

Sustainability Report 2021

Sustainable. Innovative. Dependable.



Sustainability Report 2021



Strix kettle control products save
c.5 billion kg CO₂
a year, equivalent to emissions
from 1 million cars



Our NEW Duality appliance
will address
c.£300m
wasted on boiling excess water
p.a. in the UK



Strix sold c5.8m filters in 2020
equating to
580m
single use plastic bottles



2 second saving in steam
switch off time would save
1% energy
or 44GWh or £9m p.a.
in UK alone

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Strix at a glance

Mission Statement:

Innovating **safety** and **design** for a sustainable future

Vision Statement:

Establishing a world leading innovative and sustainable technology business

Strix is a global leader in the design, manufacture and supply of kettle safety controls and other components and devices involving water heating and temperature control, steam management and water filtration.

Strix has developed a broad range of products across our 3 core categories:

Kettle Controls

£79.8m sales

Safety controls for small domestic appliances, primarily kettles, in which Strix is the global market leader. Strong reputation for safe, accurate and dependable products with the latest developments focused on efficiency and minimising energy wastage.

Water Category

£11.7m sales

Specialist water filtration offerings, improving the quality of water for human consumption through the Aqua Optima, Laica and astrea brands, whilst making use of the HaloPure water sterilisation technology within the livestock sector. The water portfolio offers quality filtration for the health-conscious whilst reducing plastic waste.

Domestic Appliances

£3.8m sales

Innovative appliances utilising temperature and steam management technologies offering convenient, simple and sustainable solutions. Product portfolio includes instant water flow heaters and baby milk heaters, LAICA brings a further range of products in the living and health & wellness segments.

2020 sustainability highlights

Group emissions intensity (tCO₂e/£m)

-10.4%

Waste recycled

98%

Lost time accidents (3-year average)

-30%

Energy consumption intensity (kWh/£m)

-8.7%

Water consumption

-15.1%

Employee survey response rate

74%

Women in the workforce

60%

Chief executive review

Strix has always looked to strive for the highest business ethos and standards.

“I am particularly excited about our target to achieve Net Zero by 2023 sitting alongside our ambitious operational objectives such as doubling sales in 5 years”

Mark Bartlett
CEO



Our sustainability journey

Strix has always looked to strive for the highest business ethos and standards. We have always considered the environmental challenges and opportunities which they provide. Kettles are an efficient method of boiling water, saving millions of tons of carbon emissions a year, whilst our switch technology and demanding standards improve customer safety. Our re-usable filter bottles eliminate one-time plastic use and, along with the filters, are 100% recyclable. We have striven to reduce waste through operational excellence including initiatives to remove plastic from our packaging and adopt reusable tray systems between our operations. We have placed high importance on employee welfare, highlighted by the new Chinese factory with its upgraded dormitory and cafeteria which offer a step change in living standards for our shop floor employees. We look to build on our position in the community, particularly in the world heritage status Isle of Man where the Company is based.

These sustainability issues were often viewed in isolation within a single department. Our sustainability journey has seen us bring them together in a comprehensive, unified framework. This clear and explicit approach under a sustainability banner is providing a ‘meeting of the minds’ and accelerating the Group’s progress.

Our ‘new’ sustainability journey is still in its infancy, yet significant progress has been made. An internal management and reporting structure has been put in place to ensure inclusion, responsibility and accountability from the shop floor to the boardroom. We have developed metrics of sustainability measures which have been standardised and are being rolled out across the organisation. This has been a significant effort at the same time as bringing the Group’s largest ever manufacturing plant on stream in China, integrating the Group’s largest ever acquisition in LAICA and dealing with the COVID pandemic.

Progress in 2020

Our underlying profits increased by 2% in 2020 despite sales declining 2% whilst our emissions fell by 23%, or 12% excluding business travel, a pleasing underlying performance.

Safety improvements were also a highlight with lost time accidents down from 25 to 7, albeit we see zero as the preferred target. The most pleasing aspect was our handling of COVID from an operational and employee perspective, adapting to the lockdowns and changes in regulations whilst keeping our employees safe and continuing to meet our customers’ requirements.

Chief executive review – continued

Our targets

Our latest and highly ambitious step sees the externalisation of our sustainability KPIs as set out in this report. Measuring, committing and reporting on progress will ensure that these factors will be a key driving force in the direction of the business. Importantly, they come with the normal Strix ambition and are challenging as highlighted by our target for net zero scope 1&2 emissions by 2023, best-in-class and significantly ahead of the Paris 1.5°C roadmap. Whilst this is a key focus, our efforts stretch over multiple elements of the business such as waste, health & safety and diversity. We also encourage other stakeholders such as the wider community, suppliers and customers to join us on our journey.

Looking ahead

The next few years will see significant planning and project execution as we look to advance our KPIs and set ever ambitious goals. Many actions, such as solar panels for China or our employee survey, are already underway. At the same time we will continue to push the frontiers of our strategy. Additional near-term projects will include analysis of our Scope 3 emissions and greater understanding of our value chain.

Summary

The buy-in across the Company for our sustainability journey has been particularly encouraging and I am enthused by the relaunch of our 'Think Twice' initiative to further encourage and improve engagement with our employees. In addition, the thought that Strix Scope 1&2 will be net carbon zero within three years of starting our focus on emissions, will be a major achievement and a testament to the ambition and can-do attitude of our employees. Indeed, I would like to thank all our employees for their enthusiasm and efforts in embracing our ethos and sustainability journey.



New 1.3MWH per year solar array to supply the Chinese factory designed, permitted, installed and commissioned in just six months

May

Developed plan including full costing

June

Access to local grid transformer attained and permitting completed

July

Construction works commenced

September

Installation completed

October

Local power admin inspection/signed-off

November

System commissioning completed

Strix sustainability KPIs

We have focused on a core set of sustainable KPIs with targets and associated action plans.

Our target for Net Zero Scope 1&2 emissions by 2023 demonstrating our level of ambition.

Through mapping of our SDGs we have honed our key sustainability KPIs. These will drive the framework of our sustainability programme going forward.

We have focused on climate change and our carbon emissions as a key KPI for 2021/22. This is despite the complexities that the new Chinese factory, which will be the biggest energy consumer in the Group, and assimilating LAICA bring. Our Scope 1&2 emissions emanate primarily from our manufacturing plants, especially the new facility in China which was commissioned in August 2021. We have been developing our pathway to net zero. As a consequence of which we have set an ambitious target for net zero Scope 1&2 emissions by 2023. We believe this to be 'best-in-class' and far in excess of the Paris 1.5°C scenario requirements. In addition, our goal is to achieve over 95% of this through reduction of our own emissions with less than 5% from carbon offsets.

To achieve this ambitious target, we have invested over £600k into a solar array at our new Chinese manufacturing site which will provide over 10% of the required energy with the remainder due to be switched to renewable electricity in 2022. Isle of Man has signed an agreement for green power starting in Q4 2021. LAICA is also targeting a combination of solar and renewable electricity although with the integration currently at the fore this is

expected to be implemented through 2022. We are also developing a range of programmes to reduce our Scope 1 emissions, for instance China has started to move to electric cars. The Isle of Man will take the lead on alternative offsetting of our 'hard to remove' emissions using the SBTi mitigation hierarchy.







Our other sustainability KPIs are taken from key operating practices already embedded into our culture. Promotion of the sustainability agenda and KPIs is generating renewed emphasis on these activities. This has included additional planning and pathways to improvement and, where applicable, setting of ambitious future targets. We expect to enunciate further on these plans in the coming year.

These KPIs are important but we also remain committed to other areas of our sustainability agenda. This is highlighted in our community engagement where we have an aspiration to increase volunteer hours by 10% a year.

Our key sustainability KPIs, performance, targets and plans are summarised below. Note that many of our targets are focused on intensity as we see this more appropriate than absolute levels as the business grows. Also that many of our targets are multi-year reflecting our planning horizons and the inevitable fluctuations which can occur in a single year.



Our key sustainability KPIs

KPI	Performance	Target	Focus for 2022/3
 Climate action	Scope 1,2&3 emissions: 5,376 tCO₂e ; -11.9% Intensity: 56tCO₂e/£m ; -10.4%	Net zero scope 1&2 emissions by 2023	Implement the plan for 'net zero' scope 1&2 emissions. Focus on Scope 3 emissions including a full audit and actions through the value chain.
 Resource intensity	Energy used: 10,137MWh ; -10.2% Intensity: 106 MWh/£m ; -8.7%	Target 5% intensity reduction for each of the next three years	Adopt ISO50001 implementation across the key manufacturing sites.
 Waste & recycling	Waste: 1585T Intensity: 16.6T/£m Recycling: 98%	Target at least 3% reduction a year for the next five years	Focus on recycling/disposal through waste hierarchy. Develop a pathway to reduce waste and increase recycling. Retain zero landfill.
 Clean water and sanitation	Water consumption: 30,936m³ Intensity: 325m³/£m Water category growth: 26.8%*	Grow the water business at a minimum of 2x Group revenue growth.	Establish HaloPure in the poultry and livestock sectors. Maximise LAICA/Strix complementary product opportunities. Develop a pathway to reduce internal water consumption, particularly in testing.
 Health & safety	Lost time accidents: 7 Three year average: -30%	Reduce lost time accidents rates on a three year rolling basis.	All facilities ISO45001 by 2022
 Gender equality and employees	Women in Senior management: 23% Shop floor: 63%	Further embed diversity thinking throughout the organisation	Work to promote the gender diversity of the Group's senior management team
 Innovation	R&D/Sales: 4.4% Sales from product less than 5 years old: 23.5%	Continuous reduction in precious resources including the increased use of recycled materials	New product roadmap orientated towards sustainability and interconnectivity capabilities which LAICA brings

*growth in revenues from FY 2019 to FY 2020

LAICA

Strix completed its largest ever acquisition in 2020 with the purchase of the Italian business LAICA.

The Company specialises in water filtration and small household appliances for personal health and wellness.

The business is highly complementary, not just in activity profile but in its ethos towards a sustainability driven agenda. Integration is expected to lead to multiple win-win opportunities. These opportunities and operational integration benefits will include the following:

Extension of the water portfolio

LAICA has a strong portfolio of domestic water products and filters. These include a patented Bi-flux filter capable of reducing water hardness while maintaining minerals useful to the body, an instant filtration system that improves the taste and smell of the water and an ultrafiltration process capable of reducing microplastics, sand and rust that may be present in tap water. As part of its interconnected strategy, LAICA has also developed a smartphone app to assist with monitoring filter replacement requirements and cycles.

Expansion in the health arena

LAICA's suite of baby healthcare products including breathing assistance, humidifiers and weighing scales complement Strix position in baby milk and food preparation equipment. In addition, LAICA has a range of small domestic products aimed predominantly at healthy eating which will compliment Strix nascent developments in this market.

LAICA incorporation of Strix processes

Strix sustainability structure, reporting and newly established KPIs will be rolled out to LAICA. Early benefits are already being seen with Strix drive to 'net zero' which LAICA management has embraced including options for renewable electricity and potential development for solar generation already well advanced. In terms of certifications, LAICA has ISO9001 (quality) and ISO13485 (medical instrumentation) and will look through 2021 and 2022 to become ISO14001 (environmental) and ISO45001 (health & safety) certified in-line with Group 'best practice'.

Strix incorporation of best of LAICA policies

LAICA's speciality in water filtration has awarded the wider Strix Group a wealth of experience and a significant contribution to the Group's sustainability strategy, adding valuable input with regards to reduction of water consumption, recycling and reduction in product packaging. LAICA's contribution to corporate responsibility, through its social projects especially for women and children, has afforded the Strix Group a wider global platform to widen our efforts in being a socially responsible business and achieve our sustainability goals.



Management & engagement

Sustainability is a key driver for the Group which we are fully integrating into our planning and operations.

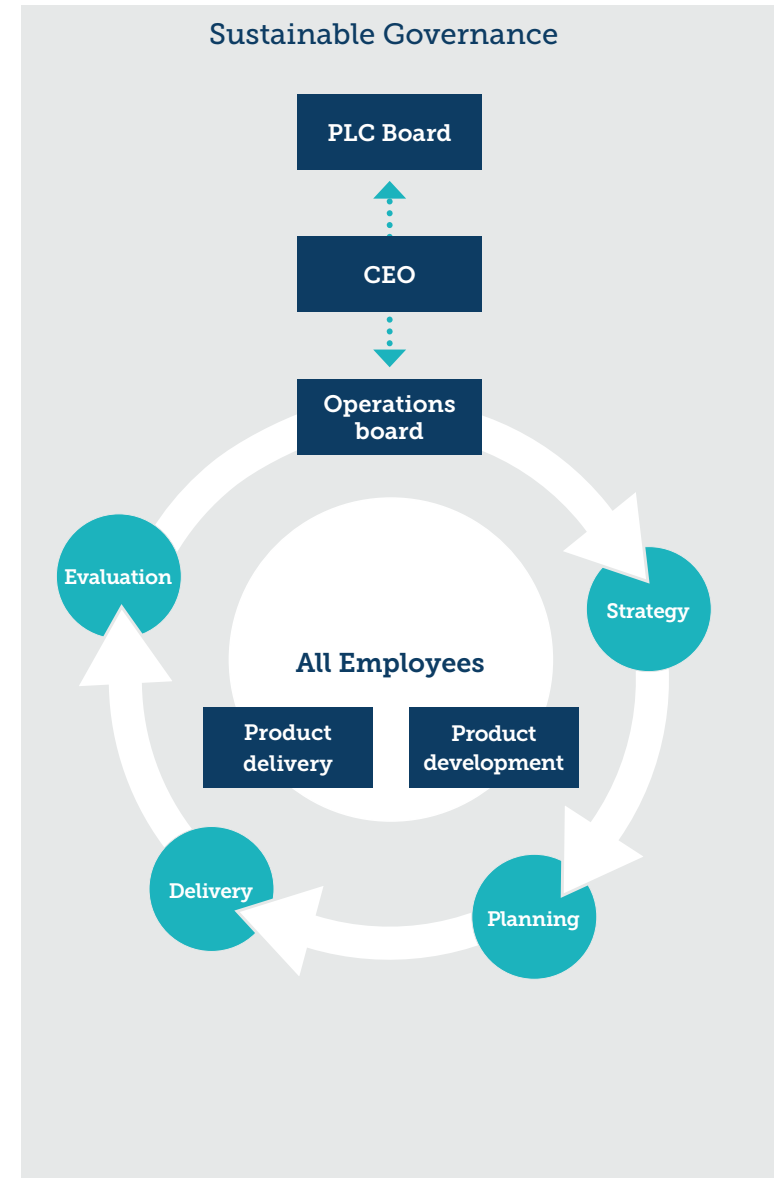
Reporting & responsibilities

The Chief Executive remains a key driver for our sustainability journey. The management structure has been strengthened and key additional personnel brought in to assist in driving the agenda forward. From a Board perspective our newest Non-Executive Director, Richard Sells, will head an ESG committee ensuring the Board is focused and proactive in supporting sustainability initiatives across the Group.

Sustainability is a key driver for the Group which we are fully integrating into our planning and operations. Hence, we are empowering the Operations Board with this agenda rather than establishing a stand-alone and separate entity. We believe this will accelerate adoption and future actions. Our Divisional Operations Director is responsible for implementing the Operations Board ESG strategy. We have appointed Emma Cox as Director of Human Resources with a clear over-arching remit across the Group's activities.

Engagement

Sustainability is an overarching ethos for Strix, its culture and operating environment. The philosophy stretches from the boardroom to the shop floor as we engage all aspects of the Group and its external stakeholders. The 'Think Twice' campaign has been relaunched in 2020 to encourage product innovation and creative thinking. The programme has been expanded to encourage all ideas on a wider Group scale, all in an effort to maintain a culture and a way of working for continuous improvement in the wider working environment including employee mental wellbeing, team building, efficiencies, and cost saving.



Strix Pillars



Solutions for sustainable living

To develop products that reduce the impact on the environment, particularly reduction in energy consumption in our key kettle market and promote benefits to customers.

[▶ more on page 10](#)



Promote customer wellbeing

Our efforts are encompassed within Strix's Company motto of 'safer by design' as we look to improve the wellbeing of our end users through our entire product range.

[▶ more on page 13](#)



Doing more with less

This encompasses our internal operations and final product design. We look to reduce the overall manufactured product footprint, taking into account the total corporate footprint including materials, production, waste and Company infrastructure.

[▶ more on page 14](#)



Wellbeing and equality in the workplace

Employee equality, welfare and engagement are critical for developing our key asset. We look to pro-active actions including internal training, certifications (relevant ISOs), and employee engagement through listening, survey and involvement.

[▶ more on page 18](#)



Community engagement

Strengthening our position as a global, socially responsible employer, reinforcing our corporate culture and employee pride in our positive contribution to all of our local communities across the Group.

[▶ more on page 21](#)



Supply chain

Communicate sustainable practices to all of our direct suppliers, in line with the Responsible Business Alliance ('RBA').

[▶ more on page 22](#)



Certifications

Continued compliance with a range of international standards, solidifying the quality and safety of our products and internal processes.

[▶ more on page 23](#)



Governance

Continue to embed our values into our culture which are fundamental to our business specifically diversity and inclusion.

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Solutions for a sustainable living



Our mission

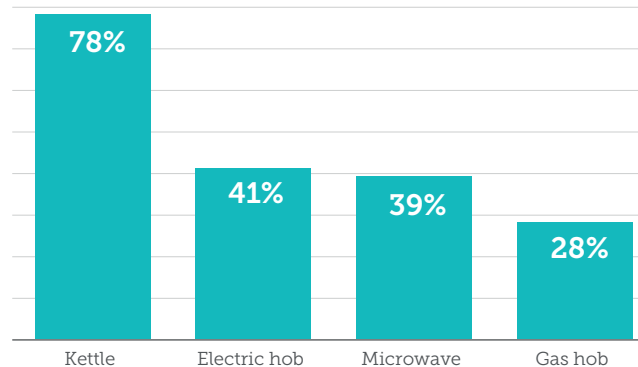
To develop products that reduce the impact on the environment, particularly reduction in energy consumption in our key kettle market and promote benefits to customers.

Kettles

Physics determines the amount of energy required to boil water (c335kJ per litre from room temperature) hence the critical factor is in thermal energy transfer and eliminating energy losses. The most efficient way of heating water is in a thermally insulated and enclosed vessel with an efficient internal heating system to minimise energy loss to the environment. For domestic use this is exactly what a kettle is. The electric kettle is approximately 80% efficient making it one of the most efficient methods of heating water.

Combined with the c.1bn times a day which we estimate Strix switches operate, the benefits become clear. This is further supplemented by additional features such as the ability to accurately and automatically turn off as water reaches the required temperature, significantly reducing excess losses, whilst also including safety features such as dry-boil switch-off.

Water heating appliance efficiency



Kettle penetration is high in many European countries, for instance the UK penetration is estimated at 120% (1.2 per household) yet growth elsewhere will continue to have a significant impact on energy consumptions.

- Global Kettle penetration from 38% to 50% would save c.14 billion kg of CO₂ a year.
- USA kettle penetration from 14% to 50% would save 6,600GWh p.a.

Strix new product roadmap for kettle controls has been reassessed in 2020/21 with a broader remit on sustainability to assist in further improving the environmental footprint of kettles in a variety of ways:

- **Switch-off accuracy:** Over-boiling a kettle generates direct energy wastage hence the importance of Strix switches which have an average time of 7seconds (depending on appliance power) preventing over-boiling energy wastage. We work with OEM customers to ensure that all kettles (>1500w) are less than 15 seconds.
- **Smaller switch size:** U9 mini reduces the material requirement of both for the switch and the associated appliance housing.
- **Dry-boil switch-off:** Whilst there is no European legislation. Strix technology incorporates efficiencies with switches that achieve an average time of 15 seconds (depending on appliance power). Again, we work with OEM customers and their element suppliers to ensure that all kettles (>1800w) are less than 22 seconds.

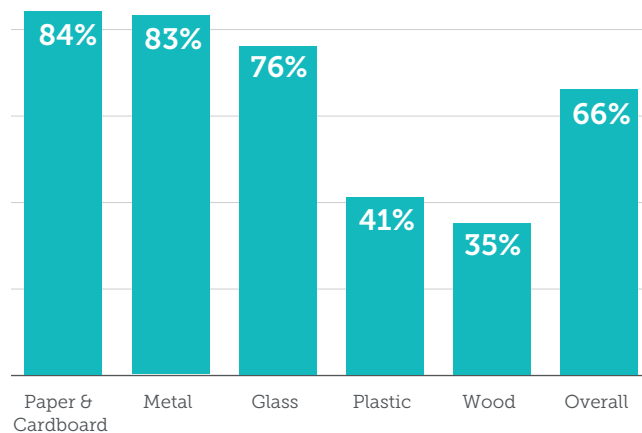
Water

Plastic waste is a major environmental issue with global recycling rates under 10%. Perhaps, therefore, it is not surprising that the WWF estimate at current rates there will be more plastics in our oceans than fish by 2050.

Europe is the world leader in recycling with rates of c.20% for plastics yet it remains one of the least recycled packaging materials at c.40% against over 80% for paper. The plastic bottling sector is faring better but rates were still only 64% in 2019 against 76% for glass. This suggests over a third of plastic bottles remain uncollected. US plastic bottle recycle rates are even lower at c.30%.

Strix has brought together its Aqua Optima bottle range

European packaging recycling rates



Source: Eurostats

with its HaloSource filtration system to provide quality reusable water systems. This has been complimented by the partnership with TerraCycle® to offer a recycling network for the filters.

- Strix sold c.5.8 million filters in 2020 equivalent to saving 580 million single-use plastic bottles.
- Aqua Optima filters are 100% recyclable in an initiative with TerraCycle.

To expand the offering Strix has developed a range of market specific bottles including variables for the US market and will integrate the offering with LAICA's product portfolio.

Water is for all and not just for human consumption. Strix has taken its filtration technology and developed an industrial purification system through its HaloPure subsidiary. The first pilot customer trials in China started in 2020 with a roll-out programme commencing in 2021.



What is HaloPure?

HaloPure uses the safe and highly efficacious hypobromous acid in a controlled release from the HaloPure media to sterilise water instantly permitting moving water stream to be sterilized.

Hence the holding tank and water lines are sterilized, preventing secondary microorganism and biofilm growth.

HaloPure technology has also been developed to treat healthcare and dental rinse water, assisting the prevention of healthcare-associated infection. HaloPure powered filters have been installed in numerous hospital and dentistry clinics

Development of the process into an effective yet low-cost system has opened up the potential for the livestock sector. The HaloPure-powered Intelligent Poultry & Livestock Drinking Water Treatment System, has shown the technology's effectiveness against the African Swine Fever virus in porcine drinking water systems. Its ability to prevent the spread of pathogenic microorganisms in commercial farming offers potential for improved animal welfare. The performance and longevity of the system provide a step change from current treatment technologies.



Appliances

Strix's mission within the appliance category is to develop products that allow consumers to live a safer, more convenient, sustainable life at home, leveraging the Group's technology and reputation for quality and safety in kettles into other markets to develop a range of innovative products within this category.

- **Baby milk dispensers:** Offering advanced bottle sterilization and exact milk temperature
- **Aurora:** A kettle, chiller and filter jug, all in one appliance. Instant hot or cold water with precise volume delivery avoids energy wasted in boiling/ chilling excess water.
- **Cordless iron:** Offering obvious safety benefits from the traditional permanently connected unit.

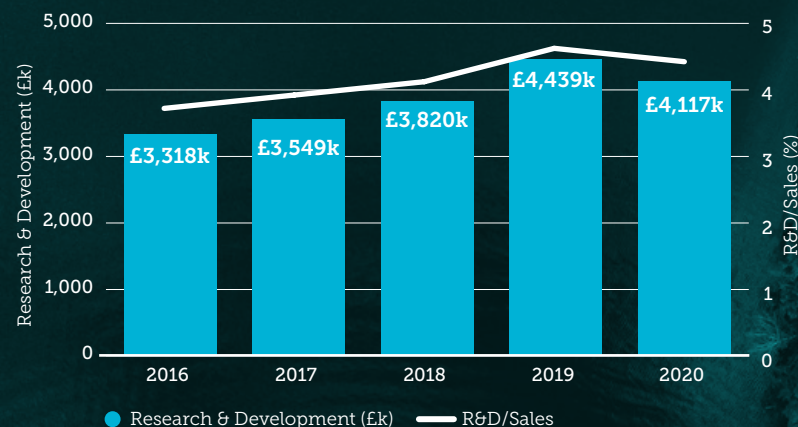
The acquisition of LAICA with its specialisation in a range of small domestic appliances and medical technology will significantly add to the presence in this market and portfolio. Key additional areas which LAICA will bring to the Group include:

- **Health and wellness:** A wide range of safe and easy to use products for taking care of your daily wellness with medical devices, personal scales, baby care and beauty products.
- **Living:** products for the kitchen – Reliable and easy-to-use products to promote healthy and safer eating including vacuum machines and accessories, kitchen scales and pasta machines.

Strix continues to improve its current product portfolio and look to introduce new, innovative products into the market.

This is highlighted by the continued high levels of R&D driving 14 new product launches in 2020 with a further 16 planned for 2021. To ensure product vitality we measure sales from new products introduced in the last five years which stood at a healthy 23.5% of sales in 2020. In addition, the Group's new product roadmap has been re-appraised to ensure alignment with Strix sustainability driven strategy which is expected to ensure greater environmental and wellbeing impact as well as targeting higher growth and value added markets.

Research & Development



Promote customer wellbeing



Our mission

Our efforts are encompassed within Strix's Company motto of 'safer by design' as we look to improve the wellbeing of our end users through our entire product range.

Kettles

As the market leader in controls and with a reputation for safety, Strix has a long running policy of highlighting issues with both regulators and distributors. Our expertise has led to unsafe competitor product recalls and withdrawal of kettles from sale in Chile, Bulgaria, Sweden and Germany incorporating four European Rapid Exchange of Information ('RAPEX') alerts.

Water

Strix's specialist water filtration offerings improve the quality of water for human consumption by removal of lead and contaminants, as well as within livestock farming by eliminating bacteria and viruses through the use of its bromine technology.

Improved quality of water offers health benefits for consumers significantly reducing the amount of unwanted substances found in water such as the removal of micro plastics, limescale, chlorine, heavy metals, herbicides and pesticides.



Appliances

In baby care, the Tommee Tippee Perfect Prep machine offers not only perfect temperature baby milk but the initial hot shot system ensures the cleanliness and quality of the final product. The energy used in the Perfect Prep machine is 10x less than that of the traditional formula preparation methods, which includes kettle heating and cooling bottles under water.

The new Aurora Instant Flow encourages sustainable thinking in our end consumers, addressing the biggest energy wastage of over-filling kettles by delivering the exact quantity of hot water required at the precise temperature required. Meanwhile the Aurora Evolve+ filtration systems and chilling promote the use of refillable plastic bottles helping to reduce the waste from single use bottles whilst the filters are recyclable through our partnership with TerraCycle. The system even has a number of safety features such as a child safety locking system.

LAICA's primary activity is in appliances aimed at improving customer wellbeing in the home. These include medical devices such as nebulisers, blood pressure monitors and thermometers. For food safety and hygiene, products include low temperature vacuum cooking appliances and scales to assist in personal dietary control. All of this in addition to the core water filtration business.

Doing more with less



Our mission

This encompasses both our internal operations and final product design. We look to reduce the overall manufactured product footprint, taking into account the total corporate footprint including materials, production, waste and Company infrastructure.

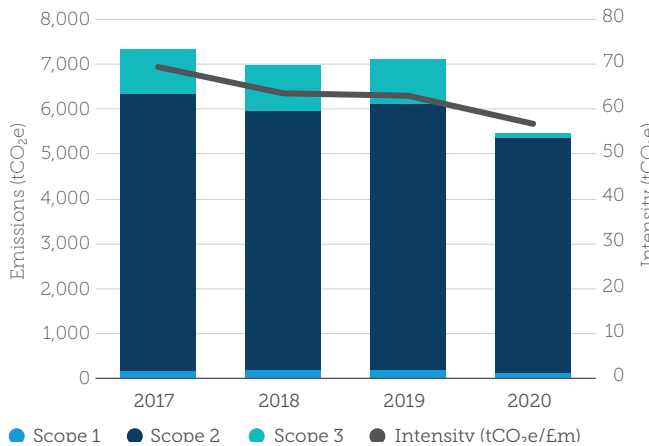
Emissions and Energy usage

Strix measures its Scope 1 and Scope 2 emissions and Scope 3 business travel under the GHG Protocol using the location based methodology.

Absolute Group emissions

	2017	2018	2019	2020
Scope 1	163	173	187	107
Scope 2	6,162	5,791	5,912	5,269
Total (location based)	6,325	5,964	6,099	5,376
Scope 3 – Business travel	1,014	1,014	1,014	93
Gross emissions	7,339	6,978	7,113	5,468

Strix GHG emissions profile



Overall emissions declined significantly in 2020. This was partially due to COVID with the most obvious example being the 90% reduction in business travel emissions as global lock-downs proliferated. Reductions also reflected increasing internal actions highlighting the enhanced focus on emissions since the start of our sustainability journey, the most visible of which has been the start of use of electric vehicles in China.

Regional Performance

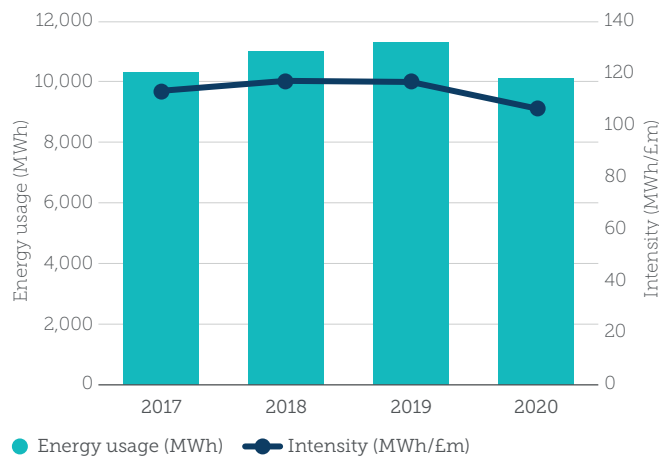
	Energy used		Emissions	
	MWh	%	tCO ₂ e(k)	%
UK	1,458	14%	347	6%
Non-UK	9,111	86%	5,028	94%
Total	10,569	100%	5,376	100%

The key emissions for Strix come from Scope 2, the electricity required to operate our facilities, primarily manufacturing. Not surprisingly therefore in 2020 86% of the energy used and 94% of our Scope 1&2 emissions come from outside of the UK, associated with the dominance of the Chinese manufacturing plant as well as the higher carbon intensity of the Chinese electricity generation system. A full year contribution from LAICA in 2021 will further reduce the importance of the UK to these statistics.

Energy consumption

The Group's energy usage has risen in line with sales growth albeit 2020 inevitably witnessed a decline due to COVID restrictions.

Doing more with less– continued

Strix energy and emissions intensity progression**Intensity**

The improvements in our intensity ratios are particularly pleasing, highlighting underlying progress alongside the impact from COVID restrictions. In particular, the progress in electricity intensity suggests improved underlying operational performance with benefits to emissions and costs. Intensity is also a key measure as we look to grow the business which inevitably impacts the overall net figures. Indeed, the reduction of over 10% in emissions intensity in 2020 is significantly ahead of requirements for the more ambitious 1.5°C Paris Agreement target, as is the average of c.6% over the last three years.

All aspects of our sustainability agenda are important and part of Strix DNA. However, we see emissions as being a critical area at present given the concerns over global warming, an area where we can benefit all our stakeholders and is aligned with multiple Strix SDG goals. Our strategy has two elements to it i) reduce the energy intensity of our business and ii) reduce the emissions intensity of the energy we use.

Reduce energy intensity

Our continuous improvement philosophy looks to improve our energy intensity which we measure per £m of revenue. Operational improvements, re-engineering to reduce complexity/size assist. Programmes such as automation tend to increase the headline energy intensity but provide significant benefits in terms of quality, scrap etc. Improvements tend to be achieved when a new manufacturing line is designed for a new product and the culmination of many small actions. 2021 will benefit from the inclusion of LAICA and 2022 from the closure of the old Chinese plant which will have been dual running in 2021. Our intention to roll out ISO50001 (energy management) across the key manufacturing sites should provide further impetus through 2022 and beyond. Intensity will continue to be a focus even when the Group has achieved net zero in its operations due to both the sustainability and cost benefit. Internal actions and tailwinds mentioned above suggest a target of 5% a year is achievable, albeit like all Strix targets, challenging.

Reduce emissions intensity of power consumed

The key technology being used by Strix at present is solar. Our new Chinese plant has commenced a c.£600k project to install a solar system capable of generating over 10% of the plant's electricity requirement, the full benefits of which should be seen in 2022. Such an investment, on payback terms outside our normal capex requirements, demonstrates the commitment that Strix is placing on reducing its carbon footprint. At the same time negotiations are now complete with the local Chinese electricity supplier for renewable, zero emission electricity for the remainder of the new plants power requirements. LAICA is at an earlier stage of a similar project. The Isle of Man has also signed contracts to convert to renewable electricity in addition to its projects to reduce overall consumption such as recycling the excess heat energy from our water testing into heating the building. In addition, the IOM will be leading the Group's offset project using a mitigation hierarchy for remaining emissions on the road to our stated aim of net zero for Scope 1&2 emissions. Our current roadmap suggests that offset requirements will be less than 5% of total 2020 emissions.

These actions provide the cornerstone to our target for Net Zero Scope 1&2 emissions by 2023.

Doing more with less– continued

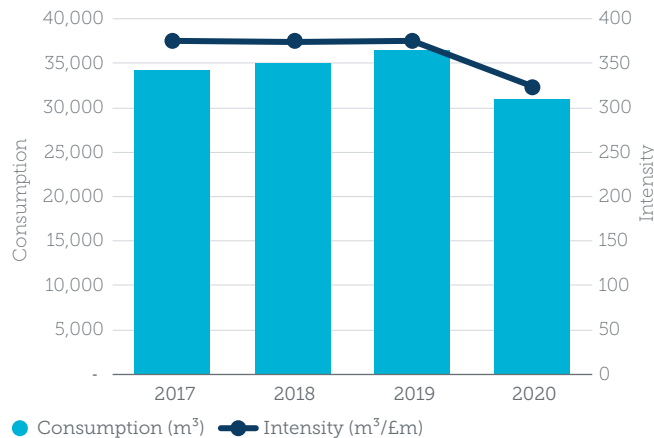
Water, Waste and resources

As a manufacturing Company Strix is inevitably resource intense, this is particularly the case given the level of vertical integration in the core kettle switch business. However, Strix strategy is to be resource light. This involves engineering out excess material, high levels of automation to reduce scrap waste, and recycling wherever possible to minimise waste which is recycled or treated prior to disposal in line with the traditional waste hierarchy.

Water

Water is a key resource for our research, design and testing facilities reflecting the nature of the liquid products which dominate our portfolio. Reductions seen in 2020 are largely due to the impact of COVID on such activities.

Water consumption and intensity

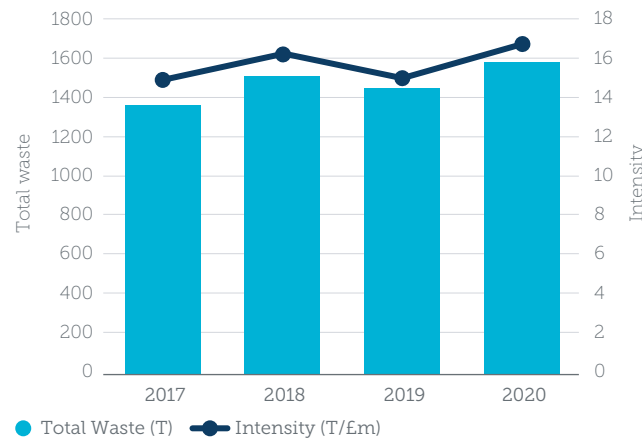


We continue to work on recycling projects to reduce both the amount of water used and regain the energy associated with it, the recycling of the test facility water energy to heat the associated buildings providing the latest example. All water is fully treated before being discharged and no water is taken from water stressed regions.

Waste

The small increase in total waste and intensity reflects operational disruption from the pandemic and increased internal focus on measurement. The figures include waste generated and reused internally, e.g. in the plastic moulding and regrind operations, as well as the waste subsequently transferred to third parties. We remain proud of our

Waste generation and intensity



continued high recycling rates within our waste stream. In terms of waste generated, the Group produces no hazardous waste and sends zero to landfill.

Waste carries a cost both financially (direct lost material costs to reduced efficiency) and environmentally (from wasted resources to resource degradation to disposal requirements). Hence, within our sustainability agenda waste has become a key KPI. Led by the Group’s Divisional Operations Director, a comprehensive review is being undertaken to re-assess the improvement opportunities available to the Group.

Waste and recycling

	2017	2018	2019	2020
Chemical	25.4	49.4	41.9	32.9
Normal (metal, plastic cardboard)	1340	1465	1414	1552
Total (T)	1365	1514	1456	1585
Recycled waste (T)	1337	1462	1411	1546
Recycled (%)	98%	97%	97%	98%
Waste to landfill	Nil	Nil	Nil	Nil

Doing more with less– continued

Along with the drive to increase automation (target 73% of main lines fully automated during 2021) and the benefits of the new factory the Group is undertaking a range of individual projects to address waste:

- Strix's next generation 3-Pole control, which is designed to be suitable for all markets (Regulated, Less Regulated and China), has been designed to save 27-30% materials in the production process.
- Strix has been trialling Correx packaging for internal supplies from the Isle of Man to China. This more durable packaging will increase reuse by 10x and adds little to no cost or carbon footprint on the empty return trip, utilising vacant container space which the Company already has. This is expected to replace five tonnes of single use cardboard packaging a year.
- As part of the Group's "Lean Initiative" scheme we have updated the blade production process from a "Shake" method to an upgraded "Auto Ultrasonic" process resulting in a 75% reduction in contamination liquid used. All contamination liquid is professionally removed from the factory by an environmental protection Company.
- Strix has focused on reducing resource intensity by engineering out precious and semi-precious metals with a reduction of silver and copper consumption in five years by 85% (equivalent to two tonnes) and 10%, respectively.

Strix Chinese factory solar array

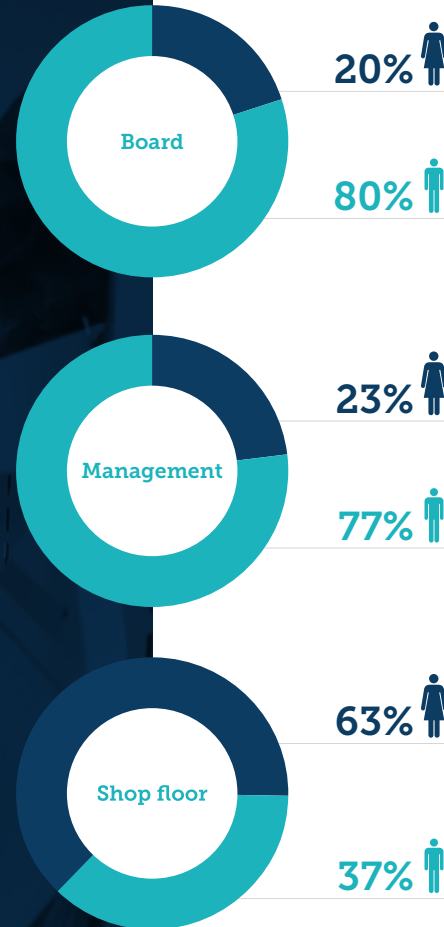


Wellbeing and equality in the workplace



Our mission

Employee equality, welfare and engagement are critical for developing our key asset. We look to pro-active actions including internal training, certifications (relevant ISOs), and employee engagement through listening, survey and involvement.



Diversity

The Company recognises that to achieve a diverse workforce, a working environment that empowers all of its employees to thrive and achieve their potential is essential. The employee population benefits from bringing to bear a wealth of cultures, languages and experiences. Whilst this diversity is rich and celebrated, underpinning it all is a set of shared values that are seen as being upheld across all areas of the business every day.

As a global employer, spanning across multiple continents, Strix prides itself on the gender make up of its workforce where 60% of its employees are female, and women have a 23% management representation. Similar ratios to 2019.

LAICA brings further impetus to our diversity. In 2020, LAICA was recognised as one of the top 10% most dedicated companies to hire and support a female workforce, through the "Women Value Company" contest with 64% of employees being women.

Further details on Diversity at Strix are available on our web site through the following link <https://www.strixplc.com/sustainability>

Employee Development

Headquartered on the Isle of Man, the Company actively participates in the Island STEM committee that focuses on creating opportunities for school leavers and university graduates interested in careers in engineering. In 2020, the Company took on five internships; three in engineering, one in finance and one in human resources. In China, over 8,000 hours of training were completed both internal (1,788 hours) and external (6,226) equating to over 8 hours per employee.

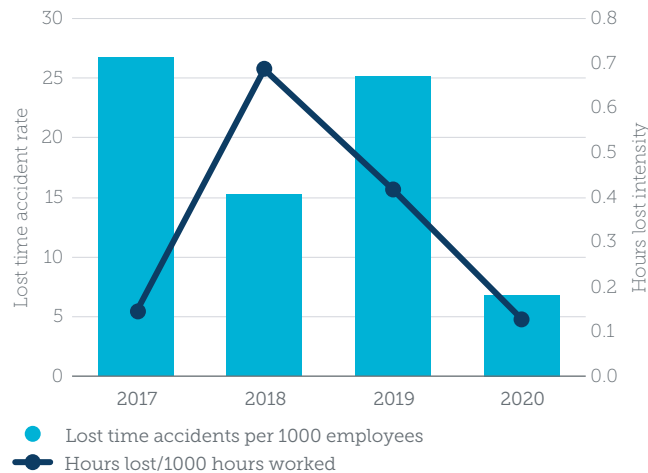
Summary

Our celebration of diversity starts at the top. We have a Chinese-Canadian female CFO, a Turkish female CTO, a Greek-Cypriot CCO and a Chinese COO. Our Director of Divisional Operations has worked his way through the organisation, and spends most of his time in China, whilst our Engineering and Commercial Directors joined Strix straight from University and between them have over 55 years of experience of the company.

Health & Safety

We measure all our accidents and near misses. There were seven lost time accidents in the year (2019 - 25) including three with over three days of lost time. There were a further twelve minor accidents. There were no fatalities in the year (2019 - nil). Accidents per hour worked and lost hours/hours worked, a measure of accident severity, both reduced substantially in the year.

Lost time accidents



We were pleased with our response to the COVID pandemic maintaining employee health & safety as paramount. In-line with Chinese requirements our plant operated increased testing, specialist sterilisation, where we were able to use the Group’s HaloPure’s patented technology, and changed shift patterns. All this was achieved with minimal disruption. Elsewhere Strix moved seamlessly to the virtual business world.

Our efforts to improve our health & safety performance includes:

- ISO45001 compliance. All facilities were compliant in 2020. 2021 has seen the new Chinese facility achieve the standard and LAICA will be audited in 2022.
- Use of external consultants to provide additional reviews and training in specialist areas.
- Offering of flu vaccinations, training and closely monitoring lost time accidents.

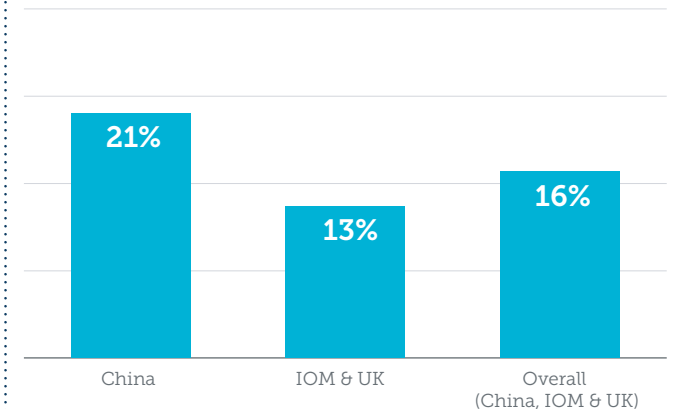
Health & safety is one of our key KPIs. Our ultimate goal is for zero accidents and harm to our employees and our aim is for prevention rather than cure, reflected in the attention we put on health & safety. Zero is our goal but this is a pathway, hence our target for continued improvement using a three year rolling average to obfuscate the annual vagaries and to be in the top quartile of our peer Group.

Employee turnover

Our employee turnover figures are based on permanent employees of the Group in our primary locations, being China, the Isle of Man and the United Kingdom.

In 2020, the turnover figures were largely driven by COVID, as many employees chose to move on to be closer to family after imposed travel restrictions limited access to loved ones. Other factors included the desire for shorter commutes, more flexible working hours, and steep competition particularly in the finance field in the Isle of Man. Needless to say, we are continually adapting our policies and practices to address these challenges in the wake of recovery from the global pandemic. Additionally, where we have hired top class graduates and experienced personnel, there is always knowledge and expectations that they may move on, as advocates of Strix, having had a very positive working experience.

Permanent employee turnover



Wellbeing and equality in the workplace – continued

Employee engagement

The Group operates a culture of open communication through a range of mediums including: a global intranet platform; newsletters; Town Hall meetings; 'Pulse of the Business' lunches with the CEO; and employee surveys (with follow-up actions being taken from the results). The Group also relaunched its "Think Twice" scheme in 2020 to encourage ideas from all employees about how to maintain a culture and way of working for continuous improvement in all areas of the business.

Our 2020 employee survey had a healthy response rate of 74%. Positive changes from the survey included introduction of an E-Learning platform to cover training solutions on subjects ranging from compliance and health and safety to leadership, coaching, performance management and personal effectiveness. A new, more transparent job grading system for all employees has been designed to better reflect current and future needs and provide clarity on progression and/or vary their careers within the organisation. Acknowledging the proven benefits of having a vibrant workplace in which people feel fully engaged, we are actively "creating a buzz" at Strix, inviting ideas from employees to have fun and give back. Prompted by employee suggestions, recent activities have included celebrating International Refreshment Day in July, showcasing and supporting Olympians from Strix locations across the world, laying woodland paths and putting on "Strixly Come Dancing" to showcase a young Isle of Man male ballroom dancer that the Company sponsors.

Ethical behaviour

The Group has a number of defined policies in place to cover anti-slavery, anti-human trafficking, anti-corruption and anti-bribery, with a zero-tolerance policy against violations. Details are available on our web site through the following link [▶ https://www.strixplc.com/sustainability](https://www.strixplc.com/sustainability)

Employee wellbeing

The Group has implemented a new employee assistance programme ('EAP') which provides counselling and expert support on personal, physical, financial and social issues.

The Group has also promoted employee wellbeing and team bonding by organising various social activities including virtual quizzes during COVID lockdowns, inter-departmental sporting competitions such as golf and axe-throwing, year-end Company functions such as the Christmas Party and the Chinese New Year's Party.

In China, the new factory will bring an improved working environment for all employees along with new modern dormitory facilities and a canteen which will benefit shop floor workers.



Community engagement



Our mission

Strengthening our position as a global, socially responsible employer, reinforcing our corporate culture and employee pride in our positive contribution to all of our local communities across the Group.

How Strix achieves this?

- LAICA's support of various charities such as the Surgery for Children Association, B.I.R.D. Europe Foundation Onlus and RISE Against Hunger.
- The Group's other various offices have been engaged in fundraising activities throughout the year, including themed casual days in order to raise funds for the benefit of various local charities including Save the Children, Isle Listen, Kidscape Chester, The Samaritans, Chester Aid to the Homeless amongst others.
- A number of our staff members have individually participated in the various fundraising challenge events in order to raise funds for charities, including sponsored walks, bike rides and other sporting events. Funds raised were donated to a number of local charities within the respective communities, including the Isle of Man's Children's Centre, North West Air Ambulance Charity, Preston Royal Hospital (Bowland House), Rebecca House Children's Hospice and the Manx Breast Cancer Support.
- Strix recently agreed to be a significant sponsor of the Manx Breast Cancer Support Group and volunteers from Strix helped marshal a fund raising event to help raise funds for the charity
- Strix staff members volunteered with the Manx Wildlife Trust to help with creating a multi-ability footpath at one of the island's forest woodlands, all in an effort to assist the charity in enhancing and conserve the Manx nature.
- Discussions are currently ongoing with Beach Buddies Isle of Man with the view of being involved in local environmental conversation projects.

- In an effort to promote young talent and career development in the arts field for the younger generation, Strix sponsors an award-winning young ballroom dancer realising their potential as a future professional dancer.

During the year, the Group was involved in a number of projects within the local community to assist with efforts in curbing the spread of the coronavirus. These projects included:

- Assisting the Isle of Man Government to increase capacity of safe and reliable PPE on the island by using our connections, technical teams and supply chains from our Chinese plants.
- Repurposing of parts from our product outputs to help in the local community's effort to tackle the virus.
- Co-ordinating with other local businesses in the making and assembly of PPE used by local hospitals during the pandemic.
- Strix sponsored a table at the recent award ceremony for IOM Extraordinary Islanders awards, where one of the Group staff member's efforts were recognised for an "innovation and technology award" for helping in the production of face masks and nasal clips during the COVID-19 pandemic for key health workers.

Moving forward we intend to measure community hours fulfilled, with a target to increase this figure by 10% a year, spearheaded by new initiatives in China.

Supply chain



Our mission

Communicate sustainable practices to all of our direct suppliers, in line with the Responsible Business Alliance ('RBA').

How Strix achieves this?

- 70% of Strix's suppliers have signed up to our RBA requirements. We regularly audit our suppliers on compliance with our Company policy and adherence to ISO standards, as well as their ESG performance.
- Our key production facility, including the new facility in Guangzhou, China, are within close proximity to our key customer base with c.93% of all kettles manufactured in China, thereby reducing transportation costs, delays and emissions.

Our work on emissions has been focused largely on internal Scope 1&2, however the next stage is to move further into the value chain with Scope 3 emissions. Within this, the supply chain is critical. As we interrogate our Scope 3 emissions, we expect to increase our supplier interaction.



Certification



Significant importance and effort is assigned to certification to ensure the highest possible standards are maintained throughout the Group’s operations. In 2020 the Isle of Man maintained ISO 6/6 ‘Best in Class’ status based on ITS maturity model whilst the Guangzhou facility attained similar levels (6/6) in its final audit.

	ISO9001 Quality management	ISO13485 Medical device	ISO14001 Environmental management	ISO17025 Test and calibration	ISO45001 Health & safety
Ronaldsway (IOM)	✓		✓	✓	✓
Ramsey (IOM)	✓		✓		✓
China existing plant	✓		✓		✓
China new plant	✓		✓		✓
LAICA	✓	✓			

Strix has a strong record for accreditations to ensure that best practices are adhered to across the Group. Key quality management, environmental and health & safety are in-place in our key sites. In addition, other specific accreditations are sought where necessary, for instance, Ronaldsway ISO17025 accreditation for test and certification and LAICA ISO13485 accreditation required for medical instrumentation.

2020 was a relatively quiet year for certification reflecting the strong portfolio of the existing network. Within this the Isle of Man migrated from the British standard OHSAS18001 to international standard ISO45001. 2021 has seen a step change in activity with the new Chinese factory achieving ISO9001, ISO14001 and ISO45001 with no non-conformities, a significant achievement in such a short timescale with the official opening only in August. LAICA is looking towards ISO14001 and ISO45001 compliance in 2022.

As part of the drive towards improving the Group’s environmental footprint and its aim to reduce energy consumption alongside decarbonisation the new Chinese facility is expected to achieve ISO50001, energy management, in 2021 with plans to roll-out this standard across other key manufacturing sites in 2022/3.

In addition, we place significant importance on our annual OEM customer survey which helps to define what we can do better. In 2020, despite COVID, our survey witnessed a 21% reduction in concerns from 2019 (31% from 2018) including quality improving c.40% in China and c.35% in the IOM. Particularly pleasing was that the quality of Strix people achieving the highest rating within the survey.



Governance



“For Strix plc, ‘best-in-class’ underpins our whole business model. Effective and transparent corporate governance is a fundamental part of Strix encapsulating our Group’s nature, culture and values.”

Gary Lamb
Non-Executive Chairman

The Board is committed to effective corporate governance as the basis for delivering long-term value growth and for meeting shareholder expectations for leadership and oversight of the business. Strix applies the principles of the Quoted Companies Alliance Corporate Governance Code (the ‘QCA Code’) as the Board believes that adherence to the QCA Code provides a strong foundation for delivering shareholder value and serves to mitigate and minimise risks.

Operationally, the Board continues to monitor all aspects of the Group with particular attention in the year to risks and mitigation strategies in light of COVID. The audit, nomination and remuneration committees, along with the recently established ESG committee, are responsible for continuous performance monitoring. Oversight of the Board’s performance was carried out including monitoring of the Chair and Chief Executive through the Non-Executive Directors.

Key Governance Highlights

- Appointment of Richard Sells as an Independent Non-Executive Director in March 2020, ensuring board independence in line with the UK Corporate Governance Code.
- Richard Sells, Non-Executive Director, to head the newly established ESG Committee.
- The 2020 AGM reported an average of 99.1% of votes received in favour of Resolutions, including 99.3% for ordinary Resolutions.
- The Board engages with both institutional and private shareholders to understand the needs and expectations of all equity participants. In 2020, this has included presentations, research and Chief Executive interviews on a number of platforms orientated towards private shareholders.



Strix alignment to the SDGs

Our goal is to embed sustainability into our business strategy.

Our goal is to embed sustainability into our business strategy, throughout the value chain and encompassing all our stakeholders.

In 2020, we set out our sustainability structure through the SDG platform and adoption of relevant goals to define our strategy. 2021 has seen Strix take the next step, delving deeper into the SDG infrastructure to develop the Company's goals and strategies. This has been driven through utilising the SDG Compass to guide our thinking whilst moving towards GRI standards in our key reporting metrics where practicable. The results of this can be seen in the Company's new commitments and targets, particularly around the environment.



3 GOOD HEALTH AND WELL-BEING
Ensure healthy lives & promote well-being for all ages



5 GENDER EQUALITY
Achieve gender equality and empower all women and girls.



6 CLEAN WATER AND SANITATION
Ensure availability and sustainable management of water and sanitation for all



7 AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns



13 CLIMATE ACTION
Take urgent action to combat climate change and its impact





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