operations)

Whilst our manufacturing process generates hazardous waste, we work closely with licensed waste service providers to ensure that it is recovered, recycled or disposed of with minimal environmental impact. Waste generation is based on consignment note records.

This year hazardous waste metrics have been updated to show waste that requires transport to off-site waste disposal contractors; waste treated at site locations has not been included. Prior year numbers have been restated on a consistent basis accordingly.

Total hazardous waste generated decreased this year driven by lower volumes manufactured and waste per unit revenue also improved.

We have invested in improving and optimising the production process to reduce waste, but we are already striving to reduce it further. This is a priority sustainability objective and there is an ongoing programme of work to examine how we can further minimise generation of waste at source and how we can also recover value from waste generated over the medium term.

Hazardous waste produced
Tonnes

2019	30,311
2018	33,910
2017	33,416
2016	33,330
2015	41,820

Hazardous waste produced per unit revenue
Tonnes/£m

2019	103
2018	104
2017	115
2016	132
2015	159

Hazardous waste disposed to landfill (after treatment)
Tonnes

2019	15
2018	7
2017	19
2016	1
2015	12

Hazardous waste disposed to landfill (after treatment) per unit revenue
Tonnes/£m

2019	0.05
2018	0.02
2017	0.07
2016	0.00
2015	0.05

Greenhouse gas ('GHG') emissions

Our GHG report has been updated in line with the UK government regulations on streamlined energy and carbon reporting introduced in 2019.

Emissions have been calculated based on the GHG Protocol Corporate Standard. Emissions reported correspond with our financial year. We have included emissions from both our owned and leased assets for which we are responsible in the UK and overseas. This includes our manufacturing plants, technical centres and offices. No material Scope 1 or Scope 2 emissions are omitted. National and regional emission conversion factors have been used. Indicative Scope 3 emissions have been included in our report for greater transparency including indirect emissions from business flights and international air and shipping goods freight.

Our GHG emissions are predominantly from gas combustion and electricity use on our chemical production plants in the UK. We continue to improve our proportion of renewable energy, with over 85% of our global electricity needs now from renewable

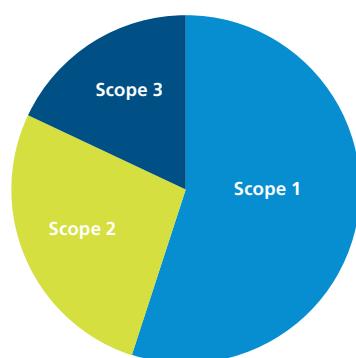
sources. Emissions from our Gears facility in the US and Fibres facility in the UK are relatively immaterial. Additionally, emissions from our overseas technical facilities and offices are small compared to production activities, which explains our focus on production site environmental reporting metrics.

Encouragingly direct emissions from gas combustion (Scope 1) reduced during the year despite increased production output primarily driven by targeted continuous improvement projects. Indirect emissions from electricity purchased (Scope 2) decreased for the same reason in addition to a favourable reduction in the UK grid electricity CO₂e conversion factor – benefiting the Victrex UK manufacturing base. The combined Scope 1 and 2 intensity measurement per unit revenue increased due to lower sales volumes.

Other indicative indirect emissions (Scope 3) from transport of goods and employees have decreased markedly. The decrease is primarily due to global freighting strategy improvements.

Victrex GHG emissions 2019

Tonnes of CO₂ equivalent
2019 from PEEK manufacture
and downstream products.



SCOPE 1

Direct emissions resulting from combustion of fuels Tonnes CO₂e

2019	23,568
2018	25,231
2017	22,478
2016	22,048
2015	21,203

SCOPE 2

Indirect emissions resulting from electricity and steam purchased (location-based method) Tonnes CO₂e

2019	11,024
2018	12,689
2017	13,667
2016	16,206
2015	17,932

SCOPE 3

Other indirect emissions from related activities such as transport of goods and employees Tonnes CO₂e

2019	2,536
2018	8,197
2017	8,136
2016	4,583
2015	3,839

INTENSITY MEASUREMENT (SCOPE 1 AND 2)

Tonnes CO₂e/£m revenue

2019	118
2018	116
2017	126
2016	152
2015	149

In order to drive improvement a range of energy efficiency projects have been implemented during the year.

For example, at our main Hillhouse (UK) manufacturing site projects have been completed to upgrade the steam distribution system, to optimise boiler controls and to improve heat recovery from a plant drier that are expected to result in a saving of over 500 tonnes CO₂e per year.

Building on our progress in 2018, we also extended the purchase of zero carbon tariff electricity to our main Hillhouse (UK) manufacturing site during the year. The site is the largest electricity consumer in the Group. This resulted in a significant drop in Scope 2 emissions calculated based on our supply-specific emission conversion factors (the market method) with emissions of 7,100 tonnes CO₂ compared with 12,898 tonnes CO₂e in 2018. Reduction improvements are expected in future years.



RESOURCE EFFICIENCY CONTINUED

Greenhouse gas ('GHG') emissions continued

Global GHG emissions and energy use data

	2018	2019
Scope 1/tCO₂e		
Global	25,231	23,568
UK	25,173	23,505
Global (excluding UK)	58	63
Scope 2 (location based)/tCO₂e		
Global	12,689	11,024
UK	11,721	10,026
Global (excluding UK)	968	998
Scope 2 (market based)/tCO₂e		
Global	12,898	7,100
UK	11,999	6,016
Global (excluding UK)	899	1,084
Gross Scope 1 and Scope 2 (location based)/tCO₂e		
Global	37,920	34,592
UK	36,894	33,530
Global (excluding UK)	1,026	1,062
Energy consumption/MWh		
Global	176,352	164,814
UK	173,665	161,954
Global (excluding UK)	2,687	2,860
Intensity ratio/tCO₂e		
Gross Scope 1 and Scope 2/£m revenue		
Global	116	118
Methodology		
Based on GHG Protocol Corporate Standard		

REACH

The EU chemicals policy known as REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals regulations) is a well-established regulatory regime for the chemical industry and Victrex has well-established processes in place to comply with it. We regularly monitor and review to ensure that raw materials involved in our manufacturing process are compliant and that REACH will not adversely impact on security of supply, which is important both for Victrex and for our customers who are focusing on long-term demand. Following the Brexit referendum, we are closely monitoring any potential amendments to regulations such as REACH or other EU-led legislation and have presented our case – along with other UK-based chemical companies – to government and other key opinion leaders.

Safety, health & environment ('SHE')

The occupational safety and health of all our employees, along with contractors and visitors to our sites, remains the highest priority for Victrex. We continue to have a strong track record over many years.

During 2019, improvements have included hazard awareness thinking workshops for leaders; development of safety auditing and inspection schedules and checklists; enhanced SHE promotion; establishing a new corporate online COSHH risk assessment management system; emergency preparedness refresher training; and plant process safety hazard review.

During the year, 900,000 employee hours were worked with no reportable injuries. Whilst this was lower than FY 2018, principally due to a slightly increased frequency of reportable injuries through the year, we have commenced several key improvements as part of our focus to improve overall SHE performance over the next three years.

Beyond our own employees, the occupational health and safety of contractors working on our sites is of equal importance. This year over 100,000 hours have been worked on our UK manufacturing sites with no contractor reportable injuries or incidents. Working closely with project contractors to ensure that robust project health and safety procedures are in place and that they are actively monitored, audited and reviewed remains key.



Employee hours worked with
no reportable injuries

900,000



SOCIAL RESPONSIBILITY

Our social responsibility area focuses on the next generation of talent by supporting science, engineering, technology and maths ('STEM') education, alongside our commitment to employees and to the communities where we operate, both in the UK and globally.

Employees (as at year end)

IN 1993

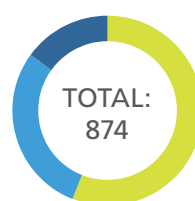
60

IN 2019

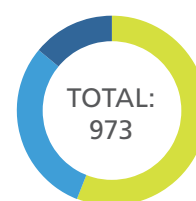
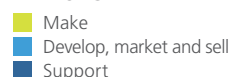
987



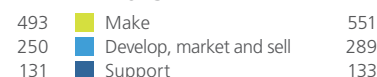
Average number of people employed during the year (including Directors), by category



IN 2018



IN 2019



Gender pay

Following the introduction of the new gender pay regulations in 2017, Victrex publishes information about its gender pay gap. The UK government defines this as:

'The difference in the average earnings of men and women, expressed relative to men's earnings. For example, women earn 15% less than men per hour.'

For reporting purposes, we took a 'snapshot' of Victrex Manufacturing Limited at 5 April 2019.

Gender pay headlines

- There were 682 relevant people employed on full pay.
- 82% were male and 18% female.
- 73% worked within STEM (science, technology, engineering, maths) functions, and 88% of this group were male.
- 100% of our executive team members were male.
- The proportion of male vs female employees in each of our pay bands was split as follows:
 - Lower quartile – 66.47% male vs 33.53% female
 - Lower middle quartile – 90.06% male vs 9.94% female
 - Upper middle quartile – 87.13% male vs 12.87% female
 - Upper quartile – 82.35% male vs 17.65% female.
- The mean hourly rate of pay for males was 13.02% higher than females.
- The median hourly rate of pay for males was 8.62% higher than females.
- 94.06% of males were paid a bonus, compared with 85.71% of females.

- The mean bonus payment for males was 27.33% higher than females.
- The median bonus payment for males was 12.55% higher than females.
- 39% of our employees were paid a shift premium and 98% of them were male.

Analysis and action

Most of the statistics were broadly the same as FY 2018. There were some differences in hourly rates and bonus payments, which were directly affected by a small number of well-paid male and female leaders leaving or joining the business. This included Louisa Burdett, who was replaced as Chief Financial Officer by Richard Armitage.

Our pay and bonus plans are inclusive, competitive and seek to bring equitable pay, ensuring there is no bias regardless of gender, in line with our commitment to inclusion and diversity. We are also currently developing a renewed approach to flexible working. Over time, we believe this will have a significant impact on attracting more females to Victrex, as will our ongoing commitments to inclusion and diversity. Our ongoing work with schools and communities to attract more female employees into our industry and business is progressing well. We also work with our recruitment partners to ensure both male and female representation in all our candidate pools.

To see our full gender pay gap report, including calculations and considerations, please visit our corporate website, www.victrexplc.com.

Sustainability report continued



SOCIAL RESPONSIBILITY CONTINUED

Inclusion and diversity

As an inclusive employer our goal is to be fully supportive in how we engage with our current and prospective employees, regardless of gender, age, disability, ethnicity, etc. Our goal at recruitment is to find the right person for the right job and as such are fully supportive of applications from all. Our Group Diversity & Equal Opportunities Policy highlights the need to specifically support diverse groups and highlights our approach to people with existing disabilities, and those who become disabled, offering support through wide-ranging, global employee support. Adjustments are made within the workplace, where possible, following guidance from medical professionals, to support employees with disabilities. Training, career development and promotion opportunities are open to all employees.

Our active support for inclusion and diversity ('I&D') has continued to build throughout FY 2019 with the enhancement of our flexible working approach and the formal development of a policy which is due to roll out in 2020. This is designed to recognise and encourage diversity in our global workforce, including support for:

- working parents;
- dual careers;
- those with young or elderly dependants; and
- people dealing with physical and mental disabilities, either personally or within their families.

We have also introduced a review of policies, from an I&D perspective, to ensure they meet our commitments, have broad appeal and increase awareness of I&D.

With several new people development programmes introduced, inclusion remains a key theme for Victrex and we recently launched our 'working together' core behaviour, which has I&D at its heart.

At the end of FY 2019, 70% of our Board were male and 30% were female. 100% of our senior managers were female. Of the rest of our employees 78% were male and 22% were female.

As at 30 September 2019:

	Male	Female	Total
Board of Directors	7	3	10
Senior managers	—	2	2
Rest of employees	764	211	975
All employees	771	216	987

Development

Support for the ongoing development of our employees, at all stages of their careers, is integral to Victrex's recognition of employees as a vital asset to help us grow. We remain proud of our apprenticeship programme, which was 31 strong at the end of September 2019. These included both new starters and employees undertaking apprenticeships as part of their development. As part of our support for career starters, we also provide a five-day personal development programme to support their technical studies. Support for professional development also continues to be a key driver to help us deliver our strategy and retain our employees.

Wellbeing

Occupational health and private medical services are available for all employees in all locations. Our focus on wellbeing services includes, for example:

- on-site medical checks;
- provision of financial education sessions; and
- driver safety for company car owners and frequent travellers.

Our employees also have free and confidential access to a 24-hour employee assistance programme, where they can talk to trained experts and counsellors if they need help with anything – from work, to personal life, to financial matters. We are also supporting employees to be more sustainable in their lives. Twelve electric car charging points were installed at our Hillhouse site in the UK this year, for the benefit of both employees and visitors.

Recognition

Our recognition programmes have continued to evolve in recent years, from 'instant' and 'functional' awards, to our annual 'CEO Awards' which recognise the global talent across Victrex. This year was also the second year of the 'Professional Development Awards' which celebrates employees completing further education to gain a qualification.

In FY 2019, there were 274 Above & Beyond Awards, 49 Functional Awards, 31 CEO Awards and 38 Professional Development Awards.

**Involvement**

Our communication channels, both formal and informal, keep employees informed on business news and facilitate two-way discussion. Quarterly global staff briefings involve all employees globally and we also host country-based employee forums alongside union and works council meetings. Greater use of video and enhanced digital communication channels – for example executive team videos – have further progressed our employee engagement.

Employee share ownership remains high in Victrex, a sign of support for our strategy. We offer the opportunity to participate in a variety of share plans and as at 30 September 2019, approximately 93% (FY 2018: 95%) of employees worldwide were participants in employee share plans, principally as option holders under the Company's employee share option plans, a helpful retention tool. We also provide pension plans for employees across almost all our global operations. Details of the Group's principal pension schemes are set out in note 15 to the financial statements.

Community volunteering

Alignment with Victrex's innovation and science-based heritage sees us support the next generation of employees through working with schools and colleges on science, technology, engineering and maths ('STEM') subjects. Our aim is to inspire young people to seek out future careers in these subjects, bringing talent into both Victrex and the wider industry.

In FY 2019 we invested a significant amount of time, 328 hours, in these activities interacting with over 1,900 young people aged between the ages of 6 and 21. With the addition of our global community work this brings us to a total of 1,021 hours throughout the year for our involvement in the community. As a result, cumulatively we have now committed 4,482 hours to the community since 2015, taking us ever closer to our strategic target of 10,000 hours.



Examples of the people we work with in the community include:

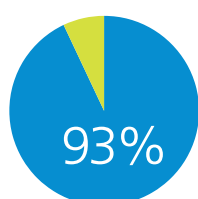
- partnering with Catalyst Discovery Centre in the UK, which teaches school-age children about chemistry and how polymers are made in an interactive way;
- active involvement in the Science Industry Partnership ('SIP'), recognising the importance of working with other manufacturers in the UK to shape the skills agenda;
- supporting local schools in the UK with STEM activities;
- we remain members of Business in the Community ('BITC'), with a number of outreach activities in progress; and
- in FY 2019 we joined the Pride of Place initiative which seeks to make the Blackpool, UK, area a place where organisations and people of all ages choose to live, work and play, by creating a vibrant economy and supporting opportunity for all.

We feel proud of the desire and commitment of employees to get involved with their local communities. One of our sales colleagues in Italy was inspired to introduce a month of 'giving something back' globally and motivated over 70 employees to support their local community in a range of volunteering tasks. This led to a total of approximately 700 hours spent working with communities worldwide.

Charitable giving

Our employee-led Community Investment team encourages employees to suggest activities to support local communities and charities, and manages all associated donations. Whilst our approach in the US is firmly established, we continue to work with the rest of our colleagues across Europe to create a more targeted process. Charitable donations totalling £80,704 (FY 2018: £167,211) were made during the year.

Participation in employee share schemes



2019	2018	2017	2016	2015
93%	95%	88%	91%	87%

Note: Excludes employees with a tenure less than a year.

As a business we continue to:

- 1 provide a clean, safe working environment which meets all legislative requirements and all the necessary training and support for employees to operate safely within it;
- 2 provide appropriate remuneration for work carried out and equal opportunities for development and career advancement;
- 3 be intolerant of any unacceptable working practices such as any form of discrimination, bullying or harassment;
- 4 prohibit illegal activities on our sites; and
- 5 promote fair, ethical and transparent business practices both within our business and in dealings with external stakeholders.

5%

Voluntary employee turnover

2019	2018	2017	2016	2015
5%	5%	3%	7%	7%



victrex

Victrex plc

Victrex Technology Centre
Hillhouse International
Thornton Cleveleys
Lancashire
FY5 4QD
United Kingdom

Tel: +44 (0) 1253 897700
Fax: +44 (0) 1253 897701
Web: www.victrexplc.com