

# Strategic Report

## Sustainability report

For the year ended 31 December 2022

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***“Corporate Social Responsibility is integral to our ongoing business success. It reminds us of the need to minimise our impact on the environment, encourages us to pay attention to the needs of our customers, employees, and other stakeholders, and to build engagement with local communities.”***

Judges Scientific is focused on acquiring and developing global niche companies within the scientific instrument sector. It selectively acquires businesses that generate sustainable profits and cash. We produce scientific instruments that enable our customers, to push the boundaries of science and also make a world a little safer. At the same time, Judges Scientific recognises that its operations have environmental and social impacts. Whilst these are relatively small, given that we operate a portfolio of low carbon-intensity manufacturing businesses, it is still imperative that we minimise our negative impact on the environment.

Given the structure of our Group, which consists of 18 small and medium-sized businesses, each of whom employ less than 75 staff, we also have to prioritise our time and resources into those areas that provide the most positive outcome or greatest reduction in negative impact.

This report is split into four main areas, Culture, Products, People and Environment because these are the core areas applicable to our business.

Providing a good working environment for our employees and maintaining an efficient use of resources have always been key features of the success of Judges Scientific’ businesses. Transparency is important and this report goes beyond what we are required to disclose as we want to ensure stakeholders are well informed about our actions and continued progress across the key ESG areas.

We know that the focus on sustainability also opens up opportunities for us, for example in the application of our products and services in industries that will provide environmental or social impact, in the way we do business, and in how we interact with our employees, our suppliers, our communities and the wider society.

We expect to continually evolve this strategy, further reduce emissions at our businesses, continue to provide a fulfilling place of work, and provide our customers with even better products. Sustainability is becoming more and more important and our businesses will contribute.

We are committed to better communicate with our stakeholders as, over time, we gradually increase the volume of disclosure in this area. Whilst this is currently voluntary, we take due note of existing recommendations such as the UN’s Sustainable Development Goals (SDG’s) of which objectives 8 (Decent Work and Economic Growth) and 5/10 (Gender Equality/Reduced Inequalities) are most closely linked to our business. We will also update our reporting to reflect the requirements of the IASB’s future standard on non-financial reporting in this area.

### **Culture**

#### ***Judges Scientific’ unique culture drives decision-making within the organisation***

##### *Purpose*

“Our purpose is to build a portfolio of businesses with longevity, within the scientific instrument sector, by selectively acquiring businesses that generate sustainable profits and cash.”

The Group’s strategy is based on creating shareholder returns through highly selective and carefully structured acquisitions, underpinned by the diversified, solid and growing earnings and cashflows arising from our existing businesses.

Judges Scientific’s unique culture starts from when we first interact with the vendors of acquisition prospects. We believe that each company that joins our Group will remain for the long term, and therefore we must begin that relationship properly from our first contact with them. We acquire successful businesses and we expect them to remain successful, so it is very important that we treat the vendors with respect, and never seek to change the terms of a deal once heads of terms are agreed. We also treat their staff in the same manner as we treat our own, showing respect, openness, honesty and integrity in all our actions.

Whilst we do not manufacture products that directly create an impact on society or the planet, our products are used for research, for example in finding solutions to pressing global problems.

We take our role in the world seriously and recognise that how we do business is as important as what we do. Internally, we work to minimise the environmental footprint of our operations, while investing in our employees to keep them safe and help them develop their career. Externally, we focus on delivering on our purpose to support our customers in addressing some of the world’s most difficult challenges, improving scientific understanding and enabling a greener economy.

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### *Shared values*

“Our employees share our long-term values, and we encourage all our employees to act like entrepreneurs and treat the company as if they are its owner.”

Approximately forty percent of our team are Judges Scientific shareholders (240 staff at 31 December 2022), having acquired shares through the Judges Scientific Share Incentive Plan, an HMRC approved scheme, which enables our staff to acquire Judges Scientific shares from pre-tax earnings; Judges Scientific matches our staff's investment up to a certain level which ensures that all staff can benefit from Judges Scientific maximum matching contribution, not just the highest paid.

We value employee tenure and longevity and always encourage long-term decision-making above the short term as we expect that our businesses build for the future, not just for the present. Consequently we have many long-standing experienced staff happy to work with our businesses throughout their career.

Our businesses have all built a good reputation as a key employer in their local community, dealing fairly with their own staff, customers and suppliers. We expect them to continue to do this, understanding that as a public company we must continue to uphold high standards of behaviour.

### *Ethical Behaviour*

“Our belief is that principles of honesty and fairness should apply to our relationships with all stakeholders, internal and external, across the entirety of our value chain.”

Judges Scientific has a zero-tolerance policy on bribery and corruption in relation to all business transactions in which the Group is involved. This policy includes the offering or receiving of inappropriate gifts or making payments to influence the outcome of business transactions. We also require customers and suppliers who contract with the Group on our standard business terms to comply with anti-corruption and anti-bribery laws, and during 2021 we rolled out an updated Code of Conduct to ensure everyone in the Group, and all our suppliers and customers, are aware of and adhere to the code (<https://www.JudgesScientific.uk.com/financial-performance/corporate-social-responsibility.html>).

Judges Scientific' also supports the provisions set out in the Modern Slavery Act and endorses the core requirements of the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We do not tolerate practices which contravene these international standards. Additional information is included within the Judges Scientific Modern Slavery statement on our website at <https://www.judges.uk.com/PDF/Modern-Slavery-Act-statement-Judges-2023.pdf>.

## **Products**

***Our products enable our customers to make the world healthier, cleaner and safer. We do this by helping our customers accelerate life sciences research, solve complex analytical challenges and increase laboratory productivity.***

### *Purpose*

“High quality products help our customers develop and enhance their own offerings, innovations or research.”

Judges Scientific's portfolio businesses are diverse and provide varied products and services that contribute to making a positive societal and planetary impact, although not always directly on their end user.

A great example is at one of our subsidiaries, CoolLED, which manufactures LED illumination systems for fluorescence microscopy. Their technology, which uses a small LED as the light source for microscopy, is helping to eliminate mercury lamps, which were historically the light source of choice for light microscopes but are toxic. CoolLED's newer, safer non-toxic technology is also far superior to the mercury lamp, enabling researchers to generate a higher and more reliable volume of results together with reducing wastage of precious sample matter in their experiments. These products are also more energy efficient than mercury lamps which helps reduce the energy usage of the researchers and their laboratories.

### *Product quality*

“High standards of quality of products and services and ensuring global regulatory compliance.”

Judges Scientific businesses design and manufacture highly engineered equipment with long-life applications, providing longer lifespan of products and parts.

Quality for our customers means they can rely on our products and services to consistently meet their specifications and requirements, and some of our businesses have customers with products greater than ten years old still working as well as the day they were purchased.

Quality for regulatory authorities means that we operate at the highest ethical standards and meet or exceed all applicable regulatory requirements, and a number of our businesses are ISO 9001 certified.

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Quality for our colleagues means we take personal ownership to aim to ensure our work meets customer requirements and is error-free from design through use.

Quality for our company means we encourage a continuous improvement culture.

### People

**We believe that our people are fundamental to the success of the business. We invest in our people to help them develop the capabilities that they need to succeed in the long term.**

#### Purpose

Our vision is that all employees are proud to work for businesses that are the best at what they do and understand the positive difference that their products make in the world. Simply put, well-motivated employees are more productive

Our aim is to retain, attract and enable the best people, creating an inclusive environment for all, noting at the same time that recruitment for small companies is often more challenging than for blue-chip businesses.

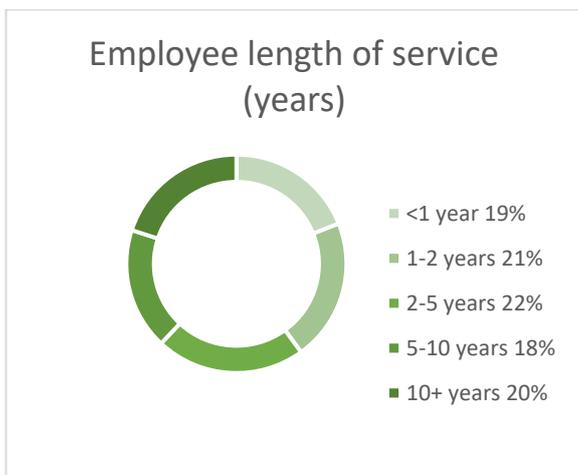
#### Diversity, Equity and Inclusion

“Our employees share our values and we encourage all our employees to act like entrepreneurs and treat the company as if they are its owner.”

Judges Scientific supports equal opportunity for all our employees and those that wish to join our Group. Our aim is to build a meritocratic work environment where everyone can make the most of their skills and talents throughout their career, without discrimination or harassment. In the event of a member of staff becoming disabled, every effort is made to ensure that they can continue their employment with the Group with suitable support.

It is the Group’s policy that disabled people should have access to the same career path, training and promotion opportunities as all other employees. It is a Group policy to not discriminate against staff or candidates on the basis of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, or sex or sexual orientation.

Our Group believes in providing a secure workplace with meaningful roles for all our staff which is evidenced through employee tenure and staff turnover rates. People who feel safe at work and enjoy their job, stay with their employer longer, it’s as simple as that. Our average length of service is 6.4 years, with 5% of our team having worked for our businesses for more than 20 years. Staff turnover has always been fairly low and in 2022 was 14% of our workforce, close to the UK average (2021: 15%). We calculate this figure as the number of leavers in the year (excluding any retirements) divided by the average annual number of staff.



The average age of our staff is 44.0 years old. As a niche engineering business that produces cleverly designed products that require skilled design, manufacture and assembly, we are happy to employ anyone with a good skillset together with a positive attitude. Often when recruiting, we find more experienced people applying, who sometimes have felt less welcome in other businesses and we are delighted to bring them into our team. We have 253 staff over the age of 50 and our oldest staff member is 81 years old. Our recruitment philosophy is that it doesn’t matter what your age is, if you can do the job and want to do the job, you are welcomed. At the same time, we regularly recruit apprentices and younger staff into our Group, who bring in fresh knowhow on emerging technologies and the changing needs of our end-customers. This protects our subsidiaries’ long-term viability, with 18% of the Group being under the age of 30 (2021: 16%).

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2022	Male	%	Female	%
Judges Board	7	87%	1	13%
Senior management	82	78%	23	22%
<b>Total workforce</b>	<b>487</b>	<b>74%</b>	<b>168</b>	<b>26%</b>
2021	Male	%	Female	%
Judges Board	7	88%	1	13%
Senior management	73	78%	20	22%
<b>Total workforce</b>	<b>405</b>	<b>75%</b>	<b>135</b>	<b>25%</b>

It is clear that there is an over-representation of males in our workforce. As an engineering group we are in an industry that has historically been male-dominated, so consequently for many years we have been challenged with recruiting from a largely male pool for a number of our roles. That having been said, 26% of our Group are female (2021: 25%). Over the past few years we have appointed Lushani Kodituwakku as a Non-Executive Director of the Board and we are also developing our own internal talent and have three female directors on subsidiary boards.

Across the last decade, significant efforts have been made by governments around the world, including the UK, to encourage the study of STEM by females, but there is only a low flow of these graduates to smaller companies as so many of our blue-chip peers are their first choice. Additionally, we already have challenges in finding good shortlists of potential recruits for open roles, and so whilst we are keen to improve the diversity across all levels of our business, it is not easy for us to change this situation quickly.

At the same time, an important aspect of how we are trying to close the diversity gap and build greater inclusion is through flexible working, in a trusting environment, which we have been offering for a number of years to many of our staff. For example, we have a number of our finance team who are able to work the hours they wish in order to balance their personal and work lives. More recently, and reflective of some of the changes to working practices following the pandemic, we have wherever possible offered hybrid working, and we have accommodated the needs of many of our staff to work remotely.

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### Gender Pay Gap Report

The Gender Pay Gap Regulations state that employers with more than 250 employees in Great Britain are required to report their Gender Pay Gap. Judges Scientific, with its group of smaller trading businesses, each below this level, is not required to report under this criteria, but has taken the decision to do so in order to provide stakeholders with greater transparency.

Having collected, and analysed our Group pay data, the overall result shows a 4% average gender pay gap between males and females across all employees excluding senior management. This has decreased by 8% from 2021, whilst the median gap has reduced by 2%. If one also includes senior management (both Judges Scientific and subsidiary level directors), the mean pay gap becomes larger due to the majority male demographic of this group, but this gap reduced from 29% in 2021 to 18% in 2022, and the median gap reduced to 16% from 20%.

In relation to bonuses, there is a larger gap due to bonuses paid to senior management and also from commissions payable to salespeople, who are predominantly male. In 2022 71.7% of women received a bonus with 64.8% of men (2021: 99.3% of women and 98.8% of men).

The pay gap is summarised in the following tables/graphs:

	Excluding Senior management		Including Senior management	
	Mean	Median	Mean	Median
2022				
Pay gap	4%	13%	18%	16%
Bonus pay gap	-11%	-14%	45%	20%
2021				
Pay gap	12%	15%	29%	20%
Bonus pay gap	-1%	0%	37%	29%

Pay gap progress:



As our businesses are fairly small, we do not have a consistent staff structure across them all. It is therefore not straightforward to collate groups of staff in similar roles across all role in order to benchmark pay between males and females to establish whether there were any significant differences. Where we have been able to do this, particularly in more senior roles, where it is easier to compare like-for-like e.g. non-executive directors, sales or operations director or finance managers of our subsidiary companies, we have not noted any significant variance in pay. That having been said, this does not exclude us from looking at opportunities to bridge any apparent gap.

The table below provides quartile hourly pay data, ordered from highest to lowest, into four equal groups. This provides a picture of where male and female employees are in the pay hierarchy.

	2022 Female	2022 Male	2021 Female	2021 Male
Upper	20%	80%	17%	83%
Upper Middle	24%	76%	20%	80%
Lower Middle	19%	81%	26%	74%
Lower	38%	62%	37%	63%

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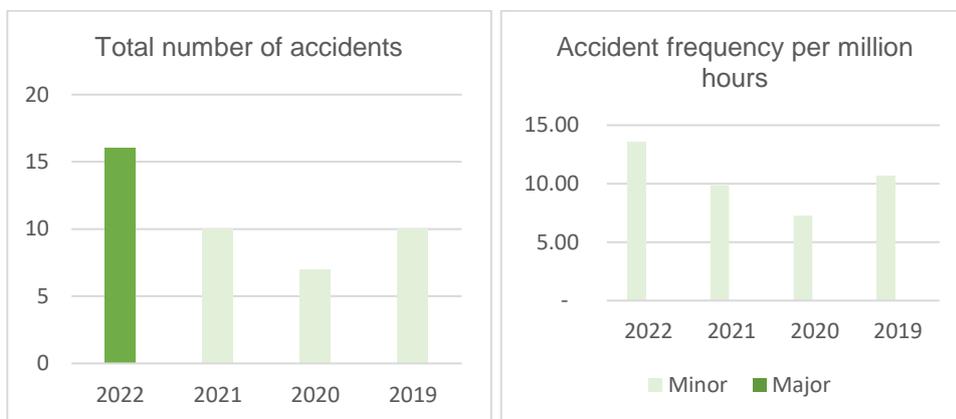
We know that a highly capable, diverse workforce will be important to Judges Scientific's long-term success. Having a diverse team enables the company to better understand our different customers and markets, particularly as we sell to blue-chip universities and commercial businesses whose own demographics are changing quickly, together with having broader perspective to ensure we maximise our ability to make the right decisions and thereby deliver solutions to our customers that exceed their expectations. To achieve this, we must continue to make our workplace an environment that everyone looks forward to working in and to continue to offer career development so that all women and men realise they can develop their careers and be rewarded fairly at Judges Scientific.

### Health & Safety

Health and safety is of paramount importance to the Judges Scientific Group and a key priority for our subsidiary management teams. Our employees must be and feel safe at work and we therefore aim to provide a safe and comfortable working environment for them. The Group encourages all of its subsidiary companies to seek continuous improvement and promote a strong health and safety culture.

The Group routinely monitors health and safety adherence across our trading subsidiaries. As we operate a decentralised autonomous operating structure, performance is monitored at a Group level with the board of each trading subsidiary directly responsible for compliance with local health and safety regulations. We have also instituted a Group-wide annual independent health and safety review which assesses compliance and provides local management with feedback to continually improve health and safety.

During 2022, we had 16 minor incidents and no significant injuries across all our businesses (2021: 10 minor incidents and no significant injuries). All incidents are followed up with changes to procedures and/or training of our employees as appropriate to prevent recurrence.



### Employee Engagement and Training

"Only by fully engaging with our workforce, embedding our values across all that we do and developing progressive people management practices, will we achieve a culture that aims to allow employees to maximise their potential."

As seen over the past few years, the commitment and dedication of our people enables us to fulfil our Group's potential and successfully deliver on our business strategy. We strive to continuously improve Judges Scientific as a great place to work and to achieve personal goals. Having a sustained focus on engagement will help us retain our talent, which is crucial to our future success. Improving engagement also helps us to build on our core values, resulting in committed, hardworking and loyal employees.

Over 90% of our subsidiary leadership teams have attended our Judges Scientific leadership development programme. During 2022 we further continued our new management development course with another cohort of our most promising managers attending, which aids with their progression towards becoming the next generation of senior leadership. We will continue with both these types of course over the coming years, as this will ensure we continue to have the highest quality of junior and senior management across our businesses. We further encourage all our businesses to invest in other skills training for staff to enable everyone to become more proficient in their roles.

An added benefit in being part of a diversified group of companies is staff mobility. Where we have good employees, but where there may be structural barriers to their career advancement in a particular business or a change in their circumstances which stops them from performing their current role, we have the capacity for staff to join a sister company rather than continuing their career outside the Group and this has worked well for a number of our team during the past few years.

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### Environment

**Judges Scientific recognises that concerns about the environment, including climate change, must be addressed by all its businesses.**

#### Purpose

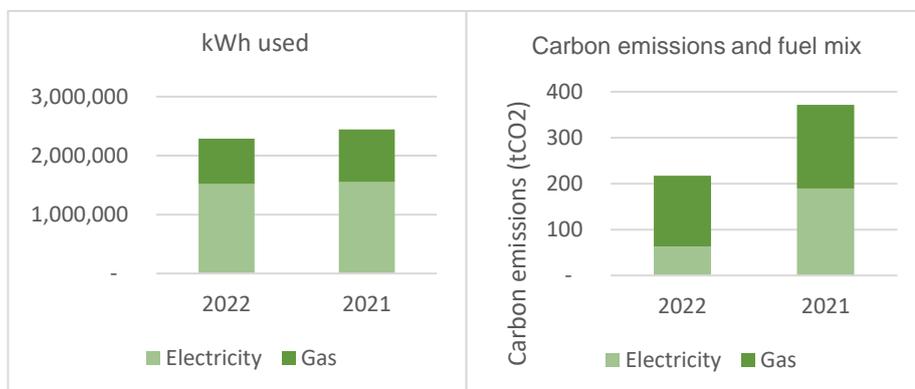
We work to minimise the environmental impact of our operations wherever possible. As a manufacturer of niche scientific instruments, we do not have carbon-intensive manufacturing facilities, instead the vast majority of our businesses are assembling instruments. Our niche instruments are largely used for research, to help progress scientific advancement.

Through our culture of sustainable ownership, it's often our colleagues who identify areas for improvement to combat climate change. Best practices in individual businesses are shared across the Group, and implemented where feasible. This year, as part of our budgeting process, we also gave specific encouragement to all our businesses to invest in environmentally friendly initiatives wherever possible.

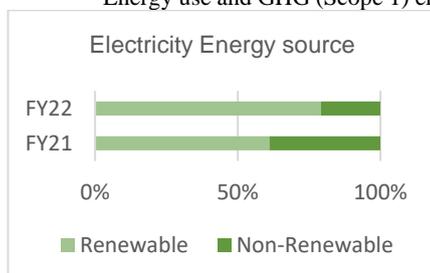
#### Energy use

"Efficient use of energy makes commercial sense."

Due to our low capital-intensive manufacturing processes, we use comparatively little fossil fuels. We are a business founded on technological innovation, and this mindset translates into our businesses adopting energy efficient technologies wherever sensibly achievable. The vast majority of our facilities have used energy efficient LED lighting for a number of years, and we have almost completed the conversion of the remainder. We have energy management technologies in many of our facilities; simple things like having motion-sensor lighting in low-footfall areas and making sure lights are turned off at the end of the day to ensure we keep a low-waste mindset. Further, as part of all new building acquired for our businesses, we encourage the addition of solar-panelling to help generate a portion of the energy required to operate, such as at Oxford Cryosystems' offices.



#### Energy use and GHG (Scope 1) emissions



	2022	2021	2020
Global energy usage (kWh)	2,289,107	2,442,838	2,195,777
<b>Emissions</b>			
Scope 1 (direct emissions) tCO <sub>2</sub> e	154.1	182.0	164.8
Scope 2 (indirect emissions) tCO <sub>2</sub> e	63.1	189.1	169.5
<b>Normalised values</b>			
Scope 1 (direct emissions) tCO <sub>2</sub> e/£m revenue	1.91	4.06	4.18

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Our businesses continue to seek ways of reducing energy and despite adding a further business into the Group this year, the Group's energy usage reduced by 6%, positively affected by relocations into more energy efficient buildings and our energy usage per £ of revenue has significantly improved. We continue to look at best practices across the Group, and seek to implement other innovations that may improve this performance. Almost 80% of the electricity we use comes from renewable sources and we will continue to encourage adoption across our businesses to renewable energy sources.

The UK's share of the Group's global energy usage was 96% for gas and 99% for electricity (2021: 98% and 99% respectively).

As mentioned in the Products section, much design effort also goes into reducing the energy requirements of our products such that our customers benefit from lower energy consumption per use.

### *Environmental Accreditations*

"We believe that it is important that our facilities are operating to the highest environmental standards"

We continue to look at new ways through certification to improve our environmental performance. Some of our facilities have achieved ISO 14001 certification, proving their facilities are in compliance with environmental laws and regulation in the UK and EU and one further subsidiary has a My Green Lab ACT Label Certification for sustainability.

Benefits of certification so far have included cost savings, energy use improvement and allowing us to align ourselves with the ethical values of our customers. We will seek to achieve ISO 14001 certification in other facilities as appropriate.

### *Other Environmental Concerns*

"Climate change should not only include energy and carbon emissions."

We understand that concerns about the climate should not be confined to the remit of energy use and carbon, and are aware that water, waste and recyclability are other areas that must be addressed.

We continue to be at an early stage of our journey, but we are exploring ways to further improve, such as looking at how to measure our waste and water use, and how to further extend our use of eco-packaging wherever possible. As a Group, we continue to examine further ways to package our products more sustainably, particularly give the inevitable volume of packaging that we use in transporting our instruments to our customers around the world.

As noted at the start of this report, we have voluntarily provided this information in order to aid our stakeholders' understanding of our business and whilst our Group is a collection of small businesses with limited resources, we will continue to focus on the greatest opportunities to continue to improve our impact on society.

Brad Ormsby  
Director  
21 March 2023