



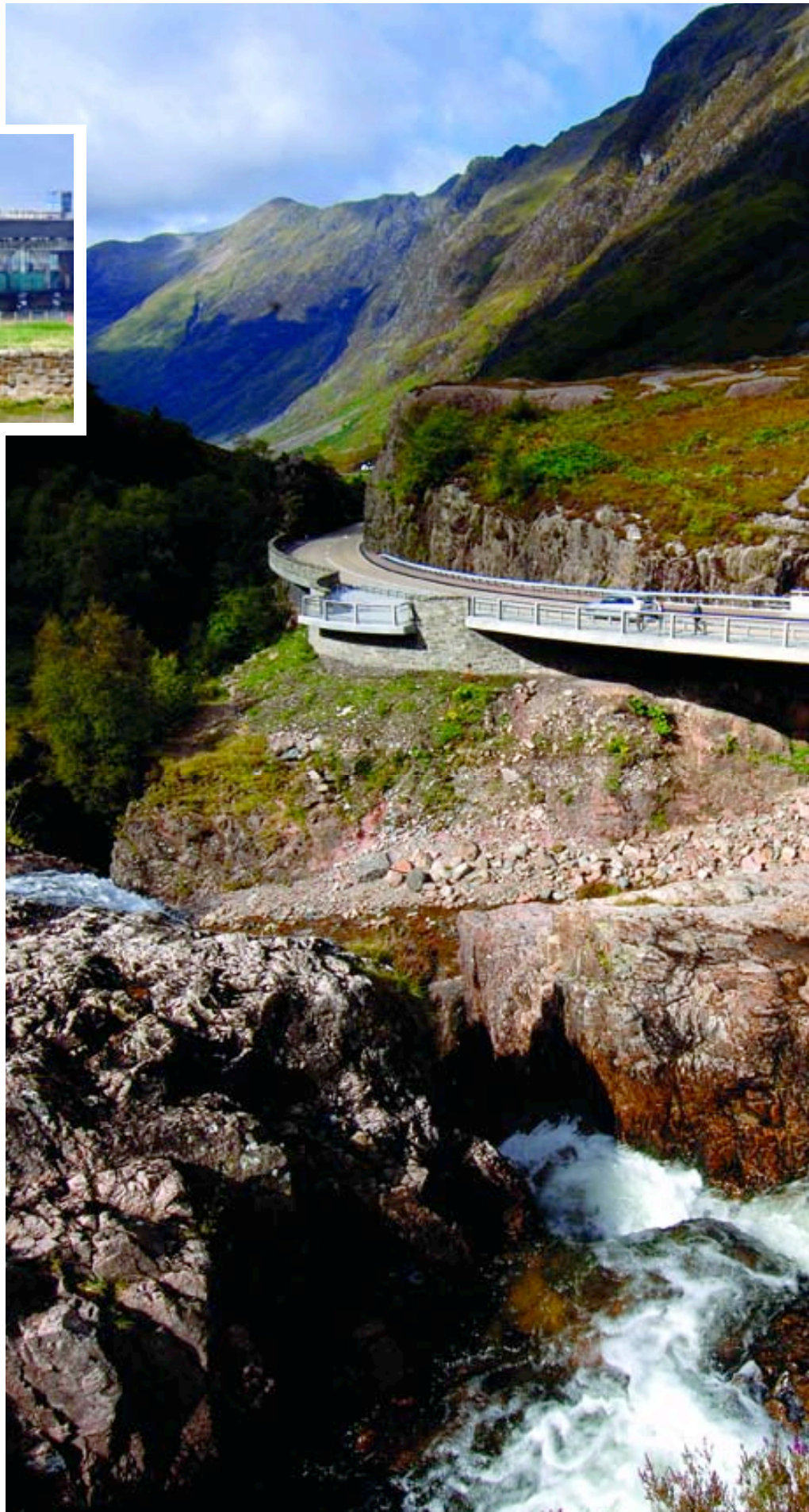
SCOTASH



CORPORATE RESPONSIBILITY REPORT 2007



BRIDGING THE GAPS: ScotAsh supplied products for the construction of the new Kincardine Bridge (above) and the award-winning Lairig Eilde Bridge in Glencoe



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We work with our customers, suppliers and partners to research and develop sustainable construction products for the marketplace

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WELCOME MESSAGE

Business is all about achieving results and creating value. But increasingly, companies are being judged not only on their results – but how they achieve those results.

At ScotAsh, we believe that responsible business management is the key to sustained success. It is the cornerstone of everything we do – and it is reflected in our policies, processes and management systems.

Most importantly of all, it is embedded in our culture – in how we treat each other, our customers, suppliers, community and the wider environment.

Our team were very pleased in February 2008 to receive positive endorsement of what we stand for in our Investors in People Feedback Report. Our assessor described ScotAsh as “outstanding” and added that our people are “inspirational – they are all so passionate about what they do”.

Last year we passed several important milestones. In November 2007 we achieved five years without a Lost Time Accident.

This was our greatest achievement of the year. Preventing harm to our people and promoting positive health remains a perpetual goal.

We also had a year of record productivity, smashing all previous records to break through the one million tonne sales barrier for the first time. This means we saved more primary aggregates and CO₂ than at any time in our history, while avoiding the need to landfill significant quantities of ash.

During the year I had the pleasure of participating in several sustainability events,

By **PETER QUINN**
Managing Director

including the “What Our Future Holds” convention for Scottish business leaders, addressed by Al Gore and Hans Blix; a Sustainability Masterclass for the construction industry, led by Forum for the Future’s Jonathon Porritt; and the Sustainable Construction Summit, at which I presented.

These inspiring events underlined that as businesses and individuals we can all do more to create a sustainable future for successive generations.

Once again in 2007, our sustainable products were recognised with Business in the Community Awards.

We received a Big Tick Award for Eco-Efficiency and were particularly pleased to be named as Business in the Community’s National Example of Excellence in the TCS Marketplace Innovation Award – collecting the award from HRH Prince Charles at the Royal Albert Hall.

Just as we were preparing to publish this report we learned that we were to receive a Queen’s Award in the Sustainable Development category.

The award, conferred on 21st April 2008, is our second Queen’s Award in three years. We received an award in the innovation category in 2005.

We are delighted that our commitment to sustainability has been recognised by this most prestigious of awards.

In this, our second CR Report, we explain our approach to responsible business and report our performance for calendar year 2007 against key indicators, covering the areas of health and safety, environment, employees, marketplace and communities.



TICKING ALL THE BOXES:
Peter Quinn (centre) displays ScotAsh’s BITC Big Tick award with (clockwise from left) Jack Anderson, Gordon Lang, Stuart Jackson, Stevie Clegg and Billy Anderson

ENVIRONMENT

ScotAsh is an environmentally sustainable business.

By selling ash-based products to the construction industry we achieve strong environmental benefits, including conserving primary aggregates, saving CO₂ emissions and avoiding the disposal of ash to landfill.

Our Environmental Policy is reviewed annually and re-issued as necessary. It can be viewed or downloaded from our website, and a printed version is available on request.

In addition, we maintain an Environmental Management System to the standard ISO 14001. This helps us to monitor our performance against Key Performance Indicators and identify areas where we could make improvements.

Our environmental pledges include:

- Setting environmental targets, monitoring performance quarterly and reporting on performance annually
- Striving to achieve on-going improvements in environmental performance
- Engaging with employees, contractors, strategic partners and suppliers on environmental issues to ensure policies are understood and standards are met
- Meeting all legislative requirements as a minimum standard
- Maintaining our commitment to environmental training for employees
- Continuing our work with strategic partners, including universities, to develop new applications for ash-based products
- Engaging with government and regulators on forthcoming regulatory or legislative changes to offer constructive input.

PERFORMANCE SUMMARY

During 2007 we achieved record product sales, breaking through the million tonne barrier for the first time.

We sold more than 1.1 million tonnes of products – equivalent to nearly all of ScottishPower's ash output, along with ash recovered from operational lagoons.

Our record output was achieved despite a difficult start to the year, following the collapse of a coal conveyor at Longannet Power Station.

During the recovery operation the station operated at reduced load on gas, resulting in



	Non Cementitious Sales	Cementitious Sales	Performance against target
2002	299,000 tonnes	33,000 tonnes	77%
2003	660,000 tonnes	85,000 tonnes	159%
2004	329,000 tonnes	74,000 tonnes	82%
2005	465,000 tonnes	80,000 tonnes	108%
2006	722,844 tonnes	90,444 tonnes	166%
2007	975,484 tonnes	149,148 tonnes	140%

TABLE 1: Sales performance 2002-2007

a shortage of ash.

As a result we imported a consignment from Drax Power Station in England to enable us to meet customer demand.

Our short to medium term vision continues to be achieving 100% re-use of ScottishPower's ash output in quality products for the construction industry.

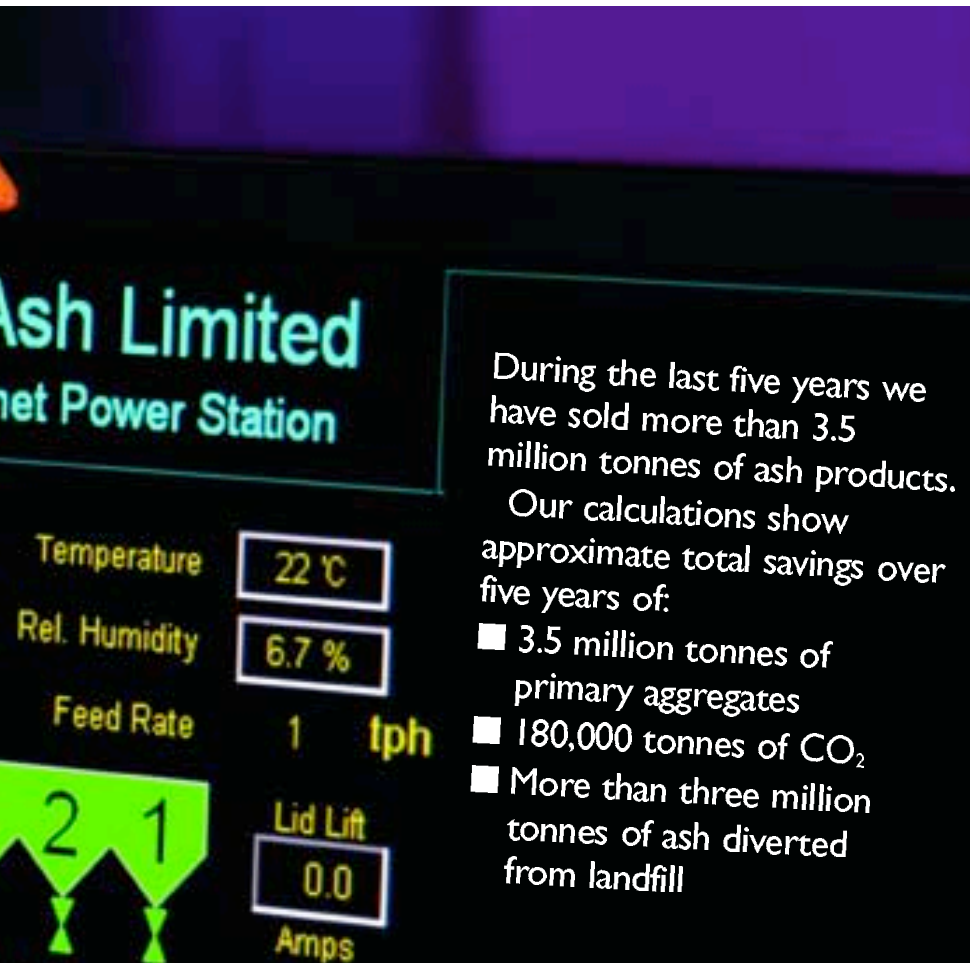
In the longer term, we would like to see our technology and processes adopted by others in the UK and overseas.

Every year, the UK construction sector uses over 420 million tonnes of natural resources.

The factory gate carbon footprint of one tonne of aggregate is 21kg, while the carbon cost of producing one tonne of Portland cement is 960kg. Even without transportation, the annual carbon impact runs into millions of tonnes.

Because our products are manufactured from a by-product, they are sustainable.

They reduce the need for quarried aggregates, they reduce the need to dispose of ash to landfill and by replacing Portland cement, which is carbon intensive, they save CO₂ emissions.



KEEPING AN EYE ON OUR PROCESSES: Ross MacNicol (main picture) in the ScotAsh control room; top right Team Member Keith Dean, pictured beside the blower box, where a new control system has resulted in energy savings and a reduction in noise; bottom right, packing team members Stuart Jackson (left) and Brian Wood

OUR CARBON FOOTPRINT

The carbon footprint of our site during 2007 was 1155.8 tonnes, or 1.028 kg per tonne of product.

This includes the energy used in our production process, in our office and all employee business travel.

Going forward we will be working with our hauliers to measure the carbon footprint of delivering our products to customers.

We will work with our employees to encourage them to reduce their carbon footprints at home and at work and we will work with suppliers and customers to promote the shared goal of lowering the carbon footprint of our supply chain.

We aim to reduce our total carbon footprint by 5% by 2010, compared with our 2007 figures, while also achieving a 5% reduction by 2010 of our carbon footprint per tonne of product.

Specific customer initiatives are reported in the Marketplace section of this report.

Carbon footprint	Carbon use (tonnes)
Air travel	7.5
Bus travel	0
Train travel	0
Car travel	20.7
Total for travel	28.2
Energy use	0
Electricity	1113.4
Fuel oil	14.2
Total for energy use	1127.6
Total carbon use	1155.8

TABLE 2: Our Carbon Footprint 2007: Factors used were taken from DEFRA's Guidelines for Company Reporting on Greenhouse Gas Emissions

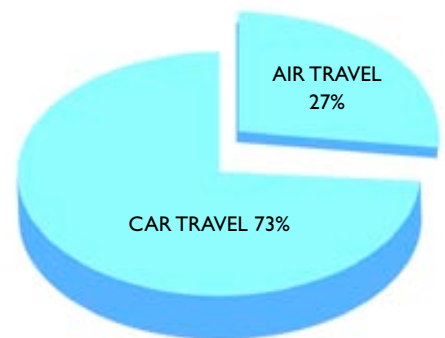


FIGURE 1: Travel carbon emissions 2007

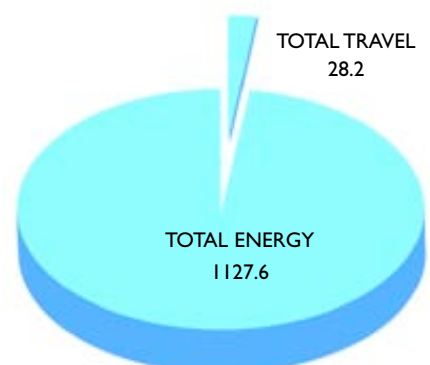


FIGURE 2: Total carbon footprint in tonnes

WATER & ENERGY USE

During the year total energy and water use increased in line with production, but our energy use per tonne of product continued to reduce.

Since 2003 we have halved energy consumption per tonne of product from 31 KWh per tonne of product output, to 15.23 KWh in 2007. This has been achieved through a range of projects.

For example, due to the introduction of new standards (the ash type formerly known as Part 1 was replaced by the BS EN450 standard from January 2007) we were able to reduce the running time of the classifier during the year.

We also removed an additive from one product, which has speeded up blending times – saving energy – and introduced a control to limit the running time of a blower that previously ran almost continually.

This has resulted in lower energy use and a reduction in noise.

In previous years projects such as introducing low energy lighting, reducing running times of the filters in the mixers and encouraging staff to “switch off” by posting Carbon Trust stickers on light switches have all helped to reduce our energy use.

We conduct quarterly environmental audits as part of our EMS, which often help us to identify improvements or pinpoint problems.

During the year our water use increased significantly, in line with increased production.

We will be continuing to monitor closely our water use during 2008 and exploring ways in which we can reduce our consumption.

A significant proportion of the water we use comes from a borehole near the power station. The aquifer water is extracted and fed into a storage tank ready for us to use, saving up to 12,000 m³ of mains water annually. As it is untreated, no energy is used.

Our employees are actively encouraged to contribute to environmental and health & safety improvements through a reward scheme. This has generated some great ideas that have resulted in environmental improvements and cost savings.

For example, last year an employee identified a way of making improvements to the tanker load out filter that will prevent fugitive dust emissions and reduce



QUALITY CHECKS: Peter Goodwin conducts quality checks in the company laboratory and, below, Tom Renwick with samples of ash, separated into high, low and medium carbon streams by our electrostatic process

maintenance. Employee suggestions that have previously been implemented have helped to achieve significant energy savings and reduce packaging.

WASTE & RECYCLING

In 2007 we achieved record product sales of 1,124,632 tonnes – marginally ahead of target.

We have reduced waste progressively since 2003, producing just 8.97 tonnes during 2007, compared with 301 tonnes in 2003 and 39.8 tonnes in 2006.

Wastes recycled include waste ash, oil, wood, paper, cardboard, glass, metals, plastics and computer consumables.

A key waste

stream is the high carbon by-product from electrostatic separation of the ash, as the Scottish Environment Protection Agency (SEPA) has not sanctioned its re-use as a fuel by Longannet Power Station.

Instead, we have successfully diverted some of the high carbon ash into asphalt road applications. It is being used as an alternative filler to limestone dust in Stone Mastic Asphalt by Tayside Contracts, a company that serves several local authorities.

However, re-use as a fuel would achieve greater resource efficiency.

BIODIVERSITY

The nature of our business provides limited opportunity to undertake projects aimed at enhancing biodiversity.





However, in 2007 we started discussions with the Countryside Ranger who works at Valleyfield Ash Lagoons to identify a biodiversity project that we can support going forward.

ENVIRONMENTAL COMPLIANCE & REPORTING

There were no reportable incidents during 2007.

LRQA conducted environmental audits to assess our compliance with ISO 14001 in April and October.

Work continues on maintaining IPPC Authorisation Part B and reviewing our Environmental Operating Plan for compliance with ISO: 14001: 2004.

ENVIRONMENTAL EDUCATION & TRAINING

Our training schedule for 2007 has been carried over to 2008 following a reorganisation of environmental roles within the company.

	2003	2004	2005	2006	2007 target	2007 achieved	2008 target
Water use (m ³)	14,458	9,715	8,892	10,428	10,500	20,371	Reduce usage per t/product
Electricity (KWh/tonne)	33	28	25	19	20	15.23	16
Fuel Use (litres)	–	5,500	4,300	8,495	6,500	5,285	Maintain or reduce fuel usage
Waste produced (tonnes)	301	82.9	50.1	39.8	50	9	9
Waste recycled (percentage)	24%	38%	88%	48%	50%	36%	50%

TABLE 3: Inputs and outputs 2003-2007: NB – Fuel oil has historically been measured on deliveries – we moved to reporting on volumes actually used in 2007

	2006	2007 target	2007 achieved	2008 target
Reportable incidents	None	None	None	None
Community complaints	None	None	None	None
Non-conformances identified internally	69	48	53	60
Percentage resolved within four months	79%	80% (unless high risk)	96%	80% (unless high risk)
Internal audits conducted	8	8	11	12
CR Reporting	–	Publish CR report on website	CR report published April 2007	Measure and publish carbon footprint

TABLE 4: Environmental Compliance & Reporting, targets and achievements

	2007 target	2007 achieved	2008 target
Environmental awareness course	Training for three members of staff	0	2
NEBOSH Specialist Environmental Diploma	Environmental auditor training for two staff	0	2
Environmental Quiz	Two held for all staff	1	2
Toolbox Talks	Two held for all staff	0	2

TABLE 5: Environmental Education & Training, targets and achievements

WORKPLACE

ScotAsh is an Investors in People company and we are committed to IIP principles and practices, including:

- Maintaining a safe and healthy working environment at all times for employees, customers, suppliers and visitors
- Abiding by ethical policies covering recruitment, equal opportunities, terms and conditions, health and well-being, education and training, data protection, grievances, discipline, smoking, drugs and alcohol
- Providing effective performance management and opportunities for ongoing employee development, resulting in certified qualifications where possible
- Communicating with employees regularly in a clear, consistent manner through group briefings, one-to-ones and ScotAsh News and providing opportunities for employee feedback
- Continuing to offer a performance-linked bonus and reward good, workable employee ideas
- Conducting employee attitude surveys at regular intervals and acting on the results where appropriate.

PERFORMANCE SUMMARY

ScotAsh is committed to employee health and welfare, equal opportunities and on-going development for all employees.

We received Investors in People re-accreditation in March 2008, just outside the reporting period.

We have included some highlights from the re-accreditation process as the assessment was conducted in December 2007 and reflects



BRIGHT SPARKS: above winners of the company suggestion scheme for environmental and health and safety improvements, Karen Seiwright and Ross MacNicol, receive their prizes from ScotAsh board members

our performance during the reporting year:

Our Investors in People feedback report described the company as “outstanding”. The report said of ScotAsh’s workforce: “They are all so passionate about what they do and this came across in the interviews.”

The report added: “Within the company the leadership style is inspirational, as defined by the Investors in People profile. This is creating a motivated and committed workforce who share a common purpose and are driven to succeed.”

Particular areas of strength identified in the assessment included:

- The clear sense of purpose and vision generated by the Board to drive the company forward
- The shared sense of purpose and vision within the workforce, which is leading to a very highly motivated team of people
- The systematic way that

training is identified, delivered and reviewed

- The culture of continuous improvement through formal processes such as non conformance reporting and the culture which is empowering staff to strive to continuously improve
- The combination of inspirational leadership with an empowered management style which is creating a highly skilled and dedicated workforce
- The constant sharing of success and the fairness identified in the way people are treated and rewarded
- Constant striving to improve the way people are managed as part of their drive to build-in world class standards in what is a relatively small company – and the positive example that you do not need to be big to be world class.

During 2007 we employed an average of 23 people. An age profile of our workforce at 31st December 2007 shows that we had no staff members under the age of 21 years and 76% of employees were aged between 26 and 55 years (see Figure 3).

We operate progressive HR policies and recruit people on their ability to do the job, regardless of sex, race, marital status, disability or age.

Our offices have facilities designed for disabled people, including a wheelchair ramp and toilets.

LEADING BY EXAMPLE: ScotAsh Team Leader Jack Anderson collects his Institute for Occupational Safety & Health certificate

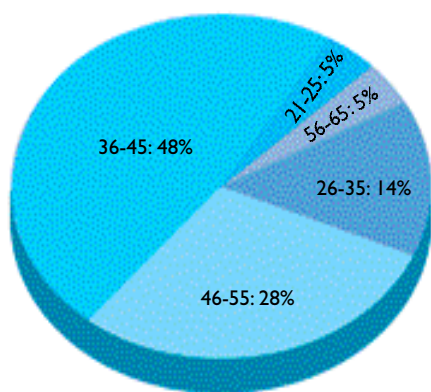


FIGURE 3: Breakdown of employees' ages – NB: no staff members under the age of 21 years

EMPLOYEE WELFARE

ScotAsh employees have access to ScottishPower's Occupational Health facilities.

We offer and promote physiotherapy, flu injections, health screening and access to a company medical adviser on request, as well as an annual health check via a mobile unit.

In addition, employees can be referred to the medical adviser for any injury sustained due to an accident at work, outside work, or for any recurring problem.

We help staff return to work after illness

offering where necessary restricted duties, alternative duties and flexible or restricted hours. Employees are granted time off for medical treatment.

We also pay attention to employees' emotional well-being – staff have access to a confidential counselling service.

HEALTH AND SAFETY

We have a strong health and safety culture where employees are encouraged to look out for one another, report any potential hazards and make suggestions to improve safety.

Our Health & Safety Management System was accredited to OHSAS 18001 in May 2006.

On November 20th 2007 we achieved five years without a Lost Time Accident. Elements of our health and safety at work practices include:

- Well-communicated health and safety policy
- Documented health and safety practices
- Workplace health and safety audits, including behavioural safety audits and STOP risk assessments. Action plans are formulated to address any issues emerging
- We operate an uncompromising drug and alcohol policy
- We hold monthly health, safety, environment and quality meetings
- We hold regular “toolbox talks” (informal discussions in the working environment) on health, safety and environmental issues
- For several years we have operated a lone worker alarm system. If a wearer becomes unable to move for 90 seconds it



FINE FIGURES: Members of the ScotAsh team form up in a figure ‘five’ to celebrate their safety milestone

Targets 2007	Performance 2007	Targets 2008
<p>No Lost Time Accidents</p> <p>Minimise injuries requiring first aid</p> <p>Close off 80% non conformances within four months (all high risk NCs to be resolved as quickly as possible)</p>	<p>Achieved</p> <p>One injury requiring first aid</p> <p>Achieved</p>	<p>No Lost Time Accidents</p> <p>Three</p> <p>As 2007</p>
<p>Measure LTAs and first aid reports</p> <p>Monitor first aid box contents</p> <p>Audit haulage contractors</p> <p>Conduct 60 STOP risk assessments</p> <p>Carry out process audits in OHSAS 18001</p> <p>Monitor safe working procedures for maintenance</p>	<p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Ongoing</p> <p>Ongoing</p>	<p>As 2007</p> <p>As 2007</p> <p>As 2007</p> <p>Conduct 72 audits</p> <p>Move to integrated audits for health, safety, environment and quality</p> <p>New targets include measuring safe and unsafe acts from STOP audits and measuring medical treatment cases</p>
<p>Implement BCA safety scheme at customers’ sites</p> <p>Implement ISO 18001</p> <p>Annual testing of lone worker system</p> <p>Reassess first aid risks</p> <p>Implement safety golden rules</p> <p>Implement mobile phone policy</p> <p>Implement contractors’ database</p> <p>Enter RoSPA awards</p>	<p>Achieved</p> <p>Maintain OHSAS 18001 accreditation</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Achieved</p> <p>Gold Award attained</p>	<p>As 2007</p> <p>As 2007</p> <p>As 2007</p> <p>As 2007</p> <p>As 2007</p> <p>As 2007</p> <p>As 2007</p>
<p>Conduct risk assessment and working at heights training</p> <p>Conduct a noise survey</p> <p>Conduct Focus Audit training</p>	<p>Achieved – but more risk assessment training required</p> <p>Complete</p> <p>Management team and team leaders trained</p>	<p>Continue risk assessment training, root cause analysis training and additional Focus safety audit training</p> <p>Implement Safety Passport</p> <p>Conduct toolbox talks on key issues and hold a quiz based on safety plan</p>

TABLE 6: Health & Safety, targets and performance 2007-2008



CERTIFICATES OF MERIT: ScotAsh employees Louis Caine, Karen Seiwright and Duncan Innes are presented with their City & Guilds National Vocational Certificates during 2007 by MD Peter Quinn (far left) and Phil Gorst (far right), Vocational Qualification Assessor

automatically sends a distress signal to Longannet Power Station's control room. It also incorporates a panic button to summon immediate help

■ 'Time out for safety' hours, to think, talk and learn more about safety.

During 2007 we entered the RoSPA (Royal Society for the Prevention of Accidents) Awards for the first time.

We were presented with a Gold Award at RoSPA's Scottish conference in September.

EMPLOYEE DEVELOPMENT

As an Investors in People company we are committed to employee development and performance management.

Each area of the plant has a list of competencies and staff are assessed against these competencies by team leaders.

If a member of staff does not meet the standard required for one or more competencies, this is incorporated into the annual training plan.

We ensure experienced staff are trained in more than one area, for example a production operator may receive competency training in the packing plant to ensure we have a well-trained and flexible workforce.

Training needs and personal development

EMPLOYEE TARGETS

Targets 2007	Performance 2007	Targets 2008
Maintain sickness absence rate of 2.5%	1.26% achieved	As 2007
Achieve average of five days' training per employee	Achieved average of eight days' per employee	As 2007

aspirations also emerge from the annual assessment process.

All employees receive an annual assessment and a mid year review covering parameters from health & safety and environment, to product knowledge and plant operation. Managers and team leaders are assessed on behaviour as well as results.

ScotAsh employees (and their families) have access to ScottishPower's Open Learning scheme, which offers hundreds of different courses, ranging from IT skills and supervisory/management courses, to health and safety and technical learning programmes and languages.

These courses are delivered at Longannet Power Station's Open Learning Centre or via the internet at home. Study time is granted for work-related courses, otherwise employees study in their own time.

This year four employees successfully

completed NVQs (Level 3) for Operators and one member of staff completed an NVQ in Business Administration. There were 142 training days during 2007, excluding NVQs. Each member of staff received, on average, eight days' training.

During the year 81.5 training days were devoted to health and safety.

A total of 15 health and safety-related courses were run, ranging from defibrillation and risk assessment, to IOSH and NEBOSH courses and noise vibration legislation awareness.

Over the summer holiday period we provided work experience, including office and laboratory work, for several young people. We also hosted a work placement for an apprentice engineer from France, giving him the opportunity to learn new skills in the working environment while improving his English.



ON THE BIG STAGE: HRH Prince Charles at the BITC awards (above) with Nigel Cooke, Lafarge, Peter Quinn, ScotAsh MD, Charles Law, Lafarge, and former US vice president Al Gore; Below, Colin MacKinnon's ScotAsh-sponsored Subaru that won the 2007 Mull Rally; and, left, ScotAsh's Chairman Ron Hunter and other Princes Trust volunteers



COMMUNITIES

ScotAsh is committed to engagement with our local community, including:

- Engaging with our local community through Longannet's Local Liaison Committee to enable the two-way exchange of information
- Recording all community queries and dealing with them promptly
- Where possible, supporting the local economy through our recruitment and procurement practices
- Encouraging staff volunteering within the local community, offering practical and/or financial support to initiatives approved by the Managing Director
- Supporting selected charities, events, projects and good causes within our local community through offering practical support and/or financial donations. Each case is

considered on its merit, and subject to Board approval.

We continued to deliver benefits to the local community during the year:

Our Chairman, Ron Hunter, led by example when he managed a Princes Trust Volunteers project, which aims to prepare young unemployed people for work.

The project included giving a "Groundforce" style makeover to the garden of a care home in Bonnybridge, creating an enhanced outdoor space for residents to enjoy.

ScotAsh subsequently provided work experience to one of the young men who participated in the programme – he is now working full-time with us as a lab support assistant.

We continued to support local projects, events and charities in 2007. For example, we

have supported the local village gala, which encourages inclusion and civic pride, for many years.

In addition we sponsored employees taking part in half marathons in aid of a local hospice and a cystic fibrosis charity.

We backed Longannet Power Station staff members Ali Jenkins and Allan Hunter as they raised £2,415 for Strathcarron Hospice, near Denny, by completing a sponsored walk of the West Highland Way and also sponsored a team of Longannet staff who raised £3,000 by taking part in the





DRIVING FORCE: left, ScotAsh MD Peter Quinn and Sergeant Chris Stones inspect the new police vehicle delivered by ScotAsh and its partners; above, Mr Quinn presents the oak tree sapling and plaque to Chief Inspector Barnsley and Tony Ward (centre) at Tulliallan; right, Ali Jenkins and Allan Hunter present a cheque to a representative of Strathcarron Hospice



Strathcarron Hospice Challenge at Tulliallan Police College.

We also provided sponsorship for a local rugby club and a rally that helps boost tourism on the island of Mull.

During the year we were presented with an oak sapling by HRH The Prince of Wales to mark ScotAsh being named National Example of Excellence for marketplace innovation in Business in the Community's 2007 awards.

We donated the tree to the local community and, following consultation with our local councillor on a suitable site, it has been planted at the Scottish Police College in the grounds of Tulliallan Castle, where several mature trees

had been lost as a result of storm damage.

ScotAsh and its partners have agreed to renew their sponsorship of a Community Police car to serve villages in West Fife.

The initiative was first launched in October 2004 and the vehicle has since become a valuable asset for local officers from Fife Constabulary in their work within the 17 West Fife villages.

In December 2007 we committed to supporting the leasing of a new seven-seater Vauxhall Zafira until December 2011.

Western Divisional Commander Chief Superintendent Martin Birrell said: "The old vehicle has served the people of West Fife very well and, at this time of tight budgetary constraints on all public services, including the police, this will help us to continue with the

level of community policing to which this area has become accustomed.

"We have forged strong bonds with Longannet and their partners in the last few years and I look forward to further developing our partnership ideals."

No complaints or major issues were raised by the local community during 2007.

TARGETS FOR 2008

- Explore carbon offset projects that will benefit the environment and communities
- Support at least three local organisations, events or charities
- Support employee volunteering through help in cash or in kind
- Use our resources to contribute to at least one community project.

ONE OF THE TEAM: Ross McDougall has taken up post at ScotAsh after a spell on work experience



MARKETPLACE (CUSTOMERS, SUPPLIERS AND PARTNERS)

ScotAsh is committed to ethical business practises in all our dealings with customers, suppliers and partners. We:

- Endeavour to always meet customer needs, delivering goods on time and responding promptly to requests for information
- Consider environmental, ethical and quality issues in the selection of our suppliers, in addition to cost
- Ensure the fair and ethical treatment of suppliers, including the payment of invoices on time
- Seek out partners with similar values to our own, with a view to delivering new and innovative sustainable construction solutions
- Share our knowledge and our commitment to CR with others by running seminars for customers and contributing to other organisations' publications and events.
- Wherever possible, purchase goods and services locally, from packaging, pallets and office supplies, to training, PR and catering providers. We operate a green purchasing policy and select suppliers that provide the best overall value – not necessarily the lowest cost. We undertake environmental audits of key suppliers and offer them constructive support in addressing any weak areas.
- We engage with government, regulators, industry bodies, customers and academic institutions to promote understanding of our aims and to seek feedback and enhance our own knowledge. We work with the UK Business Council for Sustainable Development and WRAP, the Government's Waste Recycling Action Programme.

During the year, Managing Director Peter Quinn participated in, and contributed to, several sustainability events, including the "What Our Future Holds" convention for Scottish business leaders, addressed by Al Gore and Hans Blix; a Sustainability Masterclass for the construction industry, led by Forum for the Future's Jonathon Porritt; and the



INVESTMENT: ScotAsh's new palletiser (above); right, the product packaging area at our Longannet plant



Sustainable Construction Summit.

Our commitment to sustainability is helping to drive change within the industry.

We contributed to the production of new guidelines for WRAP and the Highways Agency on the use of recycled materials in road repairs and continue to supply products to a joint venture, led by City of Edinburgh Council, that is trialling low energy, sustainable techniques for road repairs.

Our pozzolanic and hydraulic binders offer a sustainable alternative to the conventional approach of "dig and dump" – digging up the roadway, removing the spoil to landfill and bringing in new materials.

Our sustainable solution involves milling the excavated material in-situ, stabilising it with our binders and re-laying it.

In-situ stabilisation can result in road repairs using up to 90% recycled materials. It conserves raw materials and energy (the materials are not heated), reduces the need to landfill and improves resource efficiency by

allowing existing material, including high value stone, to be re-used.

Transport impacts (including traffic congestion, fuel usage, vehicle emissions and road safety risks) are significantly reduced as the "waste" material is treated on site rather than being removed to landfill and new materials being brought in.

Stabilising 1,000 cubic metres of existing material in-situ can save up to 400 lorry movements.

In addition, we manufacture a PFA-based paving cement for Sika that has been used to repair setted roadways in several cities,



PROUD OF OUR PRODUCTS: Sales & Quality Manager Chris Bennett with a sample of our range of construction materials



STRONG LINKS: Peter Quinn, ScotAsh MD (left), and Andrew Jamieson of ScottishPower Renewables – the companies have collaborated on the construction of Whitelee Windfarm, near Glasgow, the largest onshore wind energy site in Europe, pictured below and right



including Edinburgh's Royal Mile.

We collaborate with various Scottish universities on research projects to develop and test new applications for PFA.

Previously we have developed environmental binders that enable contaminated land or sludges to be stabilised and used in the creation of roadways.

We have also worked with a local supplier to develop an ultra lightweight roof tile.

In our relationships with universities, if a product results from R & D programmes, the university receives royalties from sales that help to fund future research.

In this way both the company and the universities benefit and this helps to maintain a project pipeline for our smart,

environmentally friendly products.

During the year we worked with Marshalls and enabled them to reduce the embodied carbon of their flag and kerbstones by 31% – a figure ratified by the Carbon Trust.

We also commissioned Arup to produce a report on the use of PFA-based products in windfarms and we continue to work with windfarm developers throughout Scotland, helping them to reduce the carbon burden of construction.

In addition, we have been working with environmental consultancy Third Wave, the National Industrial Symbiosis Programme (Scotland) and the UK Quality Ash Association, on an accreditation scheme for sustainable construction products.

TARGETS FOR 2008

- Promote the use of sustainable construction materials and in-situ stabilisation across various industry sectors, including house builders, windfarm developers and the marine sector
- Continue to promote sustainable alternatives to dig and dump through various business and public sector forums
- Pursue development of a nationally recognised accreditation scheme for sustainable construction products
- Maintain working relationships with universities to support further R & D
- Develop a sustainable cement for use in listed buildings.

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