



ESG POLICY

Environment | Social | Governance



Approved by: Board of Directors

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Scheduled review: Annually

Document owner: Steven Landsborough (Director)



Overview

Purpose

The purpose of this policy is to provide information about ESG (**Environmental**, **Social** and **Governance** factors) and to encourage the business to understand ESG better.

This policy has been agreed by the Directors

Scope:

Our ESG policy applies to all of SFL's employees, including the Board of Directors, and persons who without being employed by SFL, work on assignment or as consultants for SFL. In addition, the policy covers all business activities in connection with customers, suppliers and others commercial partners.

Our ESG commitment:

SFL strive to build sustainable, equitable, healthy, and diverse communities through a combination of innovative business practices and exemplary environmental, social and governance (ESG) performance. This commitment informs every aspect of our business, including how we design and build new projects, operate our company, collaborate with stakeholders and report progress.

The Policy sets out our approach to sustainability matters and has considered the 'UN's 17 Sustainability Goals' and how these can be applied to our business operations and values. Of particular importance to SFL as an organisation are the below 8 goals.



Our business and ESG:

SFL believe ESG is about assessing your net positive impact in the world, and taking concerted, defined and measurable action to improve it. Our value rests in our employees, our communities, and the wider world.



The ethical and practical values that make up the different parts of ESG have always been at the heart of what we as a company stand for. With the growth of ESG and the increased awareness of these factors among our key stakeholders, we have a better opportunity to tell the story of how our business makes a positive impact in the world.

The strive to assess a broader range of factors in a holistic manner, from environmental and climate change considerations to the social issues and how we invest in our people, to the structure of our business and always reaching for better governance, means we can tell our story better. We welcome opportunities to highlight the positive impact we have on the world.

ESG and our reputation:

ESG is fundamental to our reputation as a business. Reputation is built through frequent and repeated interactions with stakeholders. When those interactions are positive, our business, and our reputation, can thrive. In an uncertain economic climate, positive reputation is one of the key drivers to long term success.

We want all our stakeholders, from customers to investors, our people, to be proud to be a part of our business. Part of that pride is understanding how our business makes a positive contribution to the world.

Our responsibility to our customers:

We have an obligation to our customers to offer them the best service. Customers are at the heart of our business, and without these partnerships our business wouldn't exist. Part of that commitment to customers is about responding to their needs, hearing their concerns and committing ourselves to customer satisfaction.

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

That is why it is important for you to understand ESG, its impact and what it means for our company. We want you to feel proud of being part of our business and the positive impact we have on the world, so that our customers will feel the same.



Environmental

Overview:

Environmental sustainability is an ethical and commercial imperative focusing on how we can minimise our impact on the environment.

Managing our carbon footprint goes hand in hand with the strategic necessity to operate efficiently.

Our commitment to tackling climate change at a corporate level is fundamental to our strategic objectives, and we are working towards net zero emissions well ahead of 2050.

Our current environmental strategies include:

Measuring and Monitoring Carbon Footprint:

To help tackle climate change we have collaborated with the Eco Team at Liverpool John Moores University to record, measure and analyse our carbon footprint Scopes 1, 2 and 3, and now have strategies in place to reduce our footprint and work towards net zero emissions well ahead of 2050.

Our total emissions for 2022 were 72,574.26.6 kgCO₂eq and we will monitor our footprint annually, with the aim to reduce this year on year, relative to rate of business growth.

While as a business we are setting organisation-level targets and incorporating environmental factors into our business decisions. Consider the choices you make and the environmental impact.

For instance:

- When travelling, consider if there are more environmentally friendly options to take?
- Can some meetings be done remotely instead of travelling?
- Think before you print



ISO 14001 – Environmental Management Systems:

SFL are accredited with Environmental Management ISO14001 Certification which is an investment in improving our planet, and is integrated throughout our sustainability strategy playing a key role in our business operations to reduce waste, costs, and risks while supporting the environment in the process.

Refurbishment and repair of equipment:

We offer a repair service to radio equipment, and repaired over 300 customer radios, which would have otherwise been replaced with new.

We have a partnership with companies specialising in the sale of refurbished radio equipment, and our objective is to promote a circular economy by offering to take our customers old radios and entrusting them to our partnership in order to get a 2nd life and divert from landfill.

In 2022 we managed to divert 100+ from landfill and into a 2nd life.

Office Supplies:

When considering office supplies, we will:

- Evaluate whether the need for supplies can be met in another way
- Evaluate if renting or sharing is an option before purchasing equipment
- Evaluate the environmental impact of any new products intended for purchase
- Favour more environmentally friendly and efficient products where possible
- Reuse and recycle everything that we are able to
- Use local materials and suppliers where available to reduce our carbon footprint

Waste Management:

Managing our waste effectively is important, especially in terms of minimizing our use of finite natural resources. The most efficient way of reducing the environmental impacts from waste is not to generate waste in the first place. We will continue to adopt the following principles:

- Our Manufacturing facility abides by “lean manufacturing” practices, where we continually experiment to achieve perfect value with zero waste. As part of this



commitment, we undertook a “lean manufacturing” improvement project with the Manufacturing Technology Centre (MTC).

- Continue to reduce our waste by recycling our waste with our licensed provider [B&M Waste Ltd](#). A recycling policy has been implemented where all waste is segregated into different categories to enable us to maximise our recycling potential and divert from landfill.
- Implementation of a WEEE (Waste Electrical and Electronic Equipment) bin. This covers all electrical waste within the business and will be collected and taken away for recycling. This will aid us in the recovery, reuse and recycling of electrical items and components that often end up in the landfill.
- Minimise the use of paper in the office
- Buy materials that have a recycled content
- Schedule deliveries to minimise energy consumption
- Audit all deliveries to make sure that all materials have been delivered
- Store and use materials in accordance with manufacturers’ guidelines
- Store and use hazardous materials according to details on COSHH datasheets
- Reduce the amount of materials used i.e. packaging
- Reuse items where possible such as packaging i.e. cardboard boxes, bubble wrap and paper
- Recycle materials on and off site by careful segregation
- Dispose of materials only as the last resort
- Provide multi-purpose recycle bins i.e. staff food waste, plastic bottles, paper

Energy and Water Management:

We want to reduce the amount of energy use, so we will:

- Monitor energy consumption on a monthly basis and make our staff aware of the need to use water wisely
- Reduce the amount of water used by having self-closing taps to save water
- Ensure taps do not leak and are not left running unnecessarily
- Switch off electrical equipment when not in use i.e. Simplistic measures have been implemented to turn off all IT equipment when idle
- All our lighting has been switched to LED, and all future lighting will be LED throughout all locations
- In general areas, individual offices, meeting rooms and corridors, motion sensors have been fitted to turn off the lights if no movement detected
- Avoid overheating premises and encourage staff to dress accordingly to change clothing habits instead of increasing/lowering the thermostat temperature
- Considering energy consumption and efficiency of new products when purchasing them



- We are currently exploring the installation solar panels to power our manufacturing facility

Transport activities:

Staff commuting accounted for 31.99% of our 2022 carbon emissions, and transport related activities as a whole accounted for 71.7% of 2022 carbon emissions. Whilst meeting our clients and teams face-to-face remains important to building relationships, we are determined to leverage what we learned from the Covid-19 pandemic to create a new and more sustainable delivery model for the future. As a company we are confident this is an area we can help reduce our emissions by:

- Promoting car sharing
- Offer cycle to work scheme
- Promoting the use of travel alternative such as video conferencing
- Promoting the use of electric vehicles

Additionally:

- We will make additional efforts to accommodate the needs of those using public transport or bicycles
- We recently installed EV charging points at our Head Office to further encourage employees, customers and suppliers to use Electric vehicles to travel to our head office
- We are investigating electric vehicles for our own fleet upgrades



Social

Overview:

The social aspect focuses on how our business impacts wider society and workplace culture. Our people make up our business. Intellectual capital is core to our clients, our business model and our long-term sustainability. We aim to foster an environment that values and nurtures unique talents and contributions from every individual within a culture of inclusivity. While we have progress to make, we are committed to cultivating and empowering change by building an inclusive workplace where all talents can thrive. Contributing to your local community is important, and as a company SFL recognise the role we can play to positively impact and contribute to our local environment and do our best to put back into our surrounding community.

Promoting Equality and Diversity:

We promote equality in the workforce and have diversity and inclusivity policies.

Employee Wellbeing:

➤ **Mental Health Training**

At SFL we champion mental health awareness, run mental health workshops, and have appointed a mental health first aider.

➤ **Health Care Coverage**

All employees benefit from health shield personal insurance plans

➤ **Employee Fitness Programmes**

At SFL we have a close association with the Wirral Wellness Centre who offer a blended approach to all things physical, mental health and wellness. They provide a weekly fitness and wellness session for SFL employees and offer additional support to any employee that needs it. It also encourages inclusivity and team building.

➤ **Cycle to work scheme?**

At SFL we offer a cycle to work scheme to all employees.

➤ **Quarterly employee socials**

We have a social committee at SFL responsible for bringing all teams together once per quarter which is aimed at team building and providing an outlet to all employees.

Investors in People:

SFL are proud to be part of an apprenticeship scheme, offering youngsters in our local area an opportunity to shine and develop a career with the company. This initiative has been a roaring success and we will continue to invest in this scheme

Staff Training and Development:

We increase employee awareness through training to support our sustainable business practices, health and safety, wellbeing, and career development.

Supply Chain Audits:

We manage our supply chain, running checks on new suppliers and running annual checks on existing suppliers. This allows us to manage our supply chain as best as we can, which helps prevent abuses within the supply chain, such as labour rights, including modern slavery and freedom of association.

Investing in Local Communities:

We have proudly partnered with and supported local charities. We will continue to support local charities and raise funds through social events.

We collect for a local hospices; collecting food, supplies and clothing to support their projects, which support the most underprivileged families in our local community, and we will continue to support these causes.

Moving into 2024 as a company we will identify and work with local charities, donating our time, where employees can take fully paid time out of work to donate their time to local charities in support of their goals.

Workplace Culture

To help further improve our workplace culture we encourage employees to:

- Challenge and report discriminatory or offensive behaviour
- Understand diversity and inclusion policies
- Be an active ally for groups often underrepresented
- Lead by example in the workplace



- Support local communities and charities and help to improve the wellbeing of others who need support



Governance

Overview:

Good governance is foundational to our business, and all aspects of ESG. We cannot thrive without paying attention to our compliance obligations. SFL seeks to go beyond the concept of 'box-ticking' and embed compliance into the heart of our business. From completing training on time to actively understanding how regulations affect your work, good governance starts from the individual acting ethically. Take governance to heart by:

- Daily SQCDP meetings to air anything (good or bad) relating to Safety, Quality, Cost, Delivery or People. Any issues raised that cannot be dealt with by the team in attendance and requires more input, get escalated to management review, where they will be addressed by the Senior Leadership Team and will stay on there until we have a satisfactory conclusion, based on Time, Cost, knowledge resources
- Daily we discuss some of the issues that make up our ESG Policy including: Training, Socials, Sickness, H&S, Segregation of waste, use of Hazardous materials
- 5S in the workplace - 5s stands for sort, set in order, shine, standardize, and sustain. We use this methodology to focus on improving efficiency, safety, and quality through organizing and maintaining a clean work environment.
- Becoming a compliance champion in your team
- Referring to policies and procedures instead of identifying shortcuts
- Becoming knowledgeable and aware of red flags for compliance failures and risks in your business area
- Calling out poor behaviour and reporting failures

Monitoring and enforcement:

SFL seek to proactively prevent and mitigate instances of non-compliance with this ESG policy.

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

Progress on this policy is reported to the Directors on a regular basis. Active participation and engagement at all levels of the business is important to ensure ownership of ESG by all staff.

We will:

- Comply with all relevant regulatory requirements
- Continually improve and monitor environmental and social performance
- Continually improve and reduce environmental and social impacts
- Incorporate environmental and social factors into business decisions
- Increase employee awareness through training
- Review this policy and any related business issues at monthly management meetings

Culture:

We will update this policy at least once annually in consultation with staff and other stakeholders where necessary.

Signed by Karl Beach (MD)



Karl Beach