

**Houghton
International**

Electro mechanical innovation

Sustainability Statement

Introduction

At Houghton International, repair, maintenance and life extension are at the heart of what we do. We work with sectors including power generation, renewables, water, manufacturing and transport to keep assets running more efficiently for longer, helping to lower energy usage, prevent waste and reduce carbon footprints. Sustainability and the circular economy are inherent within our operations and processes.

We are proud to work with companies that are leading the way in sustainability, including industry leaders in passenger and freight transport, manufacturing and renewables. Sustainability in industry is a process of continuous improvement, and one that we must all be part of.

Our sustainability statement will detail our strategy, objectives and metrics for monitoring, assessing and improving sustainability.



OUR MISSION, VALUES AND PRINCIPLES

OUR MISSION

To be the best in the world at what we do

OUR CORE VALUES

 We protect and develop our people to be the best	 We work as one team to deliver an exceptional customer experience	 We are open, honest and always act with integrity	 Innovation drives our business
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OUR PRINCIPLES

 <ul style="list-style-type: none"> • Maintain a healthy and safe working environment • Invest in the development of our people • Share success with the team • Hire for attitude; train for skill • Treat everyone with fairness and consistency 	<ul style="list-style-type: none"> • Quality is everyone's responsibility • Always understand what the customer wants; internal customer included • We respect our colleagues and our working environment • 24/7 complete flexibility; we are always there when we are needed 	<ul style="list-style-type: none"> • Admit when you are wrong and learn from it • Focus on what is right; not who is right • Communicate with customers, suppliers and colleagues on a timely basis • We make profit ethically and with integrity • Set transparent performance metrics 	<ul style="list-style-type: none"> • Commit to continuous improvement • Question the status quo – always ask why • Encourage creativity • Strive for perfection • We can solve any problem
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everyone matters

Core values

Houghton International has a clear mission and a set of values and principles that guide everything we do. Each of these relates back to sustainability and a triple bottom line of people, planet and profit. Our mission, values and principles are helping us create an internal culture where sustainability is central to all decision making.

Our core values:

We protect and develop our people to be the best

We invest in our people to help them develop and we maintain a healthy and safe working environment to protect them. This gives them the knowledge, skills and resources they need to deliver our products and services and put safety, quality and sustainability at the forefront of everything we do.

We work as one team to deliver an exceptional customer experience

We work together to drive high standards and continuous improvement across all areas of our business – from increasing the efficiency of rotating machines to managing waste streams and reducing energy usage. We know sustainability is key for our customer base and we work flexibly with our customers to meet their needs.

We are open, honest and always act with integrity

We are committed to making profit ethically and with integrity. We are improving our monitoring and reporting of environmental KPIs to provide better transparency when it comes to sustainability performance. We are also investing to better understand the carbon footprint implications of repair vs replace decisions to help customers make more informed choices about their assets.

Innovation drives our business

Innovation is at the heart of how we operate. Our principles include a commitment to continuous improvement, questioning the status quo and a problem-solving approach, all of which are key to our efforts to improve the environmental sustainability of our business, our customers, and our supply chain.

Our environmental sustainability

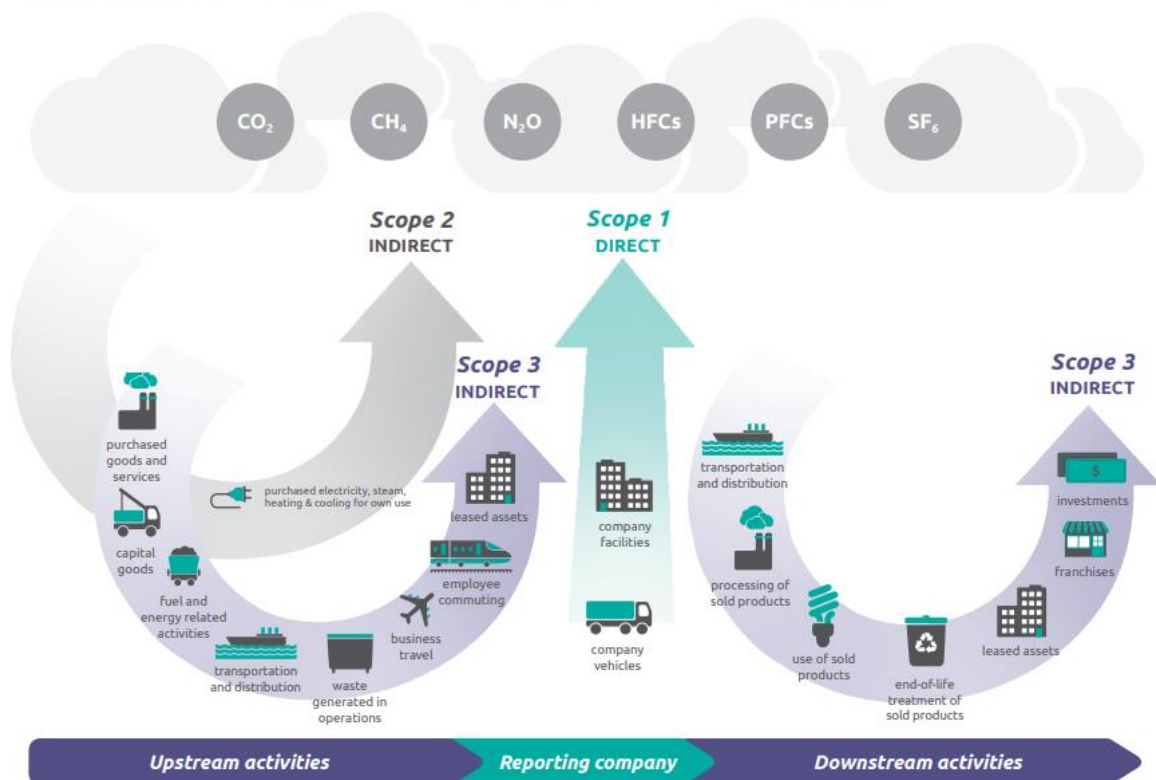
Our facilities

Houghton International occupies two adjacent sites in Newcastle upon Tyne: the 120,000sq ft Ronnie Mitten Works and 15,000sq ft Large Machine Repair Shop. All utilities are included as part of the lease agreements for both sites.

The company operates a small fleet of commercial diesel vehicles, including panel and drop-side vans. Where possible will we combine customer collections and deliveries to reduce journeys made, and our crew cab van reduces the number of vehicles required for our site teams to attend customer sites.

The company monitors three different types of emissions resulting from our work. Scope 1 emissions are those from sources that we directly control, such as the gas we burn to heat our buildings and the fuel used in our fleet of vehicles. Scope 2 emissions are the indirect emissions from how the electricity we use is generated. And Scope 3 emissions encompasses all other emissions that are not directly generated by the company, for example the emissions related to goods and services purchased from suppliers in the course of our activities.

Figure [5.2] Overview of GHG Protocol scopes and emissions across the value chain



Source: Greenhouse Gas Protocol

Environmental monitoring

Our environmental management system is independently audited and accredited to BSI EN ISO 14001:2015, and is complemented by our quality management system, certified to BSI EN ISO 9001:2015. This ensures traceability, accountability and transparency, providing a solid foundation upon which to improve our environmental sustainability. This is complemented by our environmental policy, which is regularly reviewed in conjunction with environmental best practice and the wider business objectives.

We have recently taken a number of steps to reduce our impact on the environment. In 2020 we consolidated our five sites across the North Tyneside area into one facility. Not only has this greatly reduced our vehicle emissions from internal logistics, but it has also provided the opportunity to invest significantly in our facilities, systems and processes to improve efficiency. These investments include:

- Updated and improved Building Management System (BMS) to better control and optimise energy usage in our lighting and heating systems
- Upgraded, energy-efficient lighting across the business
- Water recycling system in our wash bay to reduce water consumption by 150m³ per year
- Improved waste management and segregation of waste metal
- Speed door system to reduce heat loss when using roller shutter doors
- Compressors replaced with updated, energy efficient versions
- Introduced signage around our sites to encourage staff to make environmentally responsible choices

The company's energy and waste usage and Scope 1 & 2 emissions are regularly communicated to the board of directors and senior leadership team via our monthly reporting process, ensuring environmental impact is communicated alongside other business KPIs.

Site leases are inclusive of all utilities, including electricity. This means all electricity supply to Houghton International sites is provided through Siemens Energy. Siemen Energy sourced 90% green energy in 2022, and are [targeting 100% green energy procurement in 2023](#), thus securing 100% green electricity for Houghton International.

Sustainability must be a joint effort from across the company, so we are also engaging with staff from all areas of the business for their feedback on changes, small and large, that can be made to reduce the environmental impact of the business. This is a continuous process, driven by our annual Employee Opinion Survey, that recognises that at Houghton International *everyone matters*, and gives every single member of staff the opportunity to shape the future of the business.

How we're improving

We recognise that there are ways we can improve our environmental reporting and are working on our reporting systems to better capture data on our carbon footprint, including Scope 3 emissions, alongside other key environmental measures such as waste management and recycling.

Customers

It is important for our customers to understand the implications of repair vs replace decisions when it comes to their rotating machines. Cost of new machines, repairs and downtime, lead times and compatibility all factor into these decisions, but we also want to provide our customers with relevant environmental data in order to help them make an informed decision.

Working with Newcastle University, we are investing in industry-leading research to measure the greenhouse gases that our operations as a repairer saves from being released and how this compares with the environmental impact of purchasing new machines. Not only will this empower customers in their decision making, but it will also allow us to identify any improvements we can make to our operations to further reduce the carbon footprint of our services.

Facilities

Upgrading our facility is a continuous process. When replacing assets, efficiency and sustainability are always considered. In many cases it only makes sense to replace equipment when it is reaching or has reached the end of its useful life to avoid creating further waste. In most instances, the most environmentally sustainable option is to refurbish or buy second-hand, and we will always consider this option if relevant and practical.

As clean energy and renewable technologies develop, we intend to invest in the most suitable solutions for our needs, such as the installation of solar panels, heat pumps, EV charge points and further PIR lighting sensors.

Our people

We recognise the importance of individual actions: in order to be truly effective, sustainability should be embedded in company culture. Our staff already recognise the impact of the work they do every day. From keeping electric buses running to extending the life of wind turbine generators, Houghton International's employees are directly supporting the energy transition every day.

On an individual level, there are many changes we can all make to be greener. Small changes, such as reminders to recycle and to switch off lights when not in use, are complemented by an open-door culture, where innovation and continuous improvement is encouraged.

Suppliers

Houghton International has an extensive supplier base, with key suppliers audited periodically. We plan to introduce sustainability as part of our supplier evaluation and audit process, which will cover both existing and new suppliers. We work with many small and medium-sized businesses, which provide us with a diverse and responsive supply chain, so we will seek to work flexibly with suppliers to incentivise a proactive approach to sustainability without unfairly disadvantaging smaller organisations.

Our procurement team will be encouraged to consider sustainability factors such as packaging and logistics in their purchasing decisions and to make greener choices where possible and practical.