



# Environmental, Social & Governance (ESG) Policy

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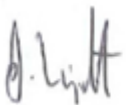
## Document Control

Document Revision	Date	Originator	Details of Change
Rev 4	27/07/2023	John Hale	Draft
Rev 5	30/01/2024	John Hale	Document replaced Environmental Policy Statement

## Associated Documents

HAT Sustainability Strategy Wheel  
Ecovadis Assessment Report  
CDP Score Report

Approved By:



Jim Liptrot  
Managing Director  
Date 30<sup>th</sup> January 2024

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## 1. Introduction

Howorth Air Technology is a leader in the engineering of clean air solutions for the Healthcare and Pharmaceutical industries. Operating from two locations in Greater Manchester and providing service and aftercare globally. Our client base ranges from Private and Public Healthcare institutions to Blue Chip Pharmaceutical Manufactures.

The business can trace its roots back to 1858 and has continued to pioneer great products and deliver great services to our customers over the years. Today we employ over 130 staff across the business, and we are positioned well to grow the business in the coming years. Since 2023 sustainability has been a key aspect of our business strategy, and this policy has been created to communicate our position and progress.

## 2. Purpose of this Policy

- 2.1. The purpose of this policy is to provide information about ESG (Environmental, Social and Governance factors) and to encourage the business to understand ESG better.
- 2.2. The policy will highlight how the business will address and show our commitment to sustainability across the ESG framework.
- 2.3. The policy will serve as a public document that can be shared with our stakeholders to communicate our approach to ESG, whilst also providing an outline to our aims and objectives in all areas of ESG.

## 3. Our ESG commitment

- 3.1. We strive to build sustainable, equitable, healthy, and diverse communities through a combination of innovative business practises and exemplary environmental, social and governance (ESG) performance. This commitment informs every aspect of our business, including how we design and build new projects, operate our company, collaborate with stakeholders and report progress.
- 3.2. This ESG Policy sets out our approach to sustainability matters. At the heart of the Policy is a culture that has sustainability at the core of all our business operations and the Howorth Way values.
- 3.3. Howorth and the UN Sustainable Development Goals:
  - 3.3.1. We are committed to play our part, taking action for sustainable development and we are aligned to the goals set out by the UN. We have the ability to make the most impact in pursuit of the following goals



## 4. Environment and Climate Change

- 4.1. We acknowledge that we have an impact on the environment, most significantly in terms of energy use, business travel and our supply chain's activities.
- 4.2. We are committed to driving down our energy and carbon impacts, as we believe that climate change is

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one of the greatest risks to our world. The Howorth Sustainability Strategy is committed to environmentally sustainable initiatives that deliver near-term efficiency, value, and health for our business, our people, and the wider community.

4.3. We will ensure that we meet all legal and contractual requirements as a minimum and will look to better our actions through continual research into best practice from our sector and peers. To this end we are committed to:

- Calculating our scope 1 and scope 2 carbon emissions and putting in place actions to reduce.
- Reduce the use of electricity by non-essential equipment.
- Reduce the amount of gas used for heating.
- Purchasing green energy.
- Reducing the use of fossil fuels for our business travel.
- Develop scope 3 carbon emission measurements and plans to reduce.
- Develop a sustainable procurement framework which outlines supplier performance requirements relating to carbon emissions.

4.4. Climate objectives, we are committed to transitioning to Net Zero by 2050 for our scope 1 and scope 2 emissions. As our sustainability journey matures, we will continually review this target with a plan to shorten the timeframe to transition.

## 5. Social Responsibility

5.1. Our focus is to deepen relationships with our key stakeholders by investing in our employees and partnering with our customers, communities, and suppliers.

5.2. We understand the power of diversity within the workforce, and we are focussed on providing an environment that is attractive to all sections of society.

5.3. We are committed to worldclass engagement with our employees to provide a challenging, dynamic, inclusive, and diverse work environment that supports their professional development, as well as promoting a good work-life balance that prioritises their overall health and wellness.

5.4. We will at a minimum ensure that we comply with all legal requirements regarding labour relations.

5.5. We are committed to pay the real living wage, this commitment is underlined by our membership to the Greater Manchester Good Employment Charter.

5.6. We want to build our engagement with the communities that we operate, not limiting our positive impact to employment opportunities that we create, but through wider engagements that will provide benefit to the whole community.

5.7. Through our Occupational Health and Safety Management System, we will engage with all team members to ensure their Health, Safety and Wellbeing

## 6. Ethical Governance

6.1. We will maintain strong corporate governance practises through exemplary board stewardship, management accountability, and proactive risk management.

6.2. We are committed to high ethical standards through a strong Code of Ethics and Business Conduct, ongoing

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ethics training, and executive leadership that promotes a culture of integrity.

- 6.3. We will provide clear guidance through the employee handbook in relation to expectations for codes of conduct, including our bribery policy and whistleblowing policy.
- 6.4. In this digital age, we are clear on the need for robust processes around data collection and retention and that security of data is of critical importance.
- 6.5. Accounting integrity is at the heart of our governance practices, and we will go beyond regulatory requirements, utilise recognised standards & best practices, all under the scrutiny of external audit to validate compliance.

## 7. Our Business and ESG

- 7.1. ESG is about assessing that net positive impact in the world, and taking concerted, defined and measurable action to improve it. Our value rests in our employees, our communities, and the wider world. Therefore, ESG forms a fundamental part of how our business lives the Howorth Way and our mission to change lives, in the real world.
- 7.2. The ethical and practical values that make up the different parts of ESG have always been at the heart of what we as a company stand for. With the growth of ESG and the increased awareness of these factors among our key stakeholders, we have a better opportunity to tell the story of how our business makes a positive impact in the world.
- 7.3. Fostering openness, sustainability, and respect are key objectives. We value everyone and strive to work as one team. Our view on ESG is that it is a continuous process of aligning our operations and controls with the Howorth Way values.
- 7.4. Our commitment to improve our social and environmental performance demonstrates a strong, well-informed management attitude and a values-led culture that is both alert and responsive to the challenges and opportunities of doing business responsibly and sustainably.

## 8. Our Team and ESG

- 8.1. All HAT team members, have a vital responsibility to ensure our organisation thrives. When it comes to ESG, this means understanding your role in each area of ESG. To help everyone achieve this we will provide training on ESG fundamentals and encourage everyone to familiarise themselves with this policy, our sustainability strategy, and the objectives of the strategy. You should know:
  - Our strategic goals.
  - How we plan to achieve them and over what time.
  - Your individual and team contribution to those goals.
  - How to discuss our goals with customers and third parties.
  - Where to report potential concerns or actions which go against our policy.
- 8.2. On an individual level, you have an important role to play in meeting our ESG objectives. Here's how:
  - 8.2.1. Environmental - We all have a role to play in reducing carbon emissions and getting to net zero. While as a business we are setting organisation-level targets, consider the choices you make and your environmental impact. For instance:
    - When travelling, are there more environmentally friendly options to take?

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- Can some meetings be done remotely instead of travelling?
- Think before you print.
- Does the office have recycling and energy saving measures?
- Remember the cheapest energy is the energy you don't use.

8.2.2. Social - Building a diverse and inclusive workforce where everyone feels valued is everyone's responsibility. Understanding your role in bringing people together is critical to our success as a business. From hiring the best talent to encouraging all staff to thrive, we want a workplace where people proactively work to be their best. You can help by:

- Challenging and reporting discriminatory or offensive behaviour.
- Understanding diversity and inclusion policies.
- Being an active ally for groups often underrepresented.
- Leading by example in your work.

8.2.3. Governance - Good governance goes beyond having the right policies and procedures in place. It's about embedding compliance in your day-to-day work. From completing training on time to actively understanding how regulations affect your work, good governance starts from the individual acting ethically. Take governance to heart by:

- Be a compliance champion in your team.
- Refer to policies and procedures instead of shortcuts.
- Be aware of red flags for compliance failures and risks in your area of work.
- Don't be afraid to call out poor behaviour or report failures.

## 9. Our Stakeholders and ESG

9.1. Our business does not operate in isolation; almost no company does. Value is created through collaboration and partnerships. Similarly, risks can come from not anticipating problems, gatekeeping, and hiding critical information. Traditional risks in supply chains were generally about quality, cost effectiveness and reliability. But seen through an ESG lens, the holistic nature of the third parties, from how they source raw materials to how they treat workers and comply with accepted standards are just as vital.

9.2. ESG priorities are drawn not only from business concerns and need for compliance but also customer needs. Customers are asking how we are improving the world around us. How are we protecting our shared natural heritage, investing in our communities and being good corporate citizens? It is imperative on us as a business that all our interactions with customers are reflective of who they expect us to be. And that is a partner in their own enterprise. A company they are proud to work with and recommend.

9.3. Sustainable procurement - gets to the heart of the value chain. When we consider the entire value chain, from raw material supplier to end use customer, we can better understand the needs and impacts of our business's decisions within those relationships. Sustainable procurement within the context of ESG means paying attention to the carbon impacts of a supplier through to the labour practises of an end-user.

How we will focus our sustainable procurement activity:

9.3.1. People: Ensure that those within the procurement processes are adequately trained and understand our ESG requirements within the supply chain.

9.3.2. Governance: Policy and endorsement from Senior Management is entrenched in the supplier management process. Strategy is in place with performance widely communicated.

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- 9.3.3. Process: Understanding of the sustainability impact and risk associated with procurement spend, targets for improvement prioritised by risk analysis.
- 9.3.4. Supplier Engagement: Working in partnership with the supply chain to deliver positive ESG results for the whole value chain. Contract management will have significant weighting for positive ESG performance.
- 9.3.5. Measurement: Establish key performance indicators that are incorporated into the supplier management framework, ensure monitoring of supplier performance is ongoing during the engagement.

## 10. Our ESG Performance

10.1. Progress on this policy will be reported to the Board on a regular basis. Active participation and engagement at all levels of the business is of great importance to ensure ownership of ESG by all staff.

10.2. Measuring our progress. Achievement of set objectives and continual improvement in all areas of our ESG activity is key to our success and to realising our values in real terms. We will set targets, make public commitments, and monitor performance on a macro level. We will utilise a range of industry recognised initiatives and assessments, all of which will be used as part of our ESG Key Performance Indicators:

10.2.1. Environmental Performance:

- Science Based Targets initiative ([SBTi](#)); we have set near-term targets that are validated by SBTi which relate to our Scope 1 & 2 emissions. Long-Term Net Zero targets will also be set through the SBTi platform as we progress.
- Ecovadis; the [Ecovadis](#) assessment is completed annually and covers 4 specific areas of ESG, including Environment.
- Carbon Disclosure Project ([CDP](#)); We will submit annually to the CDP's climate change questionnaire.
- [HAT Sustainability Strategy](#); beyond the external measures, we will create a suite of lead and lag measures to monitor our Environmental & Climate Change performance.

10.2.2. Social Performance:

- Ecovadis; the Ecovadis assessment is completed annually and covers 4 specific areas of ESG, including Labour & Human Rights. Which incorporates, Equality Diversity & Inclusion, Career Management and Community Engagement.
- [HAT Sustainability Strategy](#); beyond the external measures, we will create a suite of lead and lag measures to monitor our Social Responsibility performance.

10.2.3. Governance Performance:

- Ecovadis; the Ecovadis assessment is completed annually and covers 4 specific areas of ESG, including Ethics & Sustainable Procurement
- [HAT Sustainability Strategy](#); beyond the external measures, we will create a suite of lead and lag measures to monitor our Governance performance.

10.3. Any breaches or concerns, including ethical concerns or potential breaches in our commitment to high ethical standards should be reported as soon as possible through our whistleblowing channels.

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