



Our Sustainability Journey

Sustainability Report 2023

Innovative & Sustainable Technology



Company overview

Strix is a global leader in the innovation, design, manufacture and supply of kettle safety controls, heating and temperature controls, steam management and water filtration technologies. Strix takes pride in the quality and safety of products across the portfolio whilst developing a range of water heating, control and delivery products alongside health, wellness and sustainable living appliances. The Group's key manufacturing facilities are in China, Australia, Isle of Man and Italy.

Kettle Controls

£70.1m sales

Strix's core product line of safety controls for small domestic appliances, primarily kettles. The clear world market leader within the kettle controls market, global market share of c56%, and with a reputation for safety and quality. Proven record along with market leading product development ensures Strix is the partner of choice amongst the small electrical appliance manufacturers.

Premium and Industrial Filtration Systems

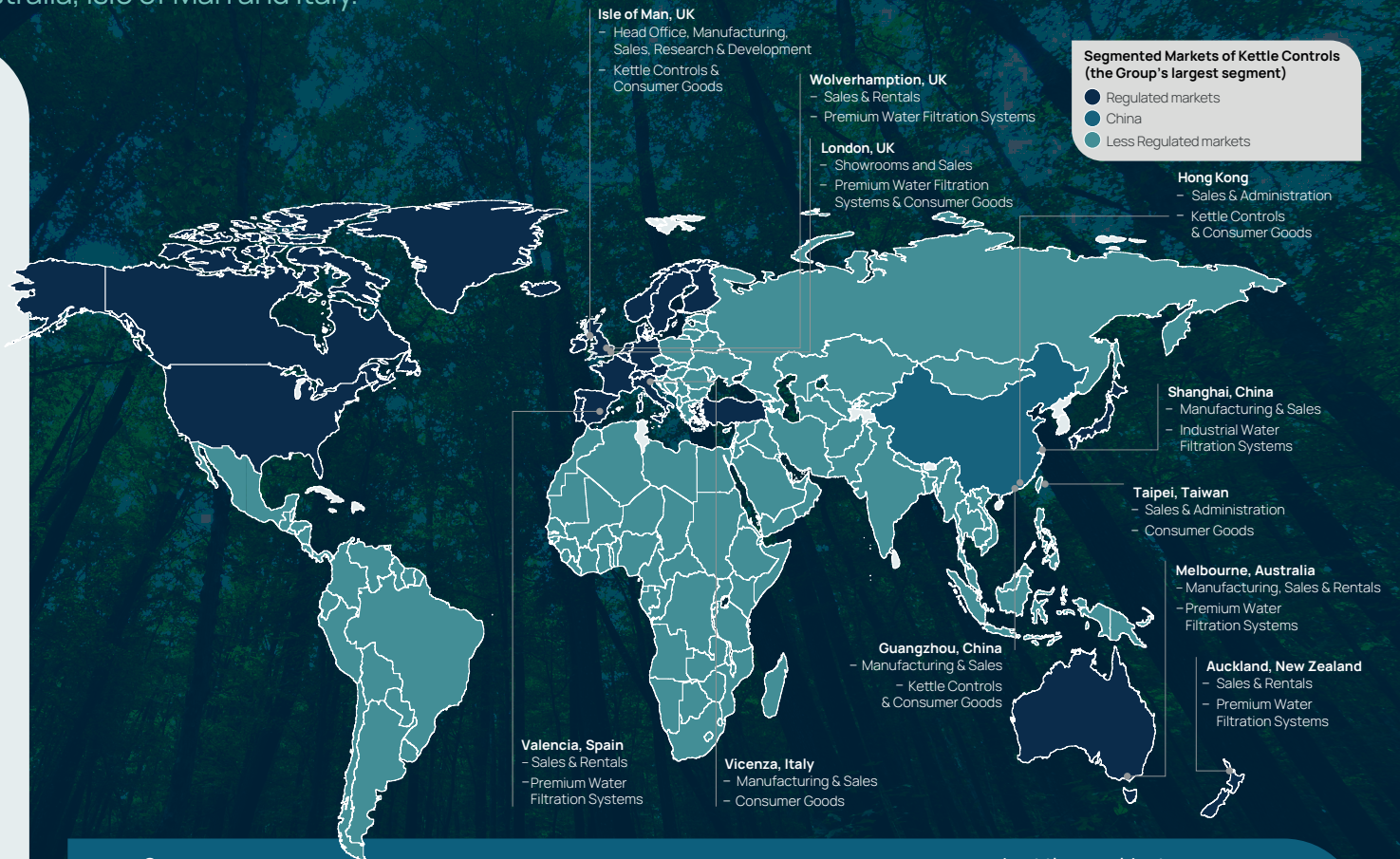
£42.1m sales

A leading brand for the supply of premium instant boiling, chilled and sparkling filtered water systems. Billi is the clear #2 player within Australia, New Zealand and the UK. Along with market leading designs the business is supported by a network of service engineers.

Consumer Products

£32.4m sales

The portfolio includes numerous products through its Aqua Optima, LAICA and Astrea brands focused on 'health, wellness & everyday living'. Continued focus on innovation providing meaningful benefits through convenient, simple and sustainable solutions by applying our water filtration, temperature and steam management technologies to relevant, value-driven consumer appliances.



Group emissions (excluding Billi)	Energy use intensity (MWh/£m)	Energy generated internally	Water use intensity (m ³ /£m)	Waste recycled	Lost time accident rate average (per 200,00 hrs)	Women in the workforce
Scope 1&2 net zero	Reduced 32%	9.6%	Reduced 33%	95.0%	1.1	50%

Chief Executive review

“Achieving our ‘net zero’ target in 2023 is a milestone for the Group and highlights our ambition to be ‘best-in-class’ in all that we do.”

Mark Bartlett
CEO



2023 in review

I am particularly pleased in achieving our ‘net zero’ goal and the enthusiasm with which Billi has adopted Strix’s sustainability policies. Sustainability has become a key ethos for the Group and a journey which we will continue to pursue with vigour.

Net Zero

When we set out on our sustainability agenda in 2020 we wanted to be ambitious. The more stringent Paris accord target to keep global warming to below 1.5° required emissions to be halved by 2030. We aimed much higher and much faster with a target to be ‘net zero’ for our internally generated Scope 1&2 emissions by 2023. Since this date we have implemented a range of programmes and investments to reduce energy consumption and cut emissions. Key has been the installation of solar panels, a major investment but enabling the Group to generate 8.6% of its own power requirements in 2023, and contracting for renewable electricity for all primary manufacturing facilities. Hence, I am pleased that, with only limited use of carbon credits to offset our remaining Scope 1 emissions where elimination actions are ongoing, Strix became a ‘net zero’ business in 2023. Billi only joined the Group at the end of November 2022 but will also be ‘net zero’ in 2024. In 2023, we submitted to the CDP for the first time. We see our ‘C’ rating as credible given that it refers to 2022 and expect to progress up the scale given the Group’s reduced emissions in 2023.

Building a sustainably driven portfolio

Sustainability plays a key part in our strategy and new product roadmap. Both LAICA and Billi have introduced new filters to further enhance the quality of water they deliver. LAICA sold over a million filters in 2023 – each offering the equivalent of 100 litres of water – which is equivalent to saving an additional 200 million single-use plastic bottles. This is on top of the continued drive at Strix to reduce the energy required to boil a kettle through introducing additional technology features whilst the new ‘z’ range of smaller switches will also reduce our material consumption.

Billi integration

Billi was by far the Group’s largest acquisition and also its most distant, being based in Melbourne, Australia. Billi has a positive ethos towards sustainability, as might be expected by a company in the water sector, and already leads the Group in areas such as internal electricity generation. In the year Billi has positively embraced Strix practices. Reporting and targets have been integrated, including the Company’s first assessment of its Scope 3

emissions, and the business is embracing Strix’s ISO accreditation philosophy with ISO9001 (quality management) accreditation already achieved in the year with further plans for 2024. I am particularly impressed by their Health & Safety record with zero accidents reported in the year.

Sustainability as a competitive advantage

We are starting to see additional commercial benefits from our sustainability strategy. Our customers, particularly the brands operating in the regulated kettle market, are increasingly looking to understand and review their own carbon footprint. Our ‘net zero’ credentials and ability to provide the relevant information is cementing our position as partner of choice. Along with the next generation switches and their lower carbon footprint, I am optimistic of further leveraging these relationships going forward. In financing, our work has provided the foundations for the adoption of sustainability metrics and targets, providing the opportunity to reduce the coupon on our debt facility.

Employees

Our colleagues are our most critical asset. Not just in the production of great products but the intellectual property, ambition and drive to develop the Group to the next stage. I am particularly proud of the continued high level of training being undertaken, the development of career paths and the increasing social wellbeing programmes as we look to develop and nurture our core asset.

Sustainability strategy

Our intention is to build a relationship and strategy to support and benefit all our stakeholders; colleagues, customers, communities, regulatory bodies, shareholders and suppliers. The Strix ecosystem depends on the interaction and therefore the wellbeing of all parties. Like baking bread, if a single ingredient is ignored, the dough will not rise. Similarly, embracing the needs of all our stakeholders is critical to the success of the whole.

Future plans

Part of the mantra of any manufacturing business is for ‘continued improvement’ and we look to encompass this within our sustainability agenda. Focus will continue on delivering on our ambitious targets, as set out on page 4. Of particular note in 2024 will be preparation for adoption of new IFRS reporting standards, a review of certification options for our emissions, further adoption of ISO accreditations for Billi and energy management as we work to reduce our overall energy usage.

2023 Performance Summary

Emissions

The highlight for the year was achieving Scope 1&2 'net zero' in 2023 in-line with our stated goal. To highlight the performance and permit historic comparisons, data on our emissions is now published using both the GHG Protocol Location Based and Market Based methodologies. The introduction of solar capacity, which accounted for 8.6% of the Group's (excluding Billi) power requirements in 2023 and the switch to renewable power across all operating facilities has seen our Scope 2 emissions reduced to zero and overall internal emissions cut by over 96%. The remaining Scope 1 emissions were offset by acquiring and cancelling high quality verified carbon credits. Billi generated solar power equivalent to 75% of its required power consumption and is fully aligned with Group policy to be net zero in 2024. Energy usage, excluding Billi, was at similar levels. Intensity was flat relative to sales but improved (reduced) by c 2% relative to volume reflecting the continued drive to improve energy consumption ratios. At Group level energy intensity improved by 22%.

Waste & Water

Underlying waste generation declined by c.1% despite higher volumes in the year. Equally encouraging was the strong performance in recycling rates up to 96.2% from 94.1%. We continue to focus on waste, not only looking to reduce the absolute figures through improved processes but also moving up the waste hierarchy to re-use or recycle where possible. Underlying water usage and intensity relative to sales both improved by 10%. This reflects primarily actions in the manufacturing facilities as well as reduced usage in the R&D test facilities.

Personnel & Other

Health & Safety overall was disappointing with an increase in the number of accidents and hence lost time accident frequency rates, albeit the long-term trend remains in the right downwards trajectory. All Strix facilities and LAICA are ISO45001 occupational Health & Safety accredited and 2024 will see further actions taken to ensure a safe working environment for all. Note that Billi reported zero accidents in the year. ISO standards continue to be a key driver for embedding excellence within the organisation. In the year Ramsey became ISO50001 (energy management) accredited whilst Strix China and Isle of Man were awarded 'outstanding' status (the highest grade) during the latest round of audits. Strix equality ratio remained unchanged at the management level (27%) and for the Group overall (50%). Our training programme was extended, achieving an average of 13 hours per employee up from 9, assisted by further development of the Group's on-line platform. R&D spend declined due to the reorganisation of the business in the year leading to deferral of certain projects.

KPIs and targets

The following table highlights the performance of our key sustainability KPIs. Note that, as well as overall Group information, we have provided results excluding Billi, to provide a like-for-like comparison to previous years.

	Measurement	Unit	2021	2022	2023	2023 ex Billi	Target	Progress
Climate (location based)	Scope 1&2 (absolute)	tCO ₂ e	7,695	6,298	6,811	6,639	Net zero scope 1&2 emissions by 2023	Achieved on schedule
	Scope 1&2 (intensity)	tCO ₂ e/£m	64.4	60.5	471	64.3		
Climate (market based)	Scope 1&2 (absolute)	tCO ₂ e			600	380		
	Scope 1&2 (intensity)	tCO ₂ e/£m			4.2	3.7		
Resource intensity	Energy consumed	MWh	15,666	15,135	16,262	15,022		
	Energy intensity	MWh/£m	131	146	113	146	3% intensity reduction	Flat on revenues, 1.6% improvement on production volumes
	Energy intensity	kWh/unit of production (k)		103	101	94		
	Own electricity generated from renewables	%	0.0	9.3	9.6	8.6		Approaching 10% of Group requirement
Waste & recycling	Waste generated	tonnes	1969	1301	1,339	1,290		
	Waste intensity	t/£m	16.5	12.5	9.3	12.5	3% intensity reduction	Intensity flat on revenue but 6% improvement on volume. Improved by 25% with Billi, flat underlying
	Waste intensity	Kg/unit of production (k)		8.9	8.3	8.0		
	Recycled waste	%	95.1	94.1	95.0	96.2		
Clean water and sanitation	Water consumption	m ³	46,848	34,600	31,780	30,904		
	Water intensity	m ³ /£m	392	333	220	300		
Health & safety	Lost time injury frequency rate	per 200,000 hours	0.9	1.0	1.5			
	LTIR 3 year average	per 200,000 hours	1.3	0.9	1.1		Reduce LTIR on a rolling three year basis	Increased for the first time in 5 years
Gender equality	Women in senior management	%	27	27	27		Further embed diversity thinking	
	Women in the organisation	%	60	49	50			
Innovation	R&D	£k	5,324	4,986	4,484			Certain new product development moved in to 2025
	R&D/sales	%	4.5	4.7	3.1			

Billi sustainability

“Embracing Strix philosophy with a strong sustainability ethos.”

Overall

Billi joined Strix at the end of 2022, bringing a new business line with a full range of sustainability oriented products, delivering high quality, low environmental impact water to consumers. 2023 has been a year of integration across the business including aligning with Strix's sustainability reporting, strategy and goals. Billi was already well advanced in many areas, best highlighted by its solar array which generated 165MWh of clean electricity in 2023, equivalent to 75% of its total requirement.

Scope 1&2

Scope 1 & 2 reporting has been fully integrated with Strix. Billi has realigned its remaining requirements for renewable power which, along with its own generation, will see the business Scope 2 carbon neutral in 2024. Scope 1 inventory is now fully reported and analysis continues in order to address these more difficult to remove emissions. Billi brings some new challenges, for instance, how to support the maintenance engineer network over large distances and how electric vehicles could be adopted.

Scope 3

Scope 3 analysis commenced in the second half of the year with a preliminary high-level interrogation. As with Strix, Billi's products include a heating/cooling system and 'in use' emissions therefore dominate, accounting for over 96% of Billi's Scope 3 footprint. Product development is inevitably focused on improving efficiency from both a sustainability and cost perspective. This is reflected in Billi's unique thermodynamic heat-exchange system which harvests the heat energy generated during the chilling cycle to preheat the water going into the boiling tank. The 'other' categories may only account for 4% of the total but often these are areas where actions can have a direct impact. Projects ongoing include assessing the ability to reduce the use of harmful HFC refrigerants, already eliminated from the majority of products. Manufacturing synergies being investigated also offer sustainability opportunities, in particular from greater control over the supply chain and hence understanding of our Scope 3 Category 1 related emissions.

Building ISO accreditations

Part of the integration process has included adoption of ISO standards. Billi completed ISO9001 (quality management) in 2023 and is planning to complete ISO14001 (environmental management) and ISO45001 (health & safety at work) in 2024 and subsequently turn to ISO50001 (energy management). These qualifications provide the framework for continual improvement across the business and across a spectrum of sustainability topics.

Product development

Billi introduced its latest purification system, Luxgarde™. Key to its performance is the power of its non-chemical UVC LED purification system. This short-wave UV light penetrates pathogens' DNA, RNA and proteins, disrupting their replication process and ultimately rupturing their cell walls, putting an end to replication, ensuring a new level of hygiene, providing water free from microorganisms responsible for coliform, salmonella, legionellae, pseudomonas, and even the hepatitis virus.

Health & Safety

Billi completed another year with zero accidents, a commendable achievement, particularly in a manufacturing business.



Sustainability strategy

As a manufacturing business a key philosophy from the shop floor is 'continuous improvement'.

We look to embed this philosophy throughout the organisation including our sustainability strategy encompassing a range of KPIs with ambitious targets requiring multiple actions across the Group. We look to positively interact with all our stakeholder groups through our Planet - People - Purpose philosophy, aligned to the UN's Sustainable Development Goals.



To support this strategy LAICA held its first stakeholder's open day in July 2023



Passion and innovation are the future of LAICA

On June 28th, we had the pleasure of hosting an important event for all our key stakeholders at our headquarters in Vicenza. Thanks to the extraordinary support from all LAICA employees, we presented each Company sector, showing the dedication and enthusiasm in our work that have always set us apart.

We talked about the new products ready to be launched in-market, as well as the projects that LAICA will focus on in the near future.

It was an honour to involve and inspire those present, outlining the beautiful "Italian story": a Company that aims to become a major international brand for improving Home Wellness, without forgetting its local roots.



Sustainability strategy continued

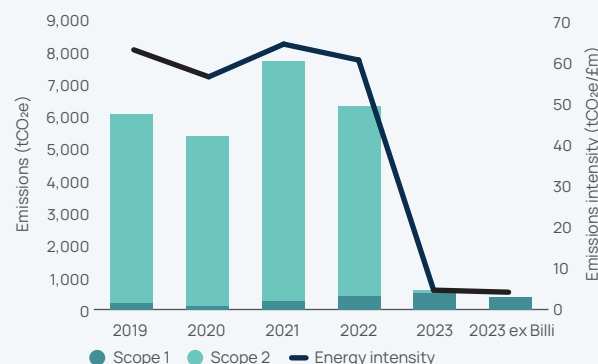
Planet

“Protecting and enhancing the natural environment. Our goal is to minimise the utilisation of natural resources, both internally, as highlighted by our net zero target, and in the key usage phase.”

Emissions

We report our greenhouse gas emissions on the basis of the Greenhouse Gas Protocol (GHG) corporate standard published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Our operational boundaries include all the manufacturing and key associated sales and administrative offices. In 2023, we adopted the Market Based approach to measuring our Scope 1 emissions as we believe this provides a truer reflection of the Group's carbon footprint. Note that we continue to provide Scope 2 figures using the Location Based approach to permit comparison.

Group emissions (market based from 2023)



2023 was a landmark year for Strix. In 2020, we set a target to be Scope 1&2 'net zero' by 2023, including LAICA, which was only acquired in the second half of 2020. We are pleased to report that this ambitious target, significantly ahead of the Paris 1.5° target was achieved in the year. This clearly puts Strix in an exclusive 'best-in-class' club. Billi was only acquired towards the end of 2022 and, following the integration of the business, is also on track to be Scope 1&2 'net zero' in 2024.

This has been achieved through a range of measures. The primary focus has been on our Scope 2 emissions, associated with the purchase of electricity, steam, heat or cooling. These traditionally accounted for over 95% of the Company's emissions. The first phase was to invest in our own solar generation in China, a total of over £700K has been invested and, in 2023, the array generated 1,126MWh of electricity, slightly below the previous year due to the weather, but still accounting for 8.6% of Strix's power requirement. The remaining power now come from certified renewable energy supplied through the grid. Both of these actions have required investment outside of Strix's normal stringent return on capital requirements highlighting management's commitment to achieving this target.

Scope 1 emissions are somewhat more complex and, for Strix, more difficult to remove. These increased in the year primarily around the HVAC system in our Chinese facility and the inclusion of Billi. Investment in ISO50001 energy management has assisted in taking actions to reduce the overall energy requirements but actions such as replacing all vehicles with electric powered alternatives will take time and others, such as fossil fuel based heating systems, may prove more difficult still.

To offset these Scope 1 emissions the Group has purchased verified carbon credits. At 5.6% of Scope 1&2 location based emissions this was slightly higher than the original target due to inclusion of the Chinese HVAC emissions. The verified certificates were acquired and cancelled through EcoAct, a Schneider owned company. The credits were associated with a wind farm project in China, providing a link to the location of our largest plant and therefore main source of Scope 1 emissions. Wind farms also support decarbonisation of the grid which is key to reducing our 'in-use' emissions, our largest source of Scope 3 emissions.

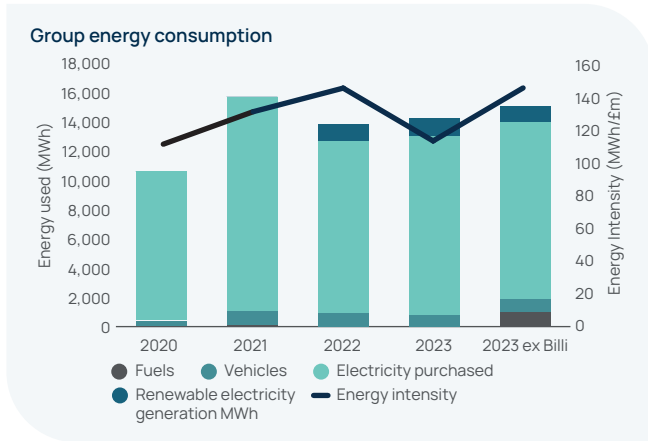
Billi aims to be Scope 1&2 neutral in 2024 and is already leading the way in areas such as internal power generation. Indeed, with its own 600 solar panels providing 75% of the requirement for the Australian manufacturing facility, it is almost self-sufficient.

	2020	2021	2022	2023	2023 Ex Billi
Location based					
Scope 1 (tCO ₂ e)	107	265	415	518	380
Scope 2 (tCO ₂ e)	5,269	7,430	5,883	6,293	6,259
Scope 1&2 (tCO ₂ e)	5,376	7,695	6,298	6,811	6,639
Scope 1&2 intensity (tCO ₂ e/£m)	56.4	64.4	60.5	47.1	64.3
Market based					
Scope 1 (tCO ₂ e)				518	380
Scope 2 (tCO ₂ e)				82	0
Scope 1&2 (tCO ₂ e)				600	380
Scope 1&2 intensity (tCO ₂ e/£m)				4.2	3.7
Energy usage (MWh)	10,569	15,666	15,135	16,262	5,022
Energy usage intensity (MWh/£m)	110.9	131.2	145.5	112.5	145.6

Sustainability strategy continued

Energy

The underlying energy consumption for the Group declined by 1% with intensity, relative to sales, flat. Including Billi, total energy consumption inevitably increased although intensity reduced significantly, reflecting the nature of Billi's model as an assembler of larger value units rather a more energy intensive manufacturer of components.



In terms of own energy generated the Chinese facility decreased slightly despite additional capacity due to the vagaries of the weather. Billi more than made up the gap giving total in-house generation of 1,291MWh accounting for 9.6% of the Group's electricity consumption up from 9.3%. Feasibility plans continue as to the ability to install solar at the LAICA facility in Italy.

Emissions by source

Our emissions are dominated by carbon as the key remaining emissions in the Group come from fossil fuels; fuel oils and transportation

Source of emissions	tCO ₂ e
CO ₂	515
CH ₄	0.4
N ₂ O	1.7

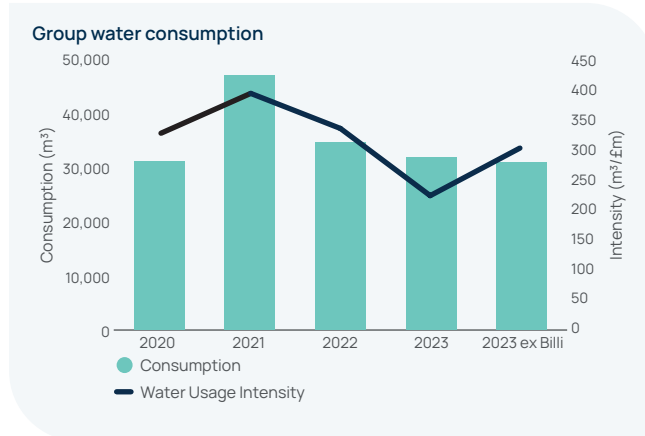
Regional energy usage and emissions

The proportion of energy used within the Group's UK operations has declined from 10% to 8%. Energy saving measures implemented reduced the absolute energy consumption by 5% although the addition of Billi clearly had the most significant impact in terms of proportionality. The UK proportion of emissions is almost double the proportion of energy usage at 15%. Strix UK, primarily consists of head office and R&D in Ronaldsway and a manufacturing site at Ramsey. Both sites are on the Isle of Man where the availability of energy mix has led to a higher usage of direct fossil fuels over electricity. Reducing these emissions is therefore somewhat more challenging without a major capital programme, hence the adoption of ISO50001 to assist in reducing the overall energy consumption as the primary route forward.

	Energy used		Emissions	
	MWh	%	tCO ₂ e (k)	%
UK	1,313	8.1	92	15.3
Non-UK	14,949	91.9	508	84.7
Total	16,262		600	

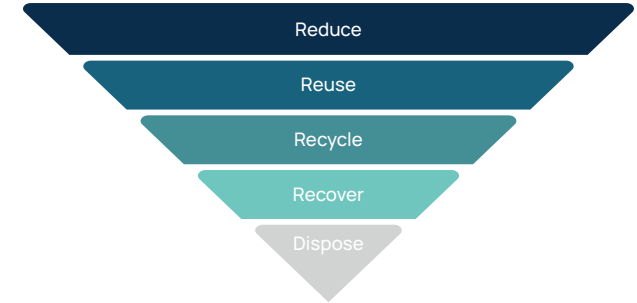
Water

Underlying water consumption, excluding Billi, reduced by 10% with associated intensity also improving by 10%. Note that including Billi water usage still declined with intensity reducing further, despite the water intensive R&D requirements of Billi.



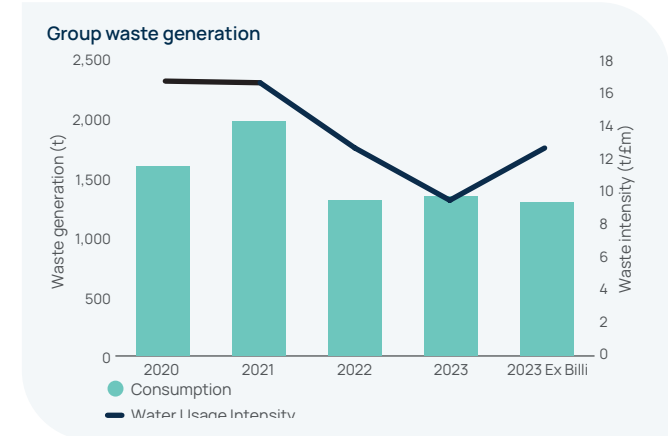
Waste

Waste is inevitable in any manufacturing business but comes at a cost. Our philosophy starts with reduction at source, followed by re-use then recycling and finally landfill in accordance with the waste hierarchy.



The underlying waste numbers were similar to the prior year although recycling was improved to 96% excluding Billi. Intensity was also unchanged underlying but improved with Billi as an assembler Billi has limited scrap compared to the rest of the Group.

The level of waste to landfill increased in the year to 3%. Our medium-term target is for zero waste to landfill as part of our strategy to continue to move the Group up the waste hierarchy. This was primarily due re-organisation identifying obsolete stock which could not be fully recycled This will be a focus for 2024 as we look for all sites to eliminate waste to landfill.



Sustainability strategy continued

Breakdown of waste by category and recycling

	2021	2022	2023	2023 Ex Billi
Hazardous (t)	0	0	0	0
Chemical (t)	32.9	42.4	45	45
Normal (Metal, Plastic, Cardboard) (t)	1936	1259	1294	1245
Total Waste (t)	1969	1301	1339	1290
Waste Intensity (t/£m)	16.5	12.5	9.3	12.5
Recycled Waste (t)	1873	1225	1278	1241
Recycled (%)	95.1	94.1	95.0	96.2
Waste to landfill (t)	12.9	9.7	40	29



Scope 3 emissions

The elimination of Scope 2 emissions means that 'in-use' Scope 3 emissions now account for 99.9% of the Group's total (Scope 1,2&3) emissions inventory. In 2023 work continued to improve the understanding of our Scope 3 footprint, including preliminary analysis at Billi.

The dominant factor, 93.7% of the total, comes from Category 11, the 'in-use' emissions generated during the life of the product, reflecting the energy consumptive nature of heating devices. Our new product roadmap is the key driver to addressing this as we look to continually improve the efficiency and performance of our products. Note that this is not the case for LAICA, primarily a water and filtration business and therefore far lower in-use emissions. As a consequence, LAICA only accounts for 1% of Group's Scope 3 emissions.

Breakdown of Group Scope 3 emissions by business (tCO₂e)

Category	Strix	LAICA	Billi	Group
1 Purchased goods and services	17,810	4,278	1,045	23,133
2 Capital goods	1,733	505	896	3,134
3 Fuel and energy use	554	25	48	627
4 Upstream transport and distribution	267		294	561
5 Waste generated in Company operations	25	2	1	28
6 Business travel	174	24	227	425
7 Employee Commuting	150	44	132	326
9 Downstream transport and distribution	720	0	407	1,127
11 Life-use of sold goods and services	377,845	110	70,479	448,434
12 End of life	246	48	2	296
Total	399,524	5,036	73,530	478,090

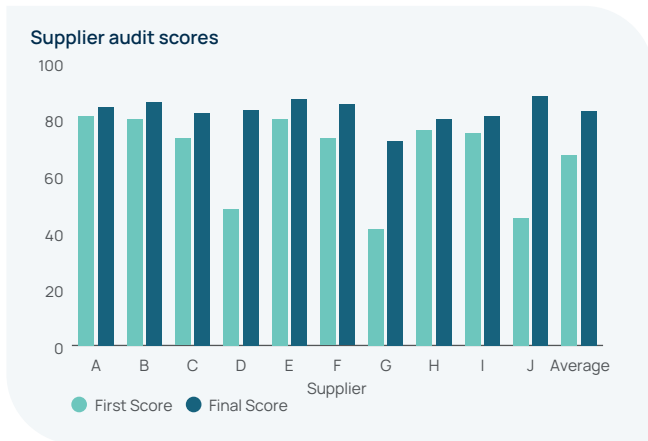
Actions underway on Scope 3 emissions:

- **Category 4 Upstream distribution.** Continued work on mode of transport to eliminate both carbon intense and expensive air transport, primarily through optimising component levels and reassessing suppliers on their locality to Strix plants.
- **Category 6 Business travel.** Emissions remained comfortably within our stated target of below pre-COVID levels. This is despite the addition of Billi which, being based in Australia, has significantly increased the scale of Strix geographic footprint and hence executive travel requirements as well as bringing Category 6 emissions of its own.
- **Category 11 Life-use of sold products.** The next generation of kettle switch to be launched in 2024 will not only increase efficiency and also reduce material requirements. However, physics determines the minimum energy required to boil water and hence the key determinant to reducing in-use emissions will come from government ambition around the world to decarbonise the electricity grids.

Sustainability strategy continued

Supply chain engagement - Upstream

Work continues to understand our supply chain and to carry our key suppliers with us on our sustainability journey. The top 10 suppliers for the kettle switch business are continually monitored and continue to improve their performance as they understand the reduced impact we are trying to achieve and the changes in their businesses that this requires.



Supply chain engagement - Downstream

As Strix has moved from being a component supplier of switches to a supplier of consumer goods so the downstream supply chain complexity has increased. Work is underway to more fully understand the associated downstream emissions. The integration is highlighted by a LAICA distributor in Eastern Europe joining our quest for net zero. In connection with LAICA's "Love your planet" program, Silko&Co, the Company's Hungarian distributor, launched a carbon offset tree plantation programme. An average family can reduce its CO₂ footprint by 93% using a water filter jug, in comparison to bottled water. In addition, whilst LAICA is now a net zero manufacturer elements such as distribution are not carbon free. Hence the initiation of a tree planting scheme to ensure full carbon neutrality for customers.

Customer Scope 3 becoming an opportunity

Strix commercial customers interest in their own supply chain emissions is increasing as they look to assess their Scope 3 emissions and sustainability credentials in the same way as we are engaging with our supply chain. Inevitably this started with the premium brands who also tend to operate in the regulated markets where Strix has its strongest market positions. Being able to provide the required data in a timely manner and talk the same language on sustainability is starting to become a commercial benefit. This was perhaps best highlighted on a customer site visit as part of the Chinese Canton Fair with customers clearly impressed when they heard the site is net carbon neutral.



Sustainability strategy continued

People

“Our people focus includes internal colleagues and the wider society. Internally our employees are our key asset, critical to our DNA and success. Externally they are both our customers and the society which we look to enhance.”

Health & Safety in the workplace

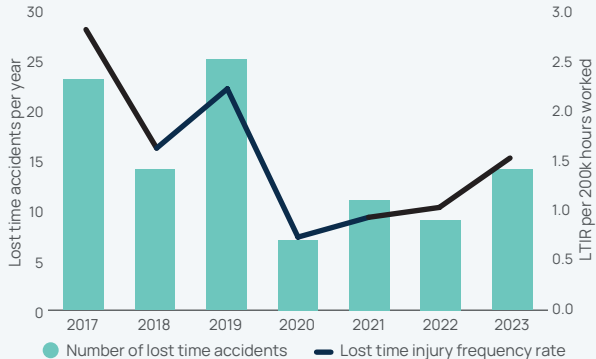
The safety of all our employees continues to be our top priority. It constitutes a key KPI and is reviewed at all operations boards. 2023 saw an increase in accidents, primarily in our Chinese facility. The number of reported accident increased from 9 to 14. Whilst none of these accidents were serious and the long-term trend remains in the right direction, any accidents is one too many. Hence management plan a drive to improve the performance in 2024, noting that Billi's performance was exceptional with zero incidents in the year. Billi plans to become ISO45001 health & safety accredited in 2024 in-line with Group policy.

Staff turnover

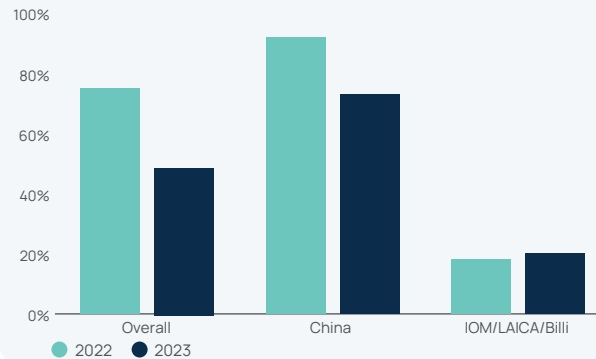
Group employee turnover reduced, led by China although it increased marginally elsewhere, reflecting the reorganisation which took place within the business in the year. The relatively high turnover rates in China reflect the nature of the local workforce and working practices. The lower skilled shop floor workforce tends to be more transitory as workers either look to return to their homes or move employers as demand and wages justify. Employees in the more technical areas, e.g. production line managers and central functions, where there is clearly greater career opportunity, tend to remain with the Company much longer. Indeed, those who work for the Company for more than a year stay on average for over six years.

In China, Strix looks to provide attractive packages to incentivise and retain staff. These include high quality off-site accommodation, transport, staff canteen and employee training along with job progression opportunities. We provide annual occupational health checks along with medical insurance and work injury insurance.

Accident frequency rate



Group employee turnover rate (% per annum)

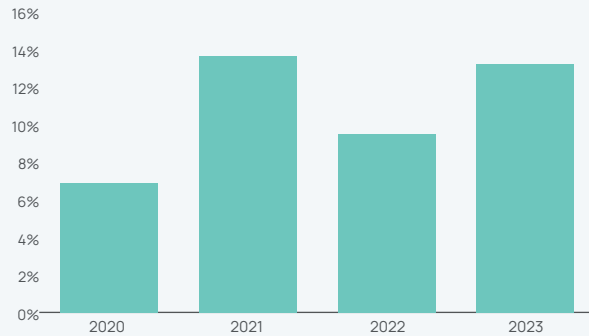


Sustainability strategy continued

Training

We see training as an investment in our key asset. The Group has a range of platforms including extensive on-line e-learning and in-person training. Face to face training has included developing a team of 15 trainers in the Chinese facility to provide training from the shop floor upwards. Of particular note in our now comprehensive learning and development resource is a programme for operational team leaders and supervisors. Our e-learning platform, hosted by Kallidus, provides a broader range of programmes, including soft skills and personal development tutorials, along with greater flexibility in learning.

Average training hours per employee

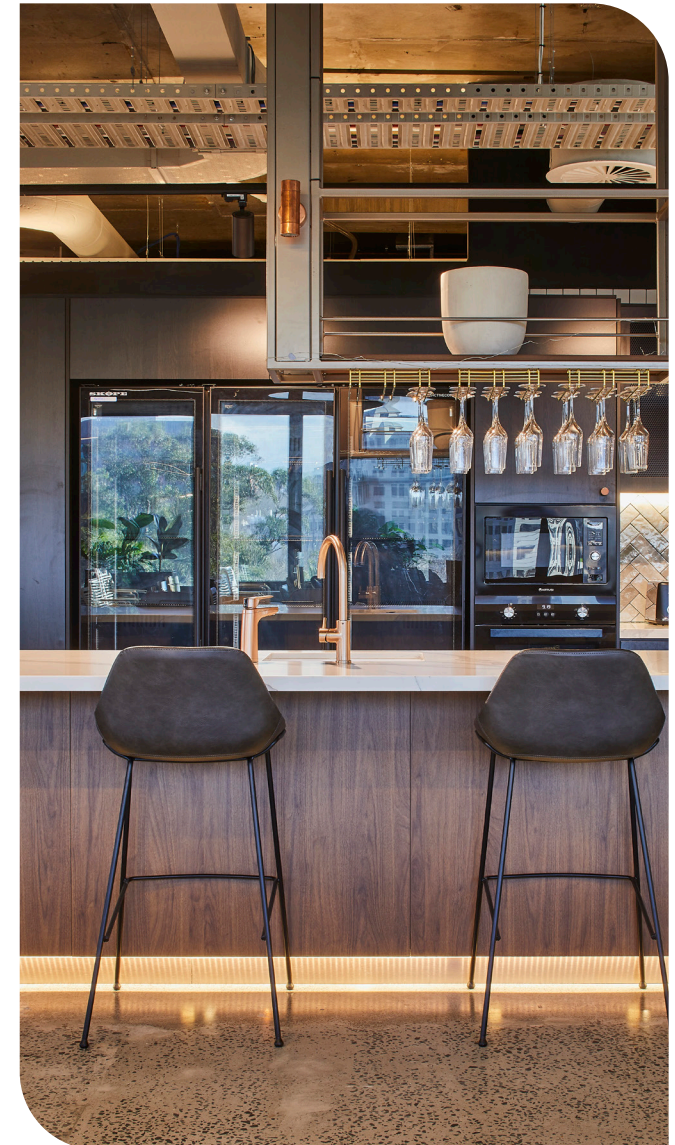
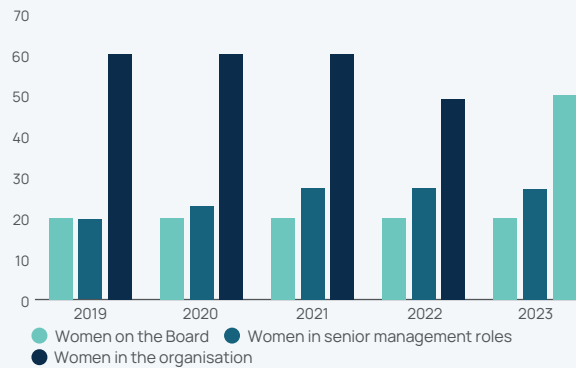


Inclusivity and diversity

Our rich diversity of skills, talents, experiences, challenges and adversities faced, backgrounds, opinions and beliefs is the lifeblood of the organisation. It keeps us innovative, successful, questioning and avoids consensus thinking. Hence our KPI to continue to embed diversity thinking throughout the organisation.

The proportion of women in the workforce increased marginally to 50% for the Group. Women at board and divisional level remained unchanged despite the divisional re-organisation which took place over the year. As a truly global company, Strix aims to embrace ethnic diversity, in particular this means strong local ethnic management at each of our sites.

Breakdown by role (%)



Sustainability strategy continued

Social and community interaction

2023 witnessed further development of the Group's social programme in China with direct line responsibility assigned to Stephen Ma, Strix China Training and Development manager.

The team organised a 'parent and child' ESG activity to clean the beach at Nansha Guangzhou. This activity was used to bring families into the Strix community, to raise awareness of sustainability within Strix and contribute to promoting the environment. It started with a presentation about Strix products and ethics before travelling to the seaside for a clear-up session. The day concluded with feedback from the children and, of course, presentations to all participants.

The Strix China annual excursion took place at Lotus Mountain. The day included team building activities, a visit to Shawan ancient town including a guided tour, lunch at the famous Lingnan Courtyard restaurant, and the legendary annual raffle.

In the UK

Strix position as a leading business in the Isle of Man increases our responsibility to positively impact the UNESCO world biosphere designated Island and its community. Strix supports a multitude of local charities through both fund raising events and charity work. Employees are entitled to two extra days leave a year to support local good causes.

Young people development

Strix is involved in a number of organisations and events on the Isle of Man aimed at educating children and in areas such as science and engineering, whilst offering guidance and opportunities for future career development.

Strix was prevalent at the IOM STEM Fest event on the 10th-12th October (Science, Technology, Engineering and Mathematics) aimed towards attracting and informing years 5&6 (ages 9&10yrs) as to the opportunities in science and engineering. This programme was led by Nick Gibbs, Engineering Director, as the sector lead for the IOM Chamber's STEM Committee. This was supplemented by school visits to the Strix IoM facilities.

Junior Achievement is a charity aimed at helping the Island's young people gain the essential skills they need to get a job or start their own business. Strix assisted teams in product development and design, developing products for prototyping and manufacture and mentoring teams on how to nurture their ideas into a cohesive business.

Strix is also a member of ACE - Awareness of Careers in Engineering. This includes work experience for young adults thinking about career options. Strix offers work experience to enable those thinking of undertaking a career in engineering to develop, run and present a short project.

Strix attended the Island's Graduate Fair. Group HR director Emma Cox, took part in the key panel discussion and Q&As. In addition, the Company hosted visits and 'taster sessions' for University College Isle of Man students to both facilities on the Island to provide some hands-on experience of the potential roles available within both an engineering and a business environment. The Company also ran a summer internship including at the overseas Company site in Hong Kong.



Sustainability strategy continued

Purpose

“Being a trusted, forward thinking and respected business of choice by delivering long-term social value to all our stakeholders”

Avoided emissions

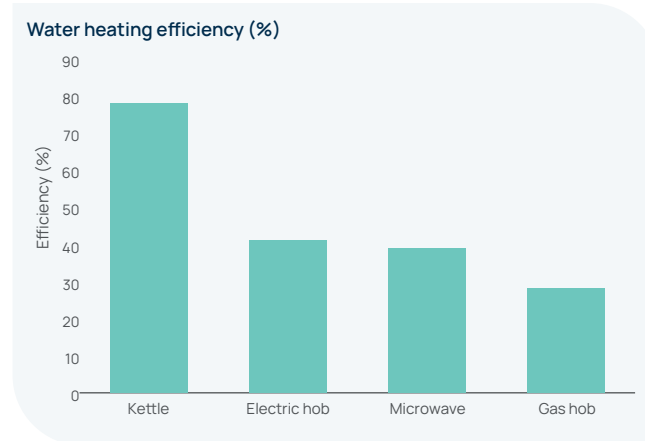
Kettle – the most energy efficient method for boiling water

The kettle is the most efficient way to boil water as discussed in detail in last year’s sustainability report and highlighted in the following chart.

Our work on the risks and opportunities of climate change within our TCFD submission has highlighted a number of areas where the use of kettles is likely to increase and where the benefits of kettle usage over alternative water heating devices will further avoid emissions from alternative heating options.

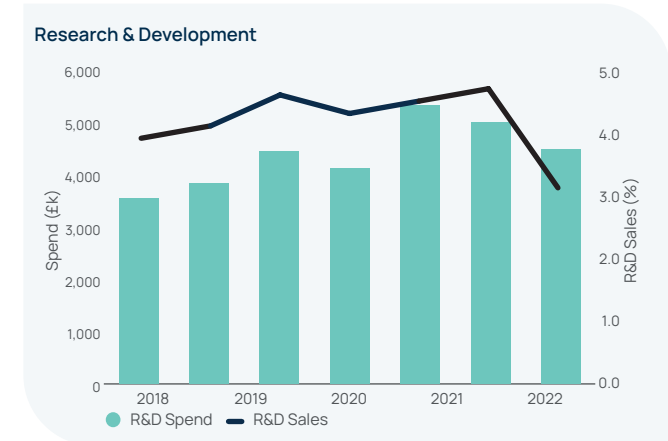
- **Grid decarbonisation.** Governments around the world have made commitments to decarbonise their electricity grid, the UK by 2035. As the power grid decarbonises not only will a kettle use less energy than fossil fuel powered alternatives such as gas, it will move towards zero emissions.
- **Urbanisation.** Population is expected to continue to move into the cities, particularly in the lower income regions. At present urbanisation stands at 81% in the higher income countries and 34% in the lower income regions. This move to the cities, particularly in lower income countries, reduces the use of fossil fuels, including solid fuels such as coal or wood as city dwellers are generally linked into the grid for their primary power consumption. This will promote the use of more efficient lower emissions kettles

- **Population growth.** Differing scenarios offer different predictions but all suggest that the world population is set to expand further in the coming decades, the status quo scenario to 11m from the current 8.1bn. This will significantly increase the global benefit of using kettles as opposed to alternative heating sources.
- **Global warming.** As temperatures increase so will the requirement for fluid intake. Hot drinks are likely to remain a critical constituent of fluid intake, particularly given the health benefits increasingly ascribed. Hence the potential for increased requirement for boiled water, further promoting the benefits of kettle use.



New product development

Investment into new products is the lifeblood of the Group. Sustainability is embedded into our new product roadmap, not just because it is part of our ethos but also because it is becoming ever more important to customers and their preferences. The absolute level of spend decreased, reflecting the reorganisation and deferral of some projects whilst others moved towards customers trials, engineering set-up for production etc. Investment as a proportion of sales declined due partially to the inclusion of Billi where the high value of individual units prescribes for lower R&D/sales ratio.

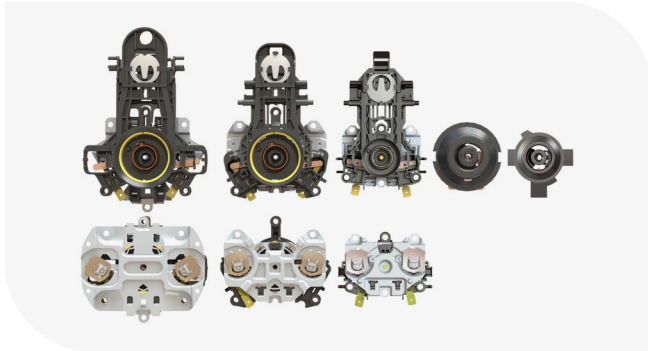


Sustainability strategy continued

New Product developments

Sustainability provides a core strand to Strix's new product roadmap. In particular, the energy consumption in our heating devices and improving the quality of filtration in our water delivery systems.

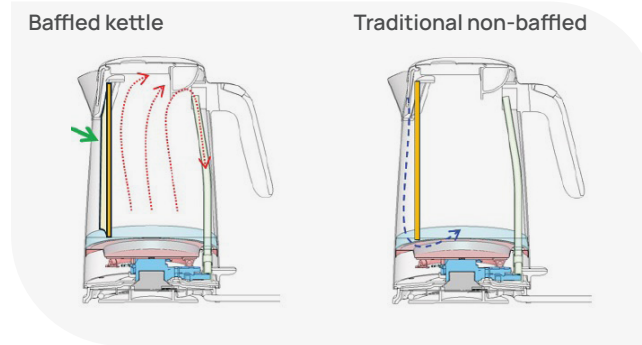
Project Z Next Generation control series



The Z series is a smaller footprint 3 pole control due to launch in 2024 targeting both kettles and incremental emerging water heating categories. The new switch is protected with 9 control patents and 4 appliance patents. The key sustainability benefit comes in size, being around 30% lighter than the current generation thereby providing savings to direct material requirements. Smaller components should also mean less scrap in the manufacturing process. The shift to a new product inevitably requires re-tooling and analysis of the production process, offering the opportunity to incorporate new processes, increasing the level of automation which improves quality, reducing waste. The reduced size should also assist in our Scope 3 emissions.

This reduction will also offer benefits and opportunities for customers to develop more sustainable new products. They will be able to design kettles with a smaller physical footprint and more accurate switch-off times.

Spout Baffling system



The energy required to boil a litre of water is determined by physics, 331kJ from room temperature to be precise. Indeed, our goal to ensure that no additional energy is used or rather wasted. Spout baffling consists of an internal face that restricts steam loss out of the kettle during boil. Not only does this reduce direct energy loss but also increases the steam build up within the kettle which improves switch off time.

Pre boil cut off

Even after the power to the kettle is switched off the element continues to deliver heat energy into the system. Switching off when the water reaches the required temperature therefore leads to excessive heat delivery also called over-boiling. By knowing the volume of water and the exact water temperature, the power input can be switched off early leaving the latent heat in the system to further raise the temperature to boiling point.

Double skinned kettles

Housing insulation is well understood, kettle insulation less so, but clearly losing heat through the wall of the vessel wastes energy, and this becomes increasingly important the higher the temperature differential which, with a kettle obviously increases as the water is heated. Hence the inclusion of a double wall reduces the initial energy requirements and more importantly assists in retaining the heat in the system, reducing the additional energy required to re-boil.

Digital information

Double Wall eco kettle



Digital measurement and displays enable an array of information to be conveyed to the user. These include the exact temperature of the water, the time to boil and how many cups of water the kettle has been filled to. This information assists in how a kettle is used i.e. not overfilling or re-boiling when not required.

All these developments appear small but collectively they can make a meaningful difference. Indeed, at 2023 average electricity prices, we estimate that a double walled and baffled kettle could save over £170 and 109Kg of carbon emissions over its life.

Water healthy living and reduced plastic consumption

Advanced filtration

LAICA and Billi have increased Strix exposure to quality of water alongside the traditional boiling of water. Increased health-conscious living and the increasing understanding that bottled water carries significant environmental costs are driving consumer demands for filtered tap water. HYDROSMART + METAL STOP filter creates great tasting water that is free of undesirable substances direct from the home tap. The tap filter retains the mineral salts naturally present in the mains water and effectively reduces heavy metals, such as lead and cadmium, microplastics, sand, rust or suspended particles, chlorine and associated organic solvents. Luxgarde™ is Billi's new system using a non-chemical UVC LED purification system. This short-wave UV light penetrates pathogens' DNA, RNA and proteins, disrupting their replication process and ultimately rupturing their cell walls, putting an end to replication, ensuring a new level of hygiene, providing water free from microorganisms responsible for coliform, salmonella, legionellae, pseudomonas, and even the hepatitis virus.



Aqua Optima eco award

Perfect Pour Water filter jug collection won the Eco Award at the Excellence in Housewares Awards. The jug features Strix's unique and ultra-fast Evolve+ filters, utilising a five-step filtration system that effectively removes impurities from tap water. Crucially, each filter lasts for 30 days or 100 litres of water - which is equivalent to saving 200 single-use 500ml plastic bottles. The filter is also 100% recyclable. Moreover, the Perfect Pour collection is a milestone, being one of the first products manufactured in our new solar-power assisted factory.

Billi Australia 'Good Design' award winner

Billi's Multifunction Mixer Tap ('the tap') is designed to provide instantaneous filtered drinking water and mains fed hot/cold water, from a single fixture installation. The tap incorporates a range of safety and accessibility features.

Sustainability strategy continued

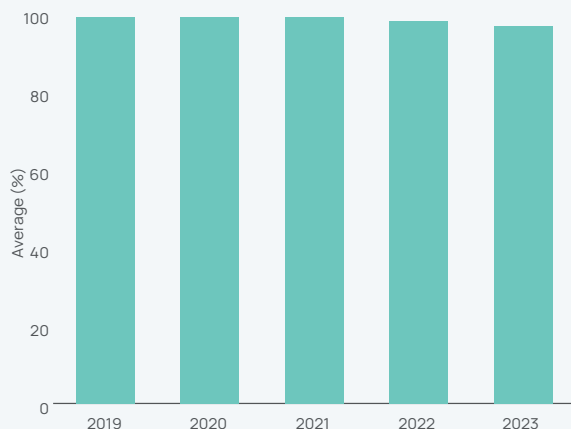
Corporate governance

The Board is committed to effective corporate governance and adhering to the highest standards, often applying policies over and above those required by the AIM market or the Isle of Man where the Group is domiciled. 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. The Board are currently working towards adoption of the new IFRS sustainability standards S1/S2 to ensure full compliance, without any transition relief, in the coming financial year.

AGM

The voting in favour of the remuneration report increased from 91.3% in 2022 to 97.9% reflecting dialogue with shareholders. Note that sustainability is a key element within executive director remuneration, in line with the TCFD requirement. 15% of the LTIP award is based on a reduction in Group energy intensity over the three-year period of at least 5% per annum, ahead of the Company's stated targets. However, the average level of votes in favour declined slightly at the 2023 AGM. This was due to two resolutions: resolutions 11 (88.0% of votes in favour) and resolution 13 (85.0% of votes in favour) concerning the issuance of shares and dis-application of pre-emption rights for issuance of less than 5%.

Average AGM voting in favour of resolutions



Governance

At Strix we set expectations of the highest standards which we expect to be carried out throughout the organisation. Our policies include:

- **Anti-Bribery and Corruption:** Zero-tolerance. In our Anti-Bribery and Corruption Policy Statement we explain our commitment to conduct business in an ethical and honest manner, also implementing and enforcing systems that ensure bribery is prevented. The Company recognises that it has a duty to implement this policy and all employees (whether temporary, fixed-term or permanent, officers, directors or trustees), consultants, trainees, agency staff, sponsors or any other person or persons associated with the Company (including third parties), no matter where they are located, are expected to comply with it.
- **Anti-harassment and bullying.** A pleasant place to work. Harassment or victimisation on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy or maternity, race, religion or belief, sex or sexual orientation is unacceptable in any circumstances. Harassment can take many forms ranging from tasteless jokes to abusive remarks, from pestering for sexual favours to threatening behaviour and actual physical abuse, including bullying behaviour. The Company operates a zero tolerance stance in respect of all forms of harassment and seeks to ensure that the working environment is suitable for all its employees.

- **Anti slavery and human trafficking.** Free choice and fair compensation. We despise and fight any activity linked to slavery and human trafficking. Strix and any Covered Person shall not knowingly hire any forced labour or make any person work against their own will and will ensure all such persons or employees are fairly compensated for their time and effort freely put forth.
- **Whistleblowing.** Should our employees meet issues concerning breaches of the law, serious misconduct to another person, health and safety or financial malpractice, our Group-wide Policy provides them with guidelines as to actions that they may take to raise such issues.

Financing

As part of the refinancing of the Group's key credit lines we have engaged with the lead finance bank, to incorporate sustainability targets within the Company. These agreements are on course to be finalised in the current year but demonstrate our commitment to further driving our sustainability performance. Such opportunities once more demonstrate the increasing link between sustainability and economic benefit.

ISO Accreditations

We see accreditations as assisting in developing and delivering intended results rather than a plaque to simply hang on the wall. Hence our drive for all sites to achieve accreditation in the key quality, environmental management and health & safety standards. In 2023 LAICA achieved ISO45001, Ramsay became ISO50001 accredited and Billi completed ISO9001 and is planning on attaining ISO14001 and ISO45001 in 2024. The potential benefits from 50001 Energy management were evidenced through the reduction in energy consumption of over 20% in the year, this was achieved through a range of initiatives and assisted by the installation of a new more efficient boiler.

	ISO 9001 Quality systems	ISO 14001 Environmental management	ISO 45001 Occupational H&S	ISO 50001 Energy management	ISO 13485 Medical devices	ISO 17025 Test & calibration
Ronaldsway (IOM)	✓	✓	✓			✓
Ramsay (IOM)	✓	✓	✓	✓		
China	✓	✓	✓	✓		
LAICA	✓	✓	✓		✓	
Billi	✓					

Task Force on Climate-related Financial Disclosures ('TCFD')

Governance

Board oversight

Climate issues are assessed by the full Board reflecting the importance which the Directors place on the risks and opportunities along with the relative size of the Board and scale of the Group. Richard Sells, Non-Executive Director, provides additional oversight on sustainability matters, leveraging his career at Electrolux and its long held focus on sustainability. Along with the CEO, they provide the key conduit from the operations to the Board. Board meetings are held eleven times a year with sustainability, including climate-related issues, both opportunities and risk, a consistent agenda item. Climate risks are consolidated into the annual Operational Board Risk Committee review for the Group. The Board provides the final sign-off on the Group's sustainability and hence climate targets and the associated investment. The Board is also responsible for overall strategy and ensuring that investment, including acquisitions, is aligned to the sustainability objectives of the Group.

The Remuneration Committee, comprises of the three independent Board directors, is responsible for the executive team's remuneration including LTIPs. The executive LTIPs include targets associated with the Group's sustainability agenda, including emissions related elements and future targets aligned with Group strategy.

Management's role

The Operations Board provides the key executive management forum for climate change and sustainability. It is chaired by the CEO, Mark Bartlett and includes personnel responsible for engineering, commercial, technology, health & safety, human resources and finance. In terms of climate risk matters, Matt Thomas, Divisional Operations Director and Strix Consumer Goods Engineering Director, has a key role in respect to climate change, responsible for assimilating climate-related data. He also has key responsibility for ISO programmes which drive a broad range of sustainability programmes. He is supported with both internal and external resources.

Climate opportunities for new products are again prioritised across the Operations Board. The Group continually looks to enhance its new product development programme along sustainability driven corridors enhanced by through life cycle analysis, carbon accounting, circular economy, consumer safety and potential legislative changes.

Strategy

Climate-related risks and opportunities

In assessing our risks and opportunities we look to consider timescales of short (0-2 Years), Medium (2-8 years) and long term (8+ years). However, given the timescales of environmental impacts it is arguably unrealistic to compartmentalise into such distinct and relatively short time spans.

Risks

Category	Risk	Potential impact	Likelihood	Time horizon	Mitigation
Physical risk					
Acute	Storm & flood disruption and rising sea levels	Strix manufacturing facilities and/or supply chain. Note that Zengcheng, Guangzhou (where the Group's main factory is located) rarely sees typhoon conditions due to its inland location although extreme wind conditions were recorded in 2015, therefore such a risk has been included. None of the Group's plants are in flood plains or below 5m above sea level.	Low	Medium	A detailed recovery plan has been documented as part of the Group's Business Continuity Plan which is overseen by the recovery management team. Procedures relate to communications and information exchange, recovery process phase, clean-up process, pollution prevention, and restoration (including insurance claims and compensations). Restoration procedures include plan maintenance, back-ups, testing and emergency sources of power generation. The new Chinese facility has been strategically positioned whilst the improved construction provides safer and more flexible infrastructure. The plants carry an element of buffer stock against a range on supply related risks. All facilities have contingency business plans in place. Supply chain assessed within the audit process and all key components are dual sourced with increased emphasis on at least one local supplier.
Chronic	Drought	Strix facility/supply chain	Medium	Medium	Primary use of water is in the research & development/test facilities. Whilst businesses are prioritised at times of water shortages in the IOM the Company can defer certain programmes if conditions required without likelihood of long term impact.
Acute & Chronic	Heat stress	Primarily facility exposed to acute temperatures in China	Low	Medium	The site is fully air conditioned and, like the factory, less than 2 years old. Additional A/C has recently been added to the melt-shop, the hottest department in the plant.

TCFD continued

Transition risk					
Policy & legal	Carbon price - own operations	Scope 1&2 emissions (market based) equated to 600tCO ₂ e in 2023. As part of our 'net zero' strategy these are offset through the purchase of certified carbon credits. At the lower end of expectations (\$25/tonne) a cost of \$15k rising to \$90k at the upper end where credits are predicted to cost \$150/tonne. This excludes any Scope 3 offsets which may become more standard in areas such as business travel. Our target is to keep business travel pre-pandemic levels which was 1,014tCO ₂ e came in at 574tCO ₂ e in 2023 despite the increased geographical scope for the Group following the Billi acquisition.	Medium	Medium	Scope 1&2 emissions have been reduced by over 95%. A range of further initiatives including additional EVs, more efficient boilers, improved energy management through ISO5001 adoption will further assist. The worst case scenario of 600 credits @\$150/ton would be unhelpful rather than significant. Note that the anticipated savings through new sustainability linked debt facilities are expected to outweigh the upper end of the carbon credit potential impact.
Policy & legal	Carbon price - up/downstream	This could add to costs as suppliers look to abate their own emissions, particularly in sectors which are hard to tackle such as transportation (especially shipping and aviation) or primary materials such as metals and plastics for components.	Medium	Medium	Through engagement with our suppliers to better understand our Scope 3 emissions so they are becoming more cognisant of the emissions landscape, leading them to address their emissions profile. Completely decarbonising the end-to-end supply chain (from mining to processing to manufacturing) is highly complex and may take many years. Key is to ensure that we are ahead of our competition to ensure this is not a competitive disadvantage.
Market	Robustness of local power grid	Increased electrification could lead to power outages at individual sites.	Low	Medium	The primary manufacturing site in China is connected through modern upgraded infrastructure. The Company's own solar power provides limited back-up and contingency plans, including the use of generators are in place.
Market	Cost of renewable electricity	Cost of renewable electricity could rise depending on the additional capacity installed as demand increases with companies looking to meet their carbon reduction targets.	Medium	Medium/Long	We currently generate around 10% of electricity requirement from our own solar installations. Our contracts for renewables tend to be medium term 3-5 years which provides a degree of certainty in the short term. Key will be the China manufacturing plant which has a long-term supply agreement in place.
Policy & legal	Failure to meet / maintain expected ESG credentials	This could have a direct financial cost once sustainability related finance has been put into place which is planned for 2024. It could also impact shareholder perspective/interest, especially amongst sustainability related funds.	Medium	Short/Medium	Strive for 'best-in-class' as highlighted by our Net Zero Scope 1&2 commitment. Strong reporting/management structure with key KPIs to ensure compliance. We continue our drive in the use of automation. This requires greater energy usage but has other significant benefits in improving quality, reducing scrap, etc. Combined with the use of renewable power, management see such a shift as a double win in terms of sustainability. In addition, the new factory has been successfully audited and certified to ISO 9001, ISO 14001, ISO 45001 with ISO 50001 added to the certification portfolio in 2023.
Market	Increased investor scrutiny	There is increased focus on climate change by our equity investors and other stakeholders. This is evidenced by the rise in ESG funds and the drive to provide consolidated emissions transparency for individual funds.	Medium	Short/Medium	Our sustainability agenda has accelerated in recent years, including establishing future roadmaps and targets. From an emissions perspective achieved our target to be Scope 1&2 'net zero' in 2023 and started developing our Scope 3 supply chain emissions inventory in 2022 which opens an additional avenue for making a difference. With the 'in use' dominating Scope 3 our new product direction includes improved efficiency to reduce energy usage and hence emissions. Our sustainability report provides full transparency to all stakeholders

TCFD continued

Opportunities

Category	Risk	Potential impact	Likelihood	Time horizon	Mitigation
Transition opportunity					
Products & services	Internal power generation	Solar production for internal use	High	Short	Chinese investment has been made and Billi also has significant installed capacity. Hence the Group generate over 10% of Group's internal power requirements. Further opportunities, including LAICA are under consideration
Market	Electrification	Cooking moves away from carbon based fuels such as gas to electricity offers the potential to change habits i.e. stove top kettles to electric kettles	Medium	Long	Clear benefit for the use of kettles
Products & services	Adoption of energy saving products	A kettle is an efficient way of boiling water and is therefore likely to be a beneficiary. Consumers will increasingly look to the most efficient way of heating/boiling water, particularly when energy prices are high and incomes squeezed.			Introduction of new features and products. In kettles this includes accurate temperature measurement and switch off. In other product ranges this includes 'one cup' boiling products. For Billi 'water on demand' developing efficiency systems such as heat recycling in the chiller/heating cycles.
Market	Higher cost of electricity	Renewables tend to carry a cost premium. Increasing the cost of using a kettle.			Develop energy saving products such as One Cup and Billi taps.
Market	Population/urbanisation	Population increases by 1bn (RCP2.5) with increase up to 3bn (RCP8.5) albeit the high level will see reduced level of urbanisation/grid connectivity. Against the current population of 8bn in 2022 (according to the UN) and 7.2bn with access to electricity, this suggests potential growth of 24-32% although over such a long time period less than 1% a year.	High	Long term	Clearly a benefit to Strix end markets. Development of new strategy unlikely to be required.
Products & services	Increasing importance of Scope 3 emissions	Customers, particularly the branded western clients, are increasingly looking to measure and report their Scope 3 emissions. This could become a more significant legislation carbon import taxes using the Carbon Border Adjustment Mechanism are rolled out.	High	Short/Medium	Work with suppliers to further refine Strix emissions to assist customers develop their own Scope 3. Continue to reduce our internal and supply chain emissions to be the preferred carbon partner.

Impact on the organisation's businesses, strategy and financial planning

In terms of risk, Strix has developed a range of business contingency plans, including detailed recovery strategies for all manufacturing operations. This includes understanding both lengthy internal supply lines and understanding and mitigating risks within the supply chain. Our kettle switches are key to the most efficient method of boiling water which should provide benefit from rising energy prices and the shift from alternative fuels, e.g. gas to electricity. New developments such as Aurora and Dual Flo are designed to produce single servings to provide greater efficiency and reduce waste. Similarly, our water category and associated filters increase the quality of drinking water whilst reducing the use of single use plastic containers and associated waste. Similarly, the acquisition of Billi complements the kettle switch business as hot taps become more widely adopted, particularly in high usage environments such as offices and commercial properties. These trends are driving the direction of our new product development with R&D expected to grow alongside the business remaining at 3-4% of sales.

Resilience of the organisation's strategy

Our current assessment has been based on the Paris Agreement 1.5°C scenario. Management sees little likelihood of negative impact on Group assets but are working on its resilience, in particular suppliers and supply chains which are relatively lengthy. From an operational risk perspective Strix has developed a range of business contingency plans, including detailed recovery strategies for all manufacturing operations. A key risk to our 'net zero strategy' is access to renewable energy (electricity) supply to our key manufacturing plants, particularly China. To counter such risks Strix has invested approaching £1m in a solar system in China which, along with the solar installations at Billi in Australia, will provide around 10% of the electricity supply required and signed long-term contracts for renewable energy.

TCFD continued

Risk management

Identifying and assessing climate-related risks

Internal research and external assistance is combined to provide a full understanding of the potential risk avenues and opportunities. Input is garnered from across the Group's operations as well as externally from customers and suppliers – a process which will accelerate as work on Scope 3 emissions expands. These risks are incorporated into our risk software. The Group assesses the potential financial implication where appropriate and the cost of mitigation. This is best evidenced in the solar and renewable power purchase agreements in China. Neither were the lowest cost option of the status quo but provided additional sustainability and risk mitigation.

Managing climate-related risks and opportunities

Risks are managed relative to the likelihood and potential severity to the Group. Hence, the global shift to reduce emissions is highly likely (or happening) and hence our accelerated actions in this area. Weather related impact has been assessed and a more measured approach of a contingency plan and insurance applied to reflect the level of risk and mitigate potential impact. These actions form part of the Group's overall risk policy with key risks identified logged within the Group's risk registry (see the annual Report & Accounts for further details). Opportunities follow a similar pattern based on the scale of the opportunity and a set of metrics of internal measures to assess our ability to compete/benefit from such avenues.

Climate-related risk integration

Climate change has become a clear reality and now seen in Strix as 'business as usual' and part of the ongoing environment in which the Company operates. In addition, whilst complex, we are a small business with a flat structure and short lines of communication. The focus on climate change risks has clearly risen up our agenda in recent years, as have our actions, and is now an integral part of the overall business planning and management.

Metrics and targets

Key metrics used

Significant work was undertaken in 2022/3 to expand our carbon footprint analysis through development of Scope 3 supply chain emissions including Billi which was acquired in late 2022. This is in addition to internal orientated Scope 1 & 2 emissions historically reported. These have been calculated using the GHG Protocol, the internationally recognised standard for corporate carbon reporting.

Absolute and intensity (per £m) are used for both emissions and energy consumption to provide more prescient analysis as the Group expands and ensure that our focus remains on energy usage as well as emissions. Historically, the Group has used 'location based' analysis but have added 'market based' approach in 2023 as this provides a far clearer representation of the actions having been undertaken. The addition of a full, independent audit is seen as unwarranted given the steps in place to achieve net zero Scope 1 & 2 emissions from 2023 although the board will review the verification of 2024 figures to provide greater scrutiny on the actions being taken and is increasing being requested or required by external parties both operationally (customers) and financial markets (shareholders and financiers).

Disclosures

The following table provides Strix emissions using both location and market based methodologies.

	2020	2021	2022	2023
Location based				
Scope 1 (tCO ₂ e)	107	265	415	518
Scope 2 (tCO ₂ e)	5,269	7,430	5,883	6,293
Scope 1&2 (tCO ₂ e)	5,376	7,695	6,298	6,811
Scope 1&2 intensity (tCO ₂ e/£m)	56.4	64.4	60.5	47.1
Market based				
Scope 1 (tCO ₂ e)				518
Scope 2 (tCO ₂ e)				82
Scope 1&2 (tCO ₂ e)				600
Scope 1&2 intensity (tCO ₂ e/£m)				4.2
Scope 3 (tCO ₂ e)		573,895	410,096	478,090
Energy usage (MWh)	10,569	15,666	15,135	16,262
Energy usage intensity (MWh/£m)	110.9	131.2	145.5	112.5

Further details available on page 22 of this report

Targets

Strix target set in 2021 was to achieve 'net zero' Scope 1 & 2 by 2023 which the Group has achieved (excluding Billi which was acquired in November 2022 but is on track to achieve the target in 2024) with nearly 95% of fossil fuel usage removed from the energy mix. This is being achieved through internally generated solar power and the purchase of renewable energy which are now in place for all Strix facilities. In addition, management is targeting 5% improvement in energy intensity (energy use to sales) to further reduce risk.

Our Scope 3 work in 2022 gave us a good initial understanding of our footprint with similar work undertaken at Billi in 2023. The key element is the 'in use' phase at c94%, reflecting the kettle as an energy consumptive heating device. The laws of physics therefore limit the impact which Strix can on the Scope 3 inventory. We are therefore focusing on other areas which may have less impact but where Strix can actively make an impact, in particular areas such as supply chain as well as working with customers who are increasingly looking to assess and reduce their own Scope 3 emissions. However, given the dominance of the 'in-use' element we have not set targets for the Group.

Full disclosure of our sustainability KPIs. Performance and targets is shown on page 4.

Sustainability metrics

The following provides a summary of our key sustainability factors and KPIs. Where practical, Strix 2023 numbers, excluding Billi, have been provided to facilitate prior year comparison although, as the Company is integrated, such level of granularity is unlikely to be available going forward.

		2019	2020	2021	2022	2023	2023 Ex Billi
Environmental							
Energy usage & emissions							
Location based							
Scope 1	tCO ₂ e	187	107	265	415	518	380
Scope 2	tCO ₂ e	5,912	5,269	7,430	5,883	6,293	6,259
Total Scope 1&2 (location based)	tCO ₂ e	6,099	5,376	7,695	6,298	6,811	6,639
Scope 1&2 intensity	tCO ₂ e/£m	63.0	56.4	64.4	60.5	47.1	64.3
Market based							
Scope 1	tCO ₂ e					518	380
Scope 2	tCO ₂ e					82	0
Total Scope 1&2	tCO ₂ e					600	380
Scope 1&2 intensity	tCO ₂ e/£m					4.2	3.7
Scope 3	tCO ₂ e	1,014	93	573,895	410,096	478,090	404,560
Total Group emissions	tCO ₂ e	7,113	5,525	581,654	416,455	478,690	404,940
Scope 1 breakdown of emissions							
CO ₂	tCO ₂ e				316	515	
CH ₄	tCO ₂ e				0.3	0.4	
N ₂ O	tCO ₂ e				0.3	1.7	
Scope 1&2 emissions UK	tCO ₂ e	456	347	403	472	92	
Scope 1&2 emissions UK/Group	%	7.5	6.5	5.2	7.0	4.0	
Energy usage							
Electricity purchased	MWh	11,285	10,137	14,626	11,690	12,141	12,010
Renewable electricity generated	MWh				1,193	1,291	1,126
Other	MWh	875	432	1,040	2,252	2,830	1,886
Energy usage	MWh	12,160	10,569	15,666	15,135	16,262	15,022
Energy intensity	MWh/£m	125.5	110.9	131.2	145.5	112.5	145.6
Energy intensity	KWh/unit of production (k)				1031	101.4	93.6
Proportion of electricity generated in-house	%	0.0	0.0	0.0	9.3	9.6	8.6
Energy UK	MWh	1812	1458	1685	1388	1,313	
Energy UK/Group	%	14.9	13.8	10.8	9.2	8.1	
Water							
Consumption	m ³	36,429	30,936	46,848	34,600	31,780	30,904
Intensity	m ³ /£m	376	325	392	333	220	300

Sustainability metrics continued

		2019	2020	2021	2022	2023	2023 Ex Billi
Waste & recycling							
Hazardous	tonnes	0	0	0	0	0	0
Chemical	tonnes	41.9	32.9	32.9	42.4	45	45
Normal (metal, plastic cardboard)	tonnes	1414	1552	1,936	1,259	1,294	1,245
Total waste	tonnes	1,456	1,585	1,969	1,301	1,339	1,290
Intensity	t/£m	15.0	16.6	16.5	12.5	9.3	12.5
Intensity	Kg/units of production (k)				8.9	8.3	8.0
Recycled waste	tonnes	1,411	1,546	1,873	1,225	1,278	1,241
Recycled	%	96.9	97.5	95.1	94.1	95.0	96.2
Waste to landfill	tonnes	0	0	12.9	9.7	40.0	29.0
Social							
Health & Safety							
Number of lost time accidents		25	7	11	9	14	
Lost time injury frequency rate	per 200,000 hours	2.2	0.7	0.9	1.0	1.5	
3 Year rolling average lost time injury frequency rate	per 200,000 hours	2.2	1.5	1.3	0.9	1.1	
Severity rate	Hours lost/accident	31.8	36.6	128.2	43.6	120	
Lost time rate	Hours lost/1000 hours worked	0.35	0.13	0.61	0.22	0.89	
Number of fatalities		0	0	0	0	0	
Diversity							
Women on the Board	%	20	20	20	20	20	
Women in senior management roles	%	20	23	27	27	27	
Women in the organisation	%	60	60	60	49	50	
Employee turnover							
Group	%			160	75	49	
China	%			194	92	73	
Outside China	%			14	18	20	
Employee training	Hours/employee		6.9	13.6	9.5	13.2	
Research & development							
R&D spend	£k	4,439	4,117	5,324	4,986	4,484	
R&D/Sales	%	4.6	4.3	4.5	4.7	3.1	
Governance							
AGM							
Ordinary resolutions (% votes for)	%	99.3	99.2	99.3	98.0	96.8	
All resolutions (% votes for)	%	98.9	98.9	99.1	98.1	96.8	

Innovative & Sustainable Technology



Strix Group Plc

Forrest House
Ronaldsway
Isle of Man
IM9 2RG

Tel: +44 (0)1624 829 829
Email: info@strix.com

www.strixplc.com

