



VISION AND COMMITMENT ON ESG

Environmental, Social and Governance (ESG) Strategy

Executive Summary

Operating our business in a way that cares for the environment and people has never been more important than it is today. The world is facing significant environmental and social challenges with climate change, environmental destruction, energy availability and increased costs of living.

As a designer and manufacturer of RF technology equipment we are proud of our role in enabling wireless communications. This has provided the world with many benefits including reduced travel needs and the enabling remote working whilst providing social benefits of improved communications with our family and friends. However, we recognise that we have a part to play in helping to tackle the challenges facing the planet and its people today.

The Board are taking this responsibility seriously and are working to create a sustainable business fit for the future, delivering consistent financial returns and long-term value to our employees, customers, suppliers, shareholders and other stakeholders. A business that takes its environmental obligations seriously, provides opportunities for its employees to learn and develop whilst maintaining a healthy and safe environment and promotes STEM skills in the local community offering opportunities to its people.



Our Framework

OUR FRAMEWORK WILL HAVE AT ITS CORE:	
A sustainable business plan	that delivers growth for shareholders and has purpose
A sustainable organisation plan	that is future focussed on how we deliver
A sustainable climate and waste plan	that is for all and has a positive impact in a broad sense
An ethical and values-based approach to conduct, governance, regulation and the rule of law	that demands integrity and ethical behaviour

Whilst our strategy will grow and develop it is important that we demonstrate and report upon our ESG outcomes. A key factor in our success will be the consideration that our customers can confidently depend on Filtronic to meet their needs within their own ESG strategy.

- CHOOSE PROMETHEUS FOR:**
- Monthly reporting at the Filtronic Executive Team meeting;
 - Quarterly reporting to the Filtronic Board; and
 - Annual reporting of our ESG progress to our shareholders and other stakeholders within our Annual Report.

ESG Vision

Whilst our strategy will grow and develop it is important that we demonstrate and report upon our ESG outcomes. A key factor in our success will be the consideration that our customers can confidently depend on Filtronic to meet their needs within their own ESG strategy.





Sustainable Development Goals

At Filtronic we are advocates for responsible, sustainable working practices. We are focused on climate-related risks and work together with customers, suppliers, and the local communities on which our operations impact, striving to deliver a more sustainable future.

The 2030 agenda for sustainable development, adopted by all United Nations member states in 2015, provides a shared blueprint, recognised globally. At its heart are 17 sustainable development goals (SDGs), which are an urgent call for action by all countries.

As a company we have looked at the SDGs and aligned ourselves to thirteen, where we feel we can make the largest impact. Each goal has an associated objective, which in turn has corporate targets, driven by our ESG leadership team.



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THE FILTRONIC ESG STRATEGY AIMS TO ACHIEVE A POSITIVE IMPACT WITH:



OUR SUSTAINABLE BUSINESS PLAN (SDGS 8,9,11 AND 17)

We work with our customers and partners to build and support sustainable programmes for better communication through RF technology, with 5G enabling greater connectivity and reduced travel, and operate in markets with long term relevance, purpose and growth.



OUR SUSTAINABLE HIGH PERFORMANCE ORGANISATION PLAN (SDGS 3,4,5,10 AND 17)

We recognise high performing organisations need diversity and inclusion with talent from anywhere and everywhere, whilst providing our employee with an environment that values education and training inspiring them to be the best they can. A talent pipeline needs good STEM roots, apprentices, graduates and graduate calibre late developers with continual development and advancement for employees who wish to develop. Partnerships in STEM skills and education in addition to charitable and community work leverage our impact.



OUR SUSTAINABLE ENVIRONMENT PLAN (SDGS 12,13,14 AND 15)

We commit to energy intensity reduction against each pound of revenue (2% per year intensity) and to reduce waste from our manufacturing and logistics processes to reduce landfill. We aim to use sustainable resources and pay attention to continual reduction in plastic and solvents for life on land and in water.



OUR GOVERNANCE PLAN (SDGS 16 AND 17)

We commit to the sustainable rule of law, ethical behaviour and codes of good practice. We respect all laws, regulations and rules underpinning our brand image and reputation of integrity. Our partnerships with government, local authorities, markets and regulators help maintain the brand reputation and the security of our employees, customers, investors and suppliers' confidence in the long-term.



ESG Objectives

Environmental

1. Minimise the environmental impacts of our own activities and reduce our energy usage per £ of revenue generated (reducing carbon intensity whilst supporting growth)
2. Improve our use of sustainable resources by operational site
3. Reduce paper and packaging waste
4. Focus on our work to meet Scope 1 and 2 Greenhouse Gas (“GHG”) Emissions of Net Zero

Social

1. Actively promote equality, diversity and inclusion (“EDI”) in the workplace and encourage greater gender power balance
2. Provide a great place to work for our employees enabling them to learn and develop, creating professional opportunities
3. Engage with our employees, keep them informed and pay fair salaries
4. Support STEM initiatives in the local community and provide quality employment for young people through apprenticeships and graduate recruitment

Governance

1. Provide a robust cyber security framework protecting the data we hold
2. Comply with export control requirements
3. Maintain strong and enforced policies and procedures and promote a strong code of conduct and ethical behaviour in our business

Environmental Core Objectives



Our environmental strategy focuses on four key areas:

- We will actively encourage our employees to **reduce our energy usage**. We will do this by conserving energy, water and natural resources through increased business efficiencies and employee awareness schemes. As a manufacturing and engineering company with plans for business growth, it is likely our energy consumption will increase as output increases, but we can manage this by focussing on the amount of energy consumption we have per £ of revenue.
- Our objective will be to use **sustainable resources** when we are consuming energy to ensure we are using resources that are replenished by nature and emit little to no GHGs or pollutants into the air. We will explore whether we can seek opportunities to create renewable energy from our existing business practices. We will also undertake a review of the materials we use and switch to alternative sustainable resources where possible.
- Filtronic will **reduce the amount of paper and packaging waste** that is generated through our business operations and processes. This includes looking at the type of packaging we use to ship products to our customers and refining our business processes to focus on digital records reducing paper documents.
- Our overarching ambition is to be **Net Zero** on Scope 1 and 2 of GHG emissions by 2035.

These objectives will be monitored on a regular basis as part of the monthly Executive team meetings and formally reviewed at the six-monthly Quality Management System review to ensure they remain relevant to the Environmental Management System.



WHAT WE DO		WHAT WE'LL DO NEXT
Reduce our energy usage	Metering and monitoring in place at a room level Motion sensors on all our lighting Invested in newer more-efficient machinery	Implement LED lighting Energy saving equipment Education sessions in high-energy consumption areas
Sustainable resources	NetPark and Manchester supplied with 100% sustainable energy Cycle-to-work scheme in place Electric vehicle charging points Adopted a hybrid working policy	Convert our Leeds site to 100% sustainable energy in line with our Sedgefield and Manchester sites Seek opportunities to create renewable power Open an electric car scheme for employees Switch to recycled materials removing single use resources where possible
Reduce paper and packaging waste	Removed foam from our shipping packaging; replaced with cardboard Implemented docuSign to reduce our need to print documents to sign Implemented digital systems with workflow for HR processes, expense management and timesheets	Identification of key waste driving activities by site Remove single use plastics from our operations Move business processes to digital including document signature, AP processing etc

Social Objectives



Filtronic recognises that it not only makes a difference to its own employees but society as a whole.

- **Actively promote equality, diversity and inclusion (“EDI”) in the workplace** and encourage greater gender power balance.

In our approach to building the talent pool and workforce we do so by ensuring equal opportunities for all and actively promote a diverse workforce. We recognise that females in STEM roles and engineering disciplines are under-represented nationally in the UK. We are actively promoting a female-friendly workplace to encourage more women into engineering at Filtronic and offer the same opportunities to everyone regardless of gender.

- Improve awareness of EDI issues in the workplace;
- Promote diversity and inclusion in the workplace;
- Ensure our business environment and opportunities are inclusive for everyone to best achieve their potential;
- Recruiting and managing based on competence and performance regardless of age, ethnicity, gender or cultural background;
- Fostering a culture of EDI;
- Providing training and career development opportunities which is inclusive and based on merit;
- Build an inclusive community, creating a safe and open environment for everyone to talk, share ideas and have a sense of belonging; and
- Promote inclusive behaviour.

- As a technology business with a significant reliance on engineering talent and STEM skills we place a heavy emphasis on quality education. We recognise that our employees are essential to the successful delivery of our business strategy and to sustain our long-term performance we will build skills for the future and foster a culture of high performance. This includes offering opportunities for our people to **learn and develop** with initiatives including the upskilling of our managers and the future leaders of our business through the Filtronic Leadership Academy and promotion of continuous improvement throughout the business.
- We want our employees to enjoy coming to work and to feel engaged and motivated, to do their best work every day. We will aim to deliver the highest levels of communication and **engage with our employees** as we recognise this is key to delivery of the strategy, ensuring everybody understands the direction of the company and buys into our vision. We currently undertake this work in a variety of ways in-person, from team gatherings to regular town-hall meetings and through a range of forums including a t-card system, posters on noticeboards and regular email progress updates. To assess the success of this we have commenced an annual employee engagement survey to understand how our employees are thinking. We want to give our employees a voice to air their views, but also know that we have taken their opinions into our account. Therefore, we feed the results back to our employees and update them on the actions we intend to take based on the output of the survey. We also recognise a key element of our retention strategy, is to **pay fair salaries** to our employees. This is augmented by an attractive benefits package.
- As part of our recruitment strategy, we will look to **provide quality employment for young people**. We are developing a partnership with the UTC, a college in South Durham, to commence a programme of annual apprentice recruitment and work with local universities to offer exciting opportunities where people can develop. We will also **support STEM initiatives in the local community** like the North-East STEM Foundation in their work to encourage and support young people into STEM related careers. This will augment the graduate scheme we already have in place and we will strengthen our relationships with universities, to provide our workforce and leaders of tomorrow.

	WHAT WE DO	WHAT WE'LL DO NEXT
Actively promote equality, diversity and inclusion ("EDI") in the workplace	- Regular analysis of workforce demographics - EDI training - Non-discriminatory working practices and policies - Value the individual - Female in our engineering function is above the national average	- Develop a clear EDI strategy and communicate it - Promote Filtronic as a female-friendly workplace - Promote females in STEM disciplines - Promote diversity - EDI surveys - Positive actions to increase the ratio of female managers and engineers
Learn and develop	- Career development and guidance for everyone - Provide training and development programmes for all colleagues - Filtronic Leadership Academy - Regulatory and mandatory training - Expert speakers - Technology Leadership Awards for patents, conference papers and peer reviewed publications - Detailed training needs analysis from appraisal process - Assign an Executive sponsor to all graduate recruits - Encourage networking and industry event attendance - Comprehensive induction process, for all new starters	- Apprenticeships - Create a knowledge sharing environment - Continue to upskill our employees - Utilise supported stretch assignments to facilitate personal development and progression
Engage with our employees and pay fair salaries	- Fair pay and reward structure with regular benchmarking - Excellent benefits package including access to wellbeing support - Flexible working available - Celebrate long-term service with awards - New values embedded in the business - Town hall meetings and team meetings - T-card system for continuous improvement and worker participation - Employee engagement surveys	- Increase frequency of communication - Assess current benefits suite, for ongoing competitiveness and flexibility for individual choices - Implement the improvement actions from the employee engagement survey
Support STEM initiatives in the local community and provide quality employment for young people	1 day paid leave given to all employees undertaking charitable work - Graduate recruitment	- Provide opportunities for local young people - Build relationships with local learning institutions - Implement a structured graduate career framework - Support local organisations like the North-East STEM Foundation

Governance Objectives



Filtronic have always believed that sound governance is fundamental to the long-term success of the Company and we follow the Quoted Companies Alliance (“QCA”) Corporate Governance Code which gives a firm foundation for our governance structure. Having been listed on the London Stock Exchange since 1994, the business has a robust approach to governance, but we can always strive for improvement.

The Board and our management team will drive the ESG agenda. We recognise that good governance will be key to ensuring the changes are embedded throughout the business.

Compliance is critical to our operation, particularly as we supply into sensitive markets such as aerospace and defence, and therefore strong governance is at the heart of how we conduct business.



- We are focusing our immediate governance strategy on additional improvements to our **cyber security** credentials and export control compliance whilst ensuring our policies and procedures are up to date and reflect the strong code of conduct we live by operating in an honest and ethical manner.
- We have recently developed our IT credentials and have recently achieved IASME Cyber Assurance accreditation and are currently working towards attainment of level 2. As part of our ethos for continual improvement we will strive to augment this with progression to the ISO27001 standard.
- Equally, we are committed to improving our **export control** processes as we seek to develop our customer base beyond the UK defence primes. Shipping controlled products to overseas territories without the relevant export controls or licences in place could cause significant reputational damage to the business. Therefore, we are actively looking to build our knowledge base and strengthen our control systems to ensure we are the best exporter of controlled products that we can be.
- Robust governance of our business with **strong and enforced policies and procedures** will not only appeal to new and existing customers but also our supply chain and other key stakeholders.

	WHAT WE DO	WHAT WE'LL DO NEXT
Cyber security	Cyber Essentials Plus Defence Assurance Risk Tool (“DART”) IASME Cyber Assurance	Gain IASME Cyber Assurance Level 2 Scope and plan for ISO27001
Export Control	Robust internal control framework Trained personnel Regular communication with an export control expert	Training courses for those with export control responsibility Review our controls and continually improve
Strong and enforced policies and procedures	Strong Boards and Committees providing strategic oversight and governance support Adherence to QCA Corporate Governance Code Strong suite of Group policies and internal controls annually reviewed Clearly defined and strong company vision and culture Maintenance of appropriate accreditations and internal audits Robust internal branding and document control Annual Report published each year reporting strategic, governance and financial progress	Review and approve our policies and procedures annually Develop the ESG strategy further Ensure employees are suitably trained on policies and conduct which are enforced throughout the organisation

ESG Summary

We are committed to enhancing our impact on the world with a robust and clear ESG strategy.

Within each area we've highlighted clear objectives which aim to focus our efforts and which ensure that we are able to maximise our impact by focusing on the key areas where we can engage and influence our stakeholders. Our objectives are thought through, aligned to our corporate strategy, and aligned to the UN Global Goals, so we can best position our skills and experience to work towards building prosperity for all.

We have a clear roadmap ahead of us and we look forward to delivering on our commitments to support prosperity for all.





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