

Sustainable and responsible business

DEVELOPING A SUSTAINABLE BUSINESS

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The Imagineering Club has been very well received in the school and the children love attending it! We really appreciate the time Xaar gives to organising and running the club and helping create real excitement amongst the children about the STEM subjects each year.

Karen Martin,
Headteacher, Grove Primary School



Our community

Xaar sponsors two Imagineering Clubs at local primary schools. These Clubs are designed to introduce children to engineering through fun activities. The sponsorships are part of Xaar's role in helping to create the 'engineers of the future' and drive interest in STEM subjects (science, technology, engineering and mathematics) amongst school students.

Sustainable and responsible business continued

The Group strongly believes that corporate responsibility is integral to business success. The Group is compliant with all relevant regulation and legislation whilst enhancing the working environment for our employees and minimising the environmental impact of our manufacturing processes. There is internal reporting of key metrics throughout the business, and each member of staff is expected to take individual responsibility for their performance and to work together to achieve shared goals.

Social responsibility

- Xaar employees raised money during the year for a number of charities, including taking part in various activities for Comic Relief on Red Nose Day and for Christmas Jumper Day (Save the Children).
- Xaar has sponsored a number of employees and their families engaging in events throughout the year, including charity golf days, Red Nose day, 5k Race for Life and a cycling event. In total, the Group made charitable contributions to local and national charities during the year totalling £766 (2016: £11,767). No political donations were made in the year (2016: £nil).
- The social club, which is aimed at encouraging staff to have fun and get to know each other socially, held several events throughout the year including theatre trips, festivals, family fun days, sports activities such as ice skating and Pretty Muddy Race for Life, meals and nights at the races.
- Xaar continues to sponsor an Imagineering Foundation club which operates at primary schools in both Huntingdon and Cambridge. Supported by eight volunteer tutors from Xaar's Operations and R&D teams, the weekly, hour-long after-school clubs are attended by up to 12 Year Six students. The students learn about basic science and engineering concepts and make working mechanical and electronics-based models, such as a balloon-powered 'rocket' car, a steady hand game and even an AM radio. The club's aim is to introduce young people of 8-16 years to the exciting world of engineering, science and technology through fun, hands-on activities.

Human rights

The Group respects all human rights and in conducting its business the Group regards those rights relating to non-discrimination, fair treatment and respect for privacy to be the most relevant and to have the greatest potential impact on its key stakeholder groups of customers, employees and suppliers.

The Board has overall responsibility for ensuring that the Group upholds and promotes respect for human rights. The Group seeks to anticipate, prevent and mitigate any potential negative human rights impacts as well as enhance positive impacts through its policies and procedures and, in particular, through its policies regarding employment, equality and diversity, treating customers fairly and information securely. Group policies seek both to ensure that employees comply with the relevant legislation and regulations in place in the UK and other operating locations and to promote good practice. The Group's policies are formulated and kept up to date by the relevant business area, authorised by the Board and communicated to all employees.

The Group undertakes extensive monitoring of the implementation of all of its policies and has not been made aware of any incident in which the organisation's activities have resulted in an abuse of human rights.

Equality and diversity

The Group is committed to providing a working environment in which employees feel valued and respected and are able to contribute to the success of the business. Employees are requested to co-operate with the Group's efforts to ensure that the policy is fully implemented.



The Group's aim is that its employees should be able to work in an environment free from discrimination, harassment and bullying, and that employees, job applicants, customers, retailers, business introducers and suppliers should be treated fairly regardless of:

- Race, colour, nationality (including citizenship), ethnic or national origins
- Gender, gender reassignment, sexual orientation, marital or civil partnership status
- Religious or political beliefs or affiliations
- Disability, impairment or age
- Real or suspected infection with HIV/AIDS
- Membership of a trade union
- Pregnancy, maternity and paternity.

and that they should not be disadvantaged by unjust or unfair conditions or requirements.

The Group aims to ensure that applications for employment from people with disabilities, and other under-represented groups, are given full and fair consideration and that such people are given the same training, development and job opportunities as other employees. Every effort is also made to retrain and support employees who suffer from disabilities during their employment, including the provision of flexible working to assist their re-entry into the workplace.

Human Resources policies are reviewed regularly to ensure that they are non-discriminatory and promote equality of opportunity. In particular, recruitment, selection, promotion, training and development policies and practices are monitored to ensure that all employees have the opportunity to train and develop according to their abilities.

The Group places considerable value on the involvement of its employees and has continued to keep them informed of the various factors affecting the performance of the Group. This is achieved through written communications shared through the Company intranet and email, and formal and informal meetings. All employees participate in a bonus scheme based on individual performance and Group business targets and, in the UK, have the opportunity to participate in an HMRC approved Share Save Scheme and Share Incentive Plan.

Formal directives and certification

The Group undertakes R&D and manufactures products in the UK and the USA. The Group complies with all local and European legislation. The Group's manufacturing facility in Huntingdon is both ISO 9001 and ISO 14001 certified. It is the Group's policy to maintain this level of certification for its manufacturing facilities and to comply at all times with all relevant environmental and other legislation in the territories in which the Group operates. The Group is compliant with REACH (Registration, Evaluation, Authorisation and restriction of Chemicals), WEEE (Waste Electrical and Electronic Equipment) and RoHS (Restriction of the Use of Certain Hazardous Substances) directives, as required under European legislation.

The Group has a proactive Health and Safety System modelled on OHSAS 18001/HSG65 in Cambridge, Huntingdon and Nottingham.

The anti-bribery and corruption policies of the Group are set out in the Corporate Governance section on page 53.

Health, safety and environment

Xaar has a manufacturing site in Huntingdon, along with R&D and head office functions in Cambridge, Nottingham, Europe and the USA, plus sales offices worldwide.

It is always Xaar's intention to conduct business in a manner that protects the public, the environment, and employee safety. Xaar's Environmental and Health & Safety policies provide a framework for setting and reviewing of Occupational Health, Safety and Environmental Objectives. This demonstrates Xaar's commitment to the prevention of injury and ill health and also the continual improvement in Environmental and Occupational Health & Safety Performance. Xaar recognises that the combination of a safe place of work and safe working practices, together with a productive and innovative environment, are critical to the continued success of the Company.

The management of Xaar is committed to achieving and maintaining full compliance with environmental, health and safety legislation. Although certain responsibilities under this policy can be attributed to specific roles within the organisation, and in particular with different levels of management, each and every Xaar employee shares the core basic duty to understand their

responsibilities to observe instructions put in place and, where necessary, to draw these to the attention of others.

To achieve our Environmental and Health & Safety policies, Xaar will ensure that the organisation is led by example; systems are in place to engage, train, develop and maintain competent, informed personnel; resources are allocated to enable safety standards to be maintained; employee involvement and open communication are actively encouraged; plant, equipment and facilities are safe and without risk to the health and welfare of all persons who could be affected by their use or maintenance; substances required and used in the workplace are handled and disposed of safely; a comprehensive risk assessment programme is maintained covering all activities and processes, with control measures implemented to minimise risk where applicable; adequate welfare facilities are provided; where accidents or 'near misses' occur, they are reported, investigated and treated as the source of learning for ongoing working practices; and that best practice is shared across the Group.

The Group is committed to minimising its impact on the environment through the reduction and recycling of waste and by operating its facilities as efficiently as is practicable. Our printhead technology improves process efficiency and reduces wastage in our end user markets.

Based on the closing headcount at 31 December the split of staff by gender was as follows:

	31 December 2017 male/female	31 December 2016 male/female
All employees	453/115	512/127
Directors	5/2	6/1
Senior managers	77/13	87/15
Employees excluding Directors and senior managers	371/100	420/111

Sustainable and responsible business continued

GREENHOUSE GAS EMISSIONS STATEMENT

Xaar plc has calculated its global greenhouse gas (GHG) emissions statement using an operational control consolidation approach as described in the Greenhouse Gas: Protocol: A Corporate Accounting and Reporting Standard (Revised Edition, 2004), which reflects the Defra Environmental Reporting Guidelines (Revised October 2013).

Scope 1 emissions

Scope 1 emissions occur from sources that are owned or where Xaar plc has operational control. This includes direct emissions from gas combustion in our buildings and fuel used in leased company vehicles. Actual and estimated gas consumption data has been collected from each of the leased properties under the control of the Xaar Group, from data sources including direct meter readings, meter readings from suppliers included on invoices and estimations where required based on available information from property management suppliers and other sources. Actual mileage data has been collected from the leased company vehicle fleet.

Scope 2 emissions

Scope 2 refers to indirect emissions from the consumption of purchased electricity (also including any purchased heat, steam or cooling) from facilities owned or under the operational control of Xaar plc. Actual and estimated data has been collected from each of the leased properties under the control of the Xaar Group, from data sources including direct meter readings, meter readings from suppliers included on invoices and estimations where required based on available information from property management suppliers and other sources.

Assessment parameters

Baseline year	1 January 2013 to 31 December 2013
Consolidation approach	Operational control
Boundary summary	All entities and all facilities under operational control included subject to the materiality threshold applied
Consistency with the financial statements	The only variation is that leased properties deemed to be under operational control have been included in scope 1 and 2 emissions
Materiality threshold	Materiality has been set at Group level at 5%*
Assessment methodology	Greenhouse Gas Protocol and ISO 14064-1 (2006)
Intensity ratio	Emissions per £m turnover excluding royalties

* The total of any excluded emission sources are estimated to be less than 5% of Xaar plc's total reported emissions.

GHG emission source	2017		2016	
	(tCO ₂ e)	(tCO ₂ e/£m)	(tCO ₂ e)	(tCO ₂ e/£m)
Scope 1	148	2	167	2
Scope 2	4,088	49	4,432	53
Statutory total (scope 1 and 2)	4,236	51	4,599	55

The GHG emissions statement includes emissions data from leased assets that are not included in the rest of the consolidated financial statements, other than in note 31 Operating lease arrangements.