

# **Sustainability Statement 2013/14**

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**Our Sustainability Statement for 2013/2014 provides a progress update on performance under three key dimensions – Planet, People and Profit. It sets out the targets for the businesses, the initiatives undertaken to achieve those targets and the progress achieved during the year.**

## Overview of Key Figures and Performance Indicators

### Planet

Bord na Móna's growth in generation capacity must be delivered while simultaneously reducing the overall carbon intensity of the electricity we produce from the portfolio through biomass co-firing in our peat-fired Edenderry plant and bringing cleaner sources of electricity onto the grid. Our target is to have a 75% reduction in CO<sub>2</sub> emissions intensity by 2020 from 2007 levels.

**Emissions intensity in electricity generation** **0.83 tCO<sub>2</sub>/MWh**  
**Target: 0.47 CO<sub>2</sub>/MWh by 2015, 0.25 CO<sub>2</sub>/MWh by 2020**

The Consumer and Professional business is pursuing a peat dilution strategy as a core part of its sustainability agenda. Peat dilution is a key metric for our horticulture business. It is the amount of peat substitute we have used in our growing media products as a percentage of the total volume sold.

**Peat dilution in Horticulture** **33%**  
**Target: 50% reduction within 5 years**

One of the primary methods that Powergen is using to reduce the carbon intensity of the electricity produced at the Edenderry power station is by replacing peat with biomass. This process is known as peat dilution or co-firing.

**Peat dilution in Edenderry power station** **24.5%**  
**Target: 30% by 2016**

Bord na Móna Resource Recovery manages waste in a manner which maximises the segregation, reuse and recycling of materials while minimising the volume sent for disposal. This is achieved by utilising the most modern technologies, ensuring regulatory compliance and working in partnership with customers. The overarching objective is to minimise the volume of waste going to landfill.

**Municipal solid waste diverted from landfill** **70%**  
**Target: 80% by 2014**

As part of Bord na Móna's biodiversity work programme the Group carried out a baseline survey of our bogs. The objective of this survey is the compilation of a comprehensive biodiversity knowledge base from which to plan for biodiversity management and conservation across the bogs. For each site a present day habitat map has been developed as well as a future predictive habitat map.

**Peatland biodiversity baseline conditions mapped** **80,000ha**

## People

Bord na Móna continues to place very high emphasis on continued professional development and training. The Group's training plan identifies all the relevant training needs in line with the priorities of the businesses. Arising from this process a schedule of training is produced. The Group pursues a policy of constantly improving health and safety in the workplace by fully integrating best practice into business management at all levels. This is achieved through training, raising safety awareness, promoting safe behaviour, and developing and reviewing health and safety systems policies and procedures.

<b>Health and Safety training hours</b>	<b>12,373</b>
<b>Total training hours</b>	<b>25,740</b>
<b>Days training delivered</b>	<b>3,218</b>
<b>Number of attendees</b>	<b>6,174</b>
<b>Accidents</b>	<b>152</b>

## Profit

Turnover is comprised of revenue, excluding value added tax, trade discounts and including other levies on goods and services to external customers arising in the normal course of business.

<b>Turnover</b>	<b>€427m</b>
<b>Turnover from sustainable activities</b>	<b>€109m</b>
<b>Spend on research &amp; development activities</b>	<b>€4m</b>
<b>Capital expenditure and financial investment</b>	<b>€86.3m</b>

## Managing Director's Sustainability Statement



Bord na Móna's vision 'A Contract with Nature' underpins Bord na Móna's mission, objectives, strategy and values and sets out a clear sustainable path for the company into the future. This roadmap outlines how the company is transforming itself into a leading provider of sustainable products and services, both in Ireland and abroad. Our sustainability agenda comprises three fundamental pillars; people, planet and profit.

It means that all of our business activities, both direct and supporting, will progressively become increasingly sustainable from an environmental and social point of view while continuing to yield profits. This not only drives demand for innovative solutions to the sustainability challenges facing the current activities of each of our operating business units, but also acts as a necessary filter for screening new business development opportunities to ensure ultimate strategic fit.

We live in an ever changing world. As the developed world's economies move towards a low carbon platform, significant opportunities exist for Bord na Móna to become a strong player in the provision of sustainable and environmental products and services. Bord na Móna is focused on maximising these opportunities in implementing its vision of 'A Contract with Nature'.

## Organisational Profile

Bord na Móna is a majority state-owned company. 95% of its shares are owned by the state and held by the Government. The other 5% are held by the employees of the company.

The Turf Development Board was established in 1934 and Bord na Móna was subsequently established as a statutory body by the Turf Development Act of 1946.

It was initially set up to develop Ireland's peat resources in the immediate post war years, primarily for energy generation. Since its foundation the Group has diversified into a number of industries.

Bord na Móna consists of 6 operating business units: Powergen, Consumer & Professional, Resource Recovery, Environmental trading as Anua, Feedstock and Land and Property.

We employ a core workforce of 1,800 as well as a seasonal workforce of approximately 600. In 2013/14 average employment numbers was 2,061; Group turnover was €427M. The Group's head office is located in Newbridge, Co. Kildare.

The Group has operations in Ireland, UK and the US and sells into over 20 countries including France, Italy, Spain and Belgium.

## Planet, People, Profit



Planet



### Biodiversity

The conservation of biodiversity and natural heritage is an integral part of good environmental management and is a core practice at Bord na Móna. The Group's Corporate Biodiversity objective is to:

- Promote and enhance the conservation of biodiversity regimes of local, national and international importance within Bord na Móna.
- Raise awareness of and encourage involvement in the conservation of biodiversity within Bord na Móna and the wider community.
- Facilitate the establishment of a framework for sustainable planning and development of the Bord na Móna bogs for biodiversity and other appropriate potential after uses.

The Biodiversity Action Plan 2010-2015 outlines the specific projects and activities that the Group intends to implement in the medium term. A copy of this plan can be downloaded from our corporate website [www.bordnamona.ie](http://www.bordnamona.ie)

In December 2013, the annual review of the Group's Biodiversity Action Plan was carried out in consultation with environmental groups and other stakeholders, and the continuing progress against our targets as set out in the Plan was favourably received.

Our team of ecologists continued their work in the rehabilitation area. New projects this year included a heather growth trial in Ballycon, Derrygreenagh and a new wetland in Erenagh Bog, Mountdillon. Our restoration work is progressing and Cuckoo Hill Bog, restored in 2011, is showing increased spread of Sphagnum since drains were blocked.

### Carbon Management

A Carbon Working Group was established in 2008 to track research and policy developments relating to carbon emissions and national carbon accounting systems.

In 2010 Bord na Móna calculated the greenhouse gas emissions from their operations, which amounted to 1.2 million tonnes of CO<sub>2</sub> equivalent. Since then the main emphasis has been on displacing peat that is burned in the Edenderry power station with biomass in order to reduce the emissions.

Another source of emissions is the peatlands which are being commercially harvested. Studies are continuing on emissions from peatlands in order to better understand this very complex area.

Bord na Móna participated fully in the 2013 Carbon Disclosure Project, however due to changes within the Ireland CDP network group; our report for 2013 was not scored.

### Compliance

Bord na Móna operates its peat extraction activities under nine integrated pollution control licences granted and enforced by the Environmental Protection Agency (EPA). Bord na Móna's extraction activities, both for fuel and horticultural peat, are the only Integrated Pollution Prevention Control (IPCC) licensed peat extraction activities in Ireland.

As part of its ongoing sustainability agenda, encapsulated in the company's vision "A Contract with Nature", Bord na Móna is committed to carrying out an Environmental Impact Assessment (EIA) on all relevant bogs within the next number of years.

### Innovation

In 2014 Bord na Móna spent €4 million on research and development including business development, exclusive of grants (€4 million in 2013). Nine people are directly employed in the Innovation Centre with a further fifteen innovation staff embedded in the operational businesses of the Group.

As the largest producer and importer of solid fuel products in Ireland, the Consumer & Professional business is committed to developing alternatives to traditional fuels that are not only compliant but also market-leaders in the provision of effective, sustainable and competitive solutions. In this regard, the business is planning ahead of anticipated legislation and regulation in our product development focus, which will support next generation carbon-reduced products.

For our Anua business, ensuring a continuous flow of new product developments has always been a core priority and this presents key opportunities. The innovative focus will ensure that Anua maintains a competitive advantage and meets the ever changing environmental and customer dynamics in its key markets. Innovative projects range from product enhancement in our current offering, to new projects that will allow Anua to extend its competitive advantage.

# Planet, People, Profit

## Business Perspective

### Feedstock

The Feedstock business supplies peat and biomass materials for the generation of electricity in Bord na Móna's Edenderry power station and two ESB power stations at West Offaly Power and Lough Ree Power. The feedstock business also has key internal customers across the Group's Consumer and Professional business and Environmental business, supplying peat for briquette manufacture, growing media and peat filtration for clean air and clean water products. The business is focused on the sourcing and supply of biomass to complement our peat resource. This forms a cornerstone of our sustainability agenda in support of Bord na Móna's vision 'A Contract With Nature'. In 2013/14 biomass procurement and supply to Edenderry Power Ltd. was a record 239,000 energy tonnes.

The business is committed to minimising the environmental impact of our operations and complying with all the conditions of our environmental licences.

As the only EPA licensed peat producer in Ireland, Feedstock is de-commissioning and rehabilitating bogs as they exit peat production, providing significant amenity value to local communities as well as adding a unique and invaluable asset to the national biodiversity stock.

### Powergen

The Bord na Móna Powergen business manages and operates a portfolio of thermal and renewable assets consisting of the Edenderry peat/biomass generating unit, the Cushaling peaking plant, the Bellacorrick and Mount Lucas wind farms, and the Drehid landfill gas plant. The most recent addition to the portfolio has been the Mount Lucas wind farm (84 MW) which is nearing completion and is expected to be an operational asset by the end of September 2014. Construction of the wind turbines at the Bruckana wind farm (42 MW) site is underway with commercial operation of the wind farm scheduled for the end of 2014.

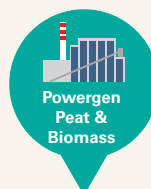
Powergen's strategy is focussed on sustainable business growth through the phased development of a diversified portfolio of generating assets. This will be achieved by leveraging land assets, project development and operation and maintenance capabilities. Powergen will be a leading low carbon electricity generator, with a suite of resources including wind, biomass and other renewables supported by flexible thermal plant.

In 2013/14 turnover increased by 1.5% to €77 million; Biomass co-firing increased from 22% to 25%; and renewable electricity (RES-E) production increased from 23% to 26%.

### Resource Recovery

Bord na Móna Resource Recovery is an integrated waste management business providing a collection service with full recovery, recycling, composting and residual landfill disposal of all non-hazardous waste streams. Waste collection services operate under the AES brand, providing both domestic waste management throughout the Midlands, North East, South East and Mid West regions, and commercial waste management nationwide. In 2013/14 the AES collection business achieved improved domestic service key performance indicators, lower collection costs and an improved landfill diversion level in excess of 70%.

Resource Recovery is committed to delivering exemplary operating and service standards. These will provide us with a competitive advantage in a future, more stringently regulated market. Furthermore, despite the current industry difficulties, we remain committed to higher order treatment of waste and landfill diversification, and we have progressed a number of related infrastructure projects during the past year. Having received planning approval from An Bord Pleanála for the construction of a 250,000 tonnes per annum Mechanical Biological treatment (MBT) plant at the Drehid facility, the business this year received the necessary licence for the facility from the Environmental Protection Agency. In addition, the landfill gas project was commissioned and became fully operational in November 2013, with the promise of delivering significant long term returns and providing electricity from landfill gas equivalent to that required by 8,500 homes.



### Anua - Environmental

Anua is a leading provider in the design, manufacture and installation of a portfolio of differentiated, sustainable clean-tech technologies, offering clean air and clean water solutions to residential, commercial, municipal/utility and industrial sectors in Europe and North America. Anua operates in a highly competitive market environment, and 2013/14 was a challenging year for construction activity in all our target sectors.

Despite the challenges, revenue grew by 7%; this was driven by a strong project pipeline in the clean air sector in the UK, where Anua achieved significant success in delivery of key projects to the utility sector. The business continued to focus on margin improvement and business consolidation during the year, as well as continuing to improve the quality of its customer support and service capability.

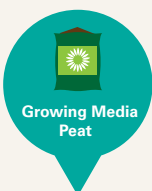
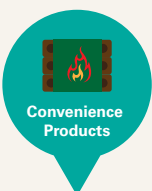
### Consumer & Professional

Consumer & Professional (formerly known as the Retail business) is focused on the commercial sales and marketing of heating solutions and horticultural products across Ireland, the UK and Europe, providing innovative product and supply solutions to meet and exceed customer demand. Bord na Móna is the market leader in both the solid fuel and horticultural categories in many of the markets where we trade.

The business is continually evolving and is now working to deliver on an ambitious plan to lead the market to a more carbon free and smokeless fuel environment, while also expanding our portfolio of horticultural products and services.

In line with the corporate vision, 'A Contract with Nature', Consumer & Professional is committed to an increasingly sustainable approach to its business activities.

As full members of the Growing Media Initiative in the UK, and EPAGMA (European Peat and Growing Media Association), Consumer & Professional is at the fore in aligning products and activities with the sustainability objectives of these industry organisations. In particular, this includes the promotion and use of alternative soil enhancing materials.





**People**

## People

### Leadership Development Programme

In 2009 Bord na Móna introduced a specifically designed competency framework called Behaviours for Success. These behaviours have been defined by Bord na Móna employees as being key for delivering our corporate objectives. Since then the HR team have worked closely with the business units to understand the core behavioural gaps that exist in the company. Bord na Móna developed a Leadership Development Programme to support our employees in bridging these development gaps. The Leadership Development Programme is run over six to eight months. During this time participants attend five modules, which last two days each. The modules occur at roughly six to eight week intervals.

### Learning and Development

Bord na Móna continues to place very high emphasis on continued professional development and training. The Group's training plan identifies all the relevant training needs in line with the priorities of the businesses. The following list highlights the number of training days and hours that were provided by Bord na Móna.

- Training days 3,218
- Training hours 25,740
- Number of attendees 6,174

## Human Resources

### Health and Safety

Bord na Móna's health and Safety policy is co-ordinated by the Central Health and Safety Committee (CHSC). The primary objective of the CHSC is to bring about a significant reduction in the number of accidents in the workplace. This is achieved through:

- Training
- Safety awareness behaviour
- Promoting safe behaviour
- Developing and reviewing health and safety policies and procedures

Bord na Móna continued its pursuit of improved health and safety at work through rigorous attention to safe work processes, training and a constant focus on responsible personal behaviours.

The table below provides accident statistics for 2013 and the previous two years.

	2013	2012	2011
Number of accidents	152	157	166

The Group continued its Health and Wellness programme, which is designed to enhance individual employee well-being.

### Employee Assistance Programme

Bord na Móna continues to make an Employee Assistance Programme (EAP) available to all employees. The purpose of the EAP is to provide employees, and their family members, access to confidential services to assist with personal or work related issues.

### Equality and Diversity

Bord na Móna is an equal opportunities employer. The company's HR processes are designed to ensure fairness in all people-based decisions. The Group's workforce is composed of 15 different nationalities.

### Social and Community Involvement

In 2009 Bord na Móna launched its internal magazine, Source. The magazine has since been expanded to include a health and wellness supplement. It also acts as a key communication and social tool within Bord na Móna.

Bord na Móna continues to co-operate with a number of charity, community and wildlife interest groups to facilitate diverse local and regional projects, including conservation projects, promotion of biodiversity and provision of amenities. For example, this year we supported the Ballydangan Red Grouse Project, sponsored a truck and crew for Laois County Council as part of An Taisce's National Spring Clean initiative and supported the Midlands Simon

Community with a donation to aid the fight against homelessness. More generally, we are participating in the preparation of a plan to develop Rural Recreation under the auspices of the Department of Community, Environment and Local Government.

## Heritage

### Heartland

The Heartland website provides a permanent on-line portal about Bord na Móna's history and heritage. See [www.heartland.ie](http://www.heartland.ie)

### Lough Boora Discovery Park

Lough Boora Discovery Park is a landscape project on approximately 2,000 hectares of cutaway bog in East Offaly. These cutaway bogs now consist of large areas of naturally re-vegetated dry lands habitats alongside wetland habitats. Other amenities in Lough Boora are:

- Off road walks, which extend for 50km
- Off road cycle pathway, which extends for 15km
- Five man made angling lakes
- Visitor reception centre and car parks
- Bird hides, where people can study the rich birdlife, over 130 varieties of birds can be found, with roughly half of them breeding on the site
- World recognised outdoor sculpture park, displaying 21 large scale sculptures

Later this year the new visitor reception centre will be opened which is hoped will improve access for visitors, schools and communities to enjoy the Discovery Park. This is in addition to the 10km extension to the current tracks and trails that Bord na Móna recently launched in association with the West Offaly Enterprise Fund.

**Planet, People, Profit**



**Profit**

The financial results showed turnover at €426.8 million for 2014, an increase of €0.7 million on 2013. Sales revenue was up in the Feedstock, Powergen, Resource Recovery and Anua businesses because of increased demand for our products and services.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) for 2014 at €90.9 million, were up €29.6 million on the prior year. In 2013, the Group incurred an exceptional charge of €23.3 million (pre tax) in respect of the poor harvest out-turn. In the current financial year 2014, the Group achieved a very successful harvest with a final yield of 6.6 million tonnes, 2.7 million tonnes up on the target for the year and 5.2 million tonnes up on the prior year. The 2013 shortfall of 2.4 million tonnes was fully recovered and there are sufficient stocks of milled peat at year end to meet anticipated near-term customer demand. The Group recorded an operating profit of €50.3 million and a profit before taxation of €39.9 million, both records for the Group.

The profit after tax in 2014 at €33.5 million compares with a profit after tax of €9.2 million in 2013.

Capital Expenditure and Financial investment for 2014 amounted to €86.3 million (€41.8 million in 2013). The capital investment programme undertaken during the year included the completion of the sub stations, turbine foundations and roadways on wind farms at Mount Lucas, Co. Offaly and Bruckana on the borders of Co. Kilkenny, Co. Tipperary and Co. Laois. The erection of a number of wind turbines has been completed at Mount Lucas, whereas at Bruckana, in accordance with the project schedule, turbine erection has yet to commence. Other key items of expenditure were the production plant for peat harvesting, transport equipment, the construction of the landfill gas generation units and upgrades at the two briquette factories.

During 2014 Bord na Móna spent €4 million on research and development, including business development, exclusive of grants (compared with €4 million in 2013).

The Group paid a dividend of €5.3 million during the year, of which €5 million was paid to the State and €0.3 million was paid to the Employee Share Ownership Plan (ESOP).

**BORD NA MÓNA** 

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