

Overview of 2009

(Circumstances relating to the recession have reduced the information available for this report)

2009 turned out to be a bad year for us in many ways as the recession continued. Towards the end of the year there were some signs for optimism as house builders began to tentatively review their build programmes.

Our manufacturing base has now consolidated on our 20 plants around the UK which have received some £55 million in investment over the last 6-7 years and this has at least enabled us to maintain a good level of efficiency on reduced outputs. However, we are unable to run our processes intermittently throughout the year so it is necessary to run at below optimum energy efficiency which had, and will continue to have, a major impact on our UK Government Climate Change Agreement scheme (CCA) energy efficiency target.

2009 was our second year in the EU Emissions Trading Scheme (EU ETS) Phase 2 which runs from 2008-2012. As mentioned above we are also participants in the UK Government Climate Change Agreement scheme (CCA). The EU ETS the scheme has become overly bureaucratic compared to our European partners who operate within the same scheme and approximately 2½ man-months of effort has been required to fulfil all of the requirements of the paperwork. The total cost to Ibstock for 2009 is now estimated (including verification fees) at over £52,000 for EU ETS and this is 10 times the cost of administering the CCA scheme.

A huge amount of time was also spent supplying information into Europe to support the setting of CO₂ reduction targets for the next phase of EU ETS which commences in 2013.

For almost all of 2009 the management team was preoccupied with issues relating to projecting supply and demand and realigning the company's operations to suit at the best operational efficiency possible. Many environmental projects that we had hoped to fulfil continued to be placed "on hold" whilst the focus remains firmly on energy usage which is a significant cost to the business.

On a positive note environmental awareness is now a key factor for all employees.

Environmental Management Systems

During 2009 all Ibstock Brick Ltd manufacturing sites were deemed to continue to be compliant with ISO 14001 by third party inspections. Our site decommissioning procedures have now been fully tested at a number of sites and regulators have raised no significant issues during any (regrettable) closure.

Work was started on a carbon footprint for the business within the definition of PAS 2050 and preparatory work on BES 6001 (Responsible Sourcing) where we hope to have an announcement on certification during 2010.

Board Member with Responsibility

The Technical Director continues to have executive responsibility for environmental matters.

The Environmental Continuous Improvement Working Group (ECIWG) met twice during 2009. The meetings continue to be chaired by the Sustainability Manager and has three members of the Ibstock Brick Ltd Board together with the Company Secretary, as attendees.

Corporate Environmental Policy

- The policy is freely available for downloading on the Company Internet site at: <http://www.ibstock.com/sustainability-more-info.asp>

Corporate Environmental Targets for 2009

A review of progress on the 2009 corporate targets was conducted in March 2010:

1. Review company policy in relation to collection and return for recycle of packaging following a number of requests to do this. Feedback from Sales Meetings is required. A review of the potential to replace shrink bags with cube caps is also required.
So far only the trial in Scotland with Cruden Construction is on-going. Ibstock would review each request individually when received.
2. Complete the environmental refresher training of all remaining Team Leaders in 2009.
Resource Link may be available to retain this information in the future at the sites but meanwhile Darren Bowkett would receive any requests for training and log these. It was hoped that the IEMA Level One course may be offered to senior managers this year.
3. Continue to review the need for new community liaison groups at all site environmental reviews.
No new requests had been received and the situation was under continual review. Ibstock would not press communities to start a group unless asked to do so by neighbours.
4. Review the possibility of compressed air reduction at all sites.
It was decided that the factory teams would progress this issue. External audits had been conducted at Laybrook (energy savings estimated at £8k), Lodge Lane, Ravenhead and Birtley factories.
5. Explore the possibility of further LFG generation at Sevenoaks and Shortwood.
It was reported that during 2010 a total of some 10MW generating capacity would be available.
6. Continue to press “significant” suppliers to adopt ISO 14001 or BS 8555 to support responsible sourcing -see below.
Following work that had commenced on BES 6001 many suppliers have been approached and there does appear to have been a marked improvement in the number of suppliers with ISO 9001 / 14001 and even OHAS 18001 management systems since the last survey about 2 years ago.

2010 Corporate Environmental Objectives

1. Complete the integration of a further 2.9 MW of LFG generating capacity to bring the total up to 10MW.
2. Complete reactive power corrections to sites with low Power Factors i.e. < 0.95 . A working group is to be set up to deal with this at the factories.
- 3(i) Pursue the feasibility of anaerobic digestion plants at Laybrook, Ashdown and Nostell, plus burning of waste CHP at Ashdown. Also continue to review wind power at Ashdown, Maltby plus other sites as suitable.
- 3(ii) Pursue pyrolysis of cellulose fibres and other sources as carbon free fuel for kilns / dryers via a Carbon Trust sponsored project.
4. Complete registration of Dorket Head to BES 6001 by summer 2010. Note: Date fixed for assessment on 29th June.
5. Progress a carbon sequestration project using shallow flooding and reeds in part of the Birtley quarry in tandem with Newcastle University.
6. Assist the roll-out of Brickshield (innovation project with Rockwool) using any available sustainability data related to construction types.
7. Promote the use of SUDS compliant pavers when launched using available sustainability data.
8. Progress the Environmental Stewardship project using a reduced approach if necessary.

Review of Discharges into the Environment

2009 was another difficult year for assessing the mass emissions from our kilns due to reduced output levels and temporary closures. Statutory testing had been conducted at sites whenever requested by the Regulators but this cannot be reliably used to estimate total annual discharges.

Collection of data will resume in 2010 as normal production levels are re-established.

Average Specific Energy Consumption (SEC) & Carbon Dioxide emissions to Atmosphere.

During 2009 our SEC figure used for UK CCA purposes per saleable tonne of product deteriorated due to reduced outputs. Despite investments focused on energy and process efficiencies our energy usage efficiency is now worse than for several previous years. It is impossible to turn this around until we return to normal production levels. To make matters even worse some of our most fuel efficient kilns usually supply that part of the market that has been the most affected due to the lack of mortgage availability.

In line with European Union Emissions Trading Scheme (EU ETS) rationale, we no longer consider emissions from electricity generation as included within our process definition these are the responsibility of the generators themselves. We estimate that the Carbon Dioxide released by our activities is as according to this breakdown shown below. [Note the apparent significant reduction is due to reduced outputs].

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Tonnes from combustion of Natural Gas. | 150,475 | 192,541 | 235,108 | 233,876 | 277,484 | 292,806 | 291,777 | 284,629 | 290,950 |
| Tonnes from combustion of LPG. | 3,291 | 3,835 | 4,810 | 4,204 | 5,049 | 5,233 | 5,375 | 5,202 | 5,500 |
| Tonnes from combustion of Coke (clamp firing). | 3,762 | 3,101 | 1,742 | 3,178 | 4,459 | 5,618 | 5,330 | 5,084 | 4,941 |
| Total combustion Tonnes Carbon Dioxide | 157,528 | 199,477 | 241,660 | 241,258 | 283,629 | 303,469 | 302,482 | 294,915 | 301,391 |
| Process emissions(see note below) | 76,520 | 95,528 | 136,810 | 128,176 | N/A | N/A | N/A | N/A | N/A |
| Total CO₂ emissions | 234,048 | 295,005 | 378,470 | 369,434 | | | | | |

It has only been possible to estimate process emissions since 2006 when a data collection system was implemented in preparation for EU ETS in 2008.

Our principal haulier (Wincanton) continues to report to us that on average total of 5% of bio-diesel is used for our deliveries.

Discharges to watercourses

We have established a matrix of water discharge testing at all of our sites in our internal reporting system. However, the intermittent nature of the volume and concentration of very low levels of suspended solids in water at consented discharge points to controlled waters continues to make assessment of total quantities discharged very difficult. Accurate figures are still not available at the time of publication. No "Red List" substances are discharged at any Ibstock clay brick site nor any List 1 or List 2 substances.

All Ibstock sites have now been mapped for underground drains and all discharge points on all sites are known and are monitored.

All Ibstock sites are fully compliant with the Oil Storage Regulations contained within the PPC Regulations. Contamination of watercourses with traces of oils should be a very remote possibility.

A water discharge Continuous Improvement group reconvened in 2009 with the aim of establishing and rolling out best practice throughout the company.

The EA had issued warning letters to Ibstock relative to Keele quarry and West Hoathly although no action was proposed to be taken. In another instance it had been necessary to pump above the discharge limit with the permission of the EA due to the threat from flooding.

It was agreed by all that the circumstances of the winter 2009/2010 had been exceptional and Ibstock was grateful for the understanding of the EA at such times.

Disposals to Landfill etc (all figures in Tonnes / Annum)

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------|
| Non-hazardous | 1,145 | 1,735 | 2,167 | 1,903 | 2,715 | 2,991 | 2,980 | 5,018 | 3,135 | 5,000 |
| Hazardous | 92 | 104 | 193 | 200 | 179 | 295 | 271 | 321 | 201 | Not Available |
| Kiln flue gas cleaning media | 563 | 547 | | | | | | | | |

Fired brick hardcore is either used for our own purposes as an alternative to primary aggregate for building quarry access roads or it is sold for use as secondary aggregate, some 45 thousand tonnes of primary aggregate was saved by using these non saleable items in this manner. Both non-hazardous and hazardous categories have seen year-on-year improvements since the implementation of ISO 14001 and 2009 saw an increase in the tonnage of kiln flue gas cleaning media replaced in order for sites to meet their IPPC environmental targets demonstrating Ibstock's continuing commitment.

Hazardous Waste

This category of waste is significantly represented by refractory materials in particular ceramic fibres. These are necessary to maintain our energy reduction programme by maintaining high levels of insulation at high temperature interfaces and it is difficult to foresee a substantial reduction in the use of ceramic fibre if the programme is maintained.

Recycling of Materials / Resources (some estimated figures)

| | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|--------------------------------|--------|---------------|---------|--------|---------|---------|---------|---------|---------|
| Water (M ³ / annum) | N/A | Not Available | 111,000 | 98,000 | 100,000 | 95,900 | 121,584 | 84,500 | 68,800 |
| Metals (Tonnes/annum)& | 672 | 1,101 | 1,061 | 1,306 | 1,133 | 1,436 | 1,404 | 1,500 | 1,240 |
| Oils (litres/annum) | 25,601 | 44,360 | 66,400 | 49,750 | 67,000 | 103,600 | 99,500 | 44,950 | 6,000 |
| Wood (Tonnes/annum)& | 157 | 193 | 232 | 124 | 159 | 313 | 290 | est 200 | est 200 |

& indicates in addition to VALPAK PRO obligation quantity

Whilst we added two factories to those recovering and using rainwater for process purposes it proved to be difficult to accurately calculate the gross volume of water recovered. However, we are now closer to our target of 50% of all water consumption once normal production resumes.

NB The quantity of oils sent for recovery is variable year-on-year as tanks are emptied when nearly full.

A table of waste arisings and recycled materials by factory is overleaf.

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| FACTORY | Aldridge | Ashdown | Atlas | Birtley | Cattybrook | Chesterton | Chailey | Dorket Head | Ellistown | Laybrook | Leicester | Lodge Lane | Nostell | Parkhouse | Ravenhead | South Holmwood | Stourbridge | Swanage | Throckley | West Hoathly | |
|--|----------|---------|-------|---------|------------|------------|---------|-------------|-----------|----------|-----------|------------|---------|-----------|-----------|----------------|-------------|---------|-----------|--------------|-----------|
| Approx Tonnes Non Hazardous Waste Disposed | 19 | 400 | 48 | 8.13 | 49 | 120 | 10 | 0 | 1 | 50 | 60.9 | 25 | 12 | 12 | 60 | 35 | 25 | 0 | 120 | 90 | 1,145.0 |
| Approx Tonnes Hazardous Waste | 5.25 | 30 | 0 | 7.14 | 2 | 7 | 4 | 0 | 0 | 1 | 2.73 | 9 | 6 | 6 | 2 | 0.75 | 0.6 | 2 | 6 | 0 | 91.5 |
| Tonnes HF Scrubber Media (where applicable) | 0 | 0 | 40 | 0 | 0 | 60 | 0 | 52.8 | 0 | 0 | 0 | 0 | 70 | 0 | 60 | 0 | 0 | 0 | 280 | 0 | 562.8 |
| Approx Tonnes Wooden Pallets Recycled (where applicable) | 7 | 4 | 15 | 7.6 | 11 | 0 | 0 | 30 | 0 | 9.4 | 24.74 | 5 | 0 | 0 | 0 | 1 | 0 | 2.5 | 40 | 0 | 157.2 |
| Litres Oils Recycled | 0 | 8000 | 0 | 2000 | 3500 | 2000 | 0 | 0 | 0 | 1800 | 3100 | 1200 | 0 | 0 | 0 | 0.72 | 0 | 0 | 4000 | 0 | 25,600.7 |
| Tonnes Scrap Metals Recycled | 18.7 | 120 | 30 | 10 | 6 | 6 | 11 | 25.7 | 1 | 87 | 15 | 45 | 100 | 100 | 14 | 7 | 0 | 20 | 26 | 30 | 672.4 |
| M3 Mains Water Used | 6646 | 3400 | 4586 | 24,457 | 7700 | 12124 | 800 | 2750 | 3160 | 12900 | 21790 | 4800 | 4969 | 4969 | 6748 | 1379 | 3397 | 2120 | 3000 | 2470 | 134,164.8 |
| Number of Trees Planted in Quarry | 0 | 0 | 0 | 200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 100 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 300.0 |
| Number of Trees Felled in Quarry | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 30 | 0 | 30.0 |
| Biodiversity Study Undertaken (Newts etc) | 0 | 0 | 0 | Newts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 1 | 4.0 |
| If Known Cost of Biodiversity Study (£) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,700 | 0 | 0 | 0 | 0 | 60,000 | 60,000 | 0 | 0 | 0 | 0 | 0 | 800 | 123,500.0 |

Water Recovery

A scheme is devised for Dorket Head to recover surface water run off for use in the manufacturing process. It is anticipated that this scheme would be implemented when availability of development funding allows.

Charitable Recycling Activities

2009 saw yet another excellent year for funds donated to Greensource Solutions for the printer cartridge recycling scheme with £2,276 raised for charitable projects, this scheme is operated entirely by one of the Technical Department staff in her own time. This scheme also helps with the reduction of on-site waste that would previously have gone to landfill.

The total collected so far in this scheme is very nearly £15,000.



Internal Environmental Audit

An internal Environmental Audit was conducted at every manufacturing Ibstock site.

There were no significant environmental non compliances during 2009. Continuous improvement groups at each site now have an environmental co-ordinator. Environmental objectives / targets are set by each site each year and these are reviewed annually at the Environmental Review Meeting to ensure that progress is being made and new objectives are continually introduced in addition to any corporate objectives (see earlier in this report)

Environment Focused Supplier Scheme

Some headway was made during 2009 and as mentioned earlier in this report much more information from suppliers is now available.

We have now passed the task over to the CRH UK purchasing group to press significant suppliers to obtain environmental accreditation within the next 18-24 months (gross annual purchases over £0.5 million except for energy suppliers).

This task is now more important due to the objective of obtaining Responsible Sourcing accreditation to BES 16001 for Ibstock Brick Ltd in 2010. A substantial part of this work is aimed upstream in our supply chain.

Employee Environmental Programme

The Board of Ibstock Brick Ltd remain committed to provide IEMA* Foundation Course training to senior managers. External training commitments have been scaled back as a result of the recession and these courses will resume in the future.

* Institute of Environmental Management and Assessment.

To cater for as many employees as possible new environmental awareness training packages were developed and presented during 2008 these remain as the mainstay of our employee programme.

Every contractor appointed to carry out work has to accept the Company Contractors rules which contain a briefing on environmental requirements and must sign these to confirm their acceptance.

Environmental Stewardship

Despite the best endeavours of all employees of Ibstock situations will arise from time to time. Brief details of all corrective actions are also given.

During 2009 Ibstock Brick Ltd received a total of 8 environmental complaints from all sources e.g. Ibstock employees, neighbours and regulators. One of these relating to Keele quarry is strongly disputed as there was no discharge at the time. Three of these complaints concern noise and the public's tolerance to intrusive noise is constantly reducing.

Table of received complaints is shown below:

| Site | 2009 | Nature of Complaint | Details / Corrective Action |
|----------------|-------------|---|---|
| Throckley | March | Query regarding the colour of the kiln plume from Newcastle City Council. | Two clear plumes reported from stacks on site. One identified as water vapour from dryer exhaust stack and the other as emissions from the kiln firing process, both exacerbated by the cold. Regulator was responding to an enquiry from a member of the public. |
| South Holmwood | March | Noise complaint from resident. | Squeaking noise possibly from Quarry conveyor. Offending roller found, cleaned and lubricated. Now running quietly. |
| Nostell | April | Specials Cut & Bond settlement sump overflowing. | Arrangements had been made for sump to be emptied by Biffa a week prior to incident but they had failed to collect material. Waste eventually removed by Biffa. An alternative company is being sort as a back-up. |

| | | | |
|--------------------------|-----------|---|---|
| Laybrook | May | Noise complaint by letter from neighbouring resident. | Reply forwarded to local resident. Local county council installed sound monitoring into resident's property. Source of noise found, was generally within limits but additional control measures introduced. Noise from adjacent road is also significant source of noise. |
| Ashdown | September | Noise complaint from quarry by resident. | Clay winning during this period, at the time in question contractor was working near to the closest border to resident's address. Noise determined as the reversing siren on a dump truck. Sirens disconnected, no personnel allowed into the area. All dumpers have reversing cameras. |
| Maltby | September | "Unauthorised quarry activity" in Great Crested Newt habitat. Reported to South Yorkshire Police. | Reported back to Police that we were in the process of constructing new Great Crested Newt habitat under the guidance of Betts Ecology. |
| Roughdales 'Closed' site | December | Oil spill from 1000kva transformer in the grinding plant. 'Visitors' had removed the blank plug on the drain valve allowing spill into the cable trenches in order to gain better access to the copper windings and bars. | Immediate visual monitoring of Pendlebury brook, lagoons and area around clay preparation area. Waste oil and water pumped out of the ducts, contaminated debris from the trenches and clean oil residue disposed of in accordance with legislation. Oil did not contain any PCBs. |
| Keele Quarry | December | Environment Agency warning letter. Discharge of silt into un-named tributary of Checkley Brook. | Letter strongly disputed. No discharge at the time, sample taken from static water close to discharge position. |

During 2009 Ibstock Brick Ltd had a total of 8 totally contained incidents involving fuels or chemicals all of which were promptly dealt with on site, this includes the Roughdales incident above which was notified to us by site contractors. In each case the integrity of the drainage system was maintained and no pollution left site to any watercourse or sewer. The fact that each of these was fully contained is supporting our view that our environmental management systems are generally robust.

During 2009 the following were conducted:

- Four biodiversity surveys, including one new Newt survey.

In terms of restoration of sites and related matters during 2009 a total of 300 trees were planted at Ibstock quarries with 30 trees felled. Total planted since 1999 is well over 60,300.

Community Relationships

Ibstock Brick Ltd together with Cory Environmental Ltd founded the Ibstock Cory Environmental Trust (ICET) in 2001. The Trust uses funds available via the Landfill Tax Credit Scheme to provide grants to approved community projects.

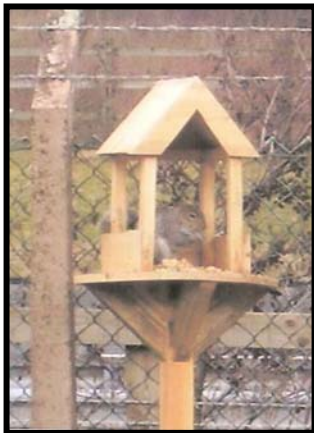
At the time of writing this report there are no details available on donations in 2009. In general the revised scheme rules have reduced the amount of funding available for such donations.


During 2009 Ibstock provided clay from Atlas factory for the provision of some unusual outdoor seating in celebration of the Centenary of the Girl Guiding Movement. This was sculptured at Atlas factory by Gwen Heeney who also designed the project. The units were fired at our Chesterton factory prior to despatch to Rufford Country Park, Nottinghamshire where they were erected by Gwen. The grand opening ceremony was a perfect day attended by Gwen, the Atlas and Dorket Head factory managers, rainbows and many other members of the public.




Other community projects include those of our Lodge Lane factory where an Ibstock employee works voluntarily on weekends tutoring offenders at a Lichfield workshop. This is part of a Government initiative to rehabilitate offenders by giving them skills for life, e.g. basic health, safety, literacy and numeracy skills which help them gain valuable experience and a trade which they can take forward into the workplace. Lodge Lane donate their waste pallets for use in the workshop which were previously sent to landfill. The probation service is a non-profit making organisation and cannot sell any products made in the workshop. They produce wonderful bird boxes, bird tables, planters, garden furniture and wooden toys etc, many of which are donated to local hospices, schools or other charitable organisations enabling them to raise funds for their individual causes.

Ibstock's donation is acknowledged by the National Offender Management Service.




Ministry of JUSTICE
 National Offender Management Service


Community Payback
 National Offender Management Service
 Staffordshire Probation Area
 Community Payback Scheme
 Unit 1 Crossfields Industrial Estate
 Lichfield WS13 6RJ

Telephone: 01543 263299
 Fax: 01543 419360
www.staffordshireprobation.org.uk

Sept. 7th 2009.

G Ball.


Ibstock Brick Ltd.

Dear sir,

Just a short note to thank you for the Pallet wood that you have delivered to our Unpaid Work Workshop in Lichfield. The pallets are dismantled by offenders on a community order with a requirement to attend a project and complete an amount of hours doing unpaid work. All of the timber donated to our workshop is recycled. The resulting timber is then used by the offenders, under the instruction of the workshop supervisor, to construct such items as garden furniture, bird feeding tables, bird nesting boxes and wooden toys. These items are then donated to charities enabling them to raise funds for their individual causes. Without companies like yourselves the workshop would find it very difficult to function, once again many thanks.

Regards

John Thorndyke.
(Placement and workshop manager.)



All CDs/DVDs are now recycled by Ibstock via a recycling company. These are stored in a 125L drum at our Leicester site and once full, the drum is taken to the Seaview Centre, Poole (a centre for people with both physical and mental disabilities) to sort and separate the CD/DVDs from their jewel cases. They are then dispatched to a licensed contractor where they are washed in caustic solution to remove the aluminium foil and inks in preparation for recycling with injection moulding companies.

Stakeholder Communication

Ibstock continues to play a major part in developments in conjunction with Trade Associations. These include consultations on many papers issued by the Environment Agency, DEFRA (Department of the Environment, Food and Rural Affairs) BERR and the newly formed DECC.

Ibstock continues to be a major contributor and supporter of the Brick Development Association (BDA) and the publication of annual KPIs for the industry which are available on the BDA website (www.brick.org.uk).



Further information is available from:

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