



Striving for ESG Excellence

ESG Highlights 2022

About Hallmarq

As industry specialists, we focus on providing veterinary-specific advanced imaging systems that deliver safe, accurate and affordable solutions to veterinary practices worldwide. With a passion for animal health and over 21 years of experience in the industry, we're revolutionising advanced imaging with pet-specific solutions and veterinary imaging equipment designed to elevate the business. Hallmarq strives to increase access to advanced imaging technology through awareness and education, as well as safe, effective and affordable veterinary products. Backed by Q-Care, our world-class customer service and support programme, our exclusive dedication to the needs of the industry delivers exceptional value to our clients and their patients.

Since installing the world's first Standing Equine MRI system in the UK over two decades ago, Hallmarq customers have performed over 325,000 scans on horses, cats and dogs using our systems at over 140 sites in 25 countries worldwide. Over the years, we have

stayed true to our mission of a responsible approach to improving animal health and, as a result, we have received many awards. Most recently, we were awarded the prestigious Queen's Award for Innovation in 2021 for our Small Animal MRI and won gold in the Best in Biz Awards 2022 in The Most Customer Friendly Company of the Year category.

Hallmarq is committed to a head-on approach to tackling the climate emergency, the ecological crisis, and the pressing social and environmental issues facing our local communities..

Analysis indicates that our clients are becoming more and more focussed on Environment, Social & Governance (ESG) matters driven, for the most part, by their animal-loving clients. Our competitors have lagged in embracing ESG holistically, setting us apart and enabling us to deliver safe, effective and affordable products with an exceptional service offering.

Our three core products:

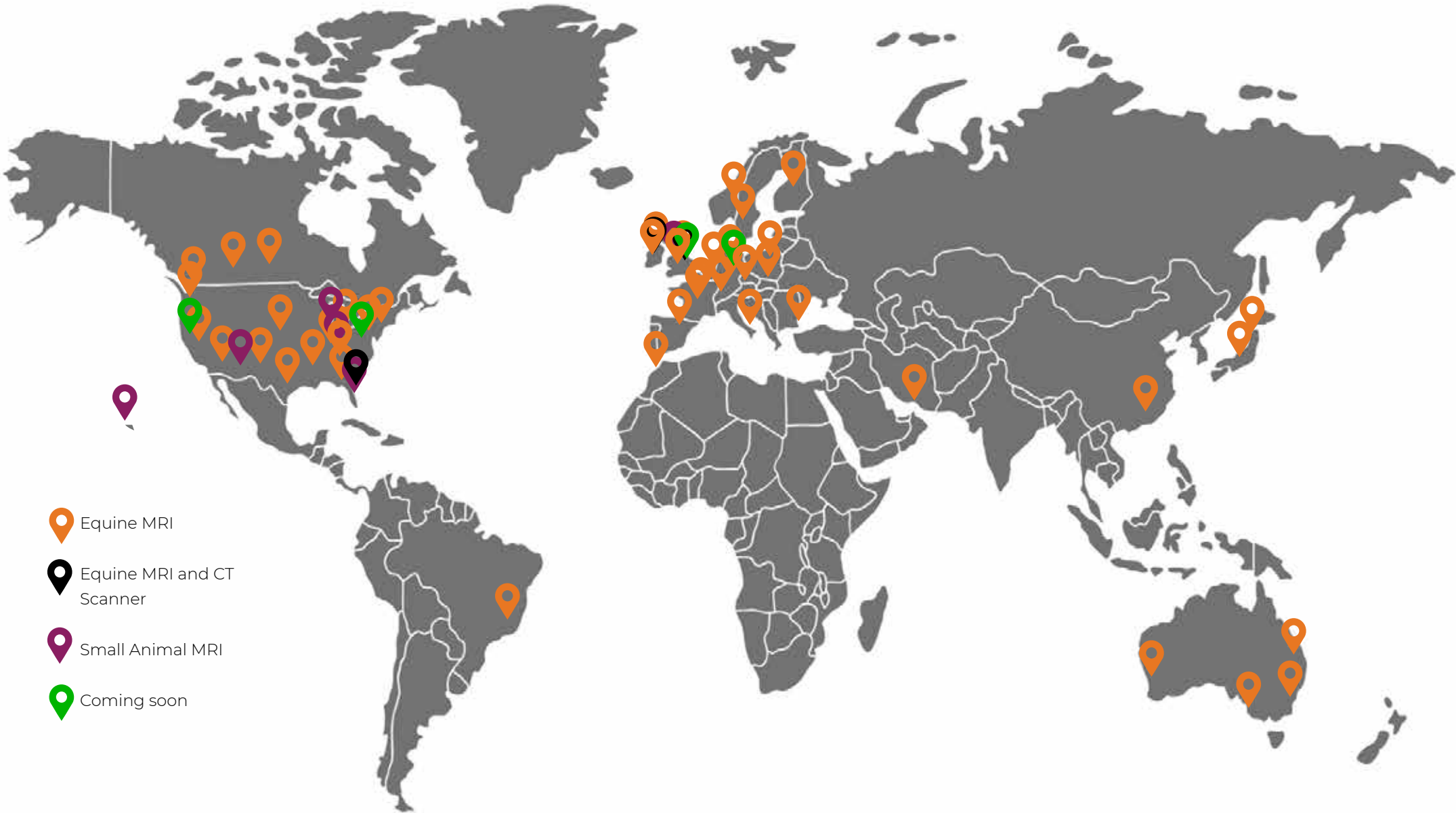
- 1 Standing Equine MRI
- 2 Standing Equine Leg CT
- 3 Small Animal MRI



Awards



Used globally in 25 countries:



Our values:

Since inception two decades ago, Hallmarq's aim to improve animal health has been key to everything we do. A shared pride in our work, never losing our curiosity, and cultivating partnerships around the world are just some of the core values which help drive our decision-making.

We care



We use curiosity to innovate



We take pride in what we do



We cultivate partnerships around the world



We make it happen



These shared values form the basis of our company culture and help define how we conduct ourselves and our relationships with our stakeholders.

An integrated approach to ESG

We apply a consistent focus on increasing access to advanced imaging technology through awareness and education. How we impact our stakeholders, customers, staff, the environment and the communities in which we operate, is seen and felt in all that we do:

"In supporting our customers, we recognise that how we do business is as important as what we do. Internally, we work to minimise the environmental footprint of our products and services whilst investing in our employees to keep them safe and help them develop their careers. Externally, we work collaboratively with our customers and suppliers to provide innovative technologies that benefit animal health."

Mick Crosthwaite,
CEO Hallmarq Veterinary Imaging

We have made it our mission to operate in a sustainable and socially responsible way by fully integrating ESG into our business activities – from strategic planning through to staff engagement, supplier and client interaction. The appointment of Sustainable Advantage, a leading ESG consultancy, is a testament to our commitment and desire to lead the field within ESG. Every year, we are evaluated on our ESG performance across 60 ESG areas, with each area given a score for the past 12 months and a target score for the following 12 months.



As we approach our 3rd decade, our commitment to improvement continues to be at the forefront of our decision-making, and this dedication to sustainability is seen in our latest Environment, Social & Governance (ESG) score by Sustainable Advantage, being rated ESG Excellent – one of only a small number of companies to be awarded this score.



An environmentally conscious approach to business

Our passion for ESG is embedded throughout the entire company; the Executive Board, our Senior Leadership Team and all staff members are involved – none more so than our Green Group whose role it is to drive our ESG agenda through the business, including the initiatives stated below. Comprised of an international cross-functional group of employees from different departments, Hallmarq's Green Group work hard to implement our environmental initiatives. Positive and proactive behaviour amongst colleagues and peers is encouraged and promoted, with the entire company behind our mission to be environmentally responsible.

Energy

Despite not being responsible for the energy procurement at our offices globally (a landlord responsibility), we have proactively requested energy consumption data for analysis and to feed into our energy reduction programme. In addition, we have introduced a number of energy awareness campaigns to highlight how employees can make behavioural changes to conserve energy.

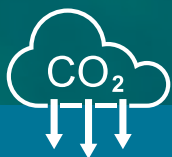
Waste

Waste sent to landfill results in carbon emissions that are 20 times higher than those of waste diverted from landfill. Hallmarq follows the waste hierarchy by seeking to limit the volume of waste created in the first place, re-using or recycling as much as possible, with residual waste being diverted wherever possible.

We divert 100% of our waste from landfill, 50% of which is transformed into energy through incineration (RDF). As every member of staff has a direct influence on our waste performance, we are transparent in sharing this information internally, through waste awareness campaigns. Our waste performance from month to month is tracked via the collection of waste volume data from 13 waste streams.



Doing our part to address climate change – our carbon emissions



We have offset scope 1 and 2 emissions in the past to be **carbon neutral**, but because we're striving to improve, we are shifting our attention towards **becoming Net Zero**

Many businesses and industries are joining the movement to decarbonise their operations and understand the full impact their business has on climate change. Investors, lenders, clients and suppliers are all trying to understand the emissions in their stakeholder network. For Hallmarq, there are benefits to starting the process of data gathering and measuring – not only for our understanding but to be ready to respond to data requests from these stakeholders.

We calculate our Scope 1 and Scope 2 carbon emissions annually as part of our Streamlined Energy & Carbon Reporting (SECR) – emissions from our energy usage as well as transport emissions (including employee mileage reclaim). This data forms the bedrock of our carbon emissions assessment and is used to measure the success of our carbon reduction efforts.

Hallmarq has always recognised the need for a commitment to reducing our carbon footprint. We carefully monitor energy usage, and support projects that help combat climate change while caring for local communities. We've planted hundreds of indigenous broadleaf trees at schools in the vicinity of our Head Office in the UK, participated in beach cleans in a bid to reduce the plastic in our oceans and, latterly, supported the reduction of deforestation in Brazil through Carbon Footprint's Americas Project.

We do, however, recognise that most carbon emissions will be Scope 3 in nature – upstream and downstream emissions largely outside of our control. We will shortly be focussing on these emissions by analysing our enlarged carbon footprint, including Scope 3 emissions and setting a Net Zero target.

Tracking key environmental metrics

Whether shipping carbon-neutral, using recycled consumables, reducing single-use plastics or sourcing our energy supplies from renewable sources, we endeavour to minimise the impact of our business on the environment in whichever way we can, tracking the following metrics and with initiatives in place to try and reduce these each year:

The recent introduction of our new Zero-Helium (ZHM), veterinary specific, small animal 1.5T MRI system is a world's first, addressing the pending helium crisis within the industry and raising awareness of the need to protect this finite resource with benefits to both the practice and the environment.

Business travel – including miles by air and by car (both fossil fuels and electric)



Freight – including miles by air, sea and land



Helium – in litres (used for superconducting magnets at customer sites)



Waste – in tonnes if we can't recycle, and in skips



Recyclables – in tonnes



In addition to what we track, we also encourage a culture of awareness and responsibility – both in our offices and for those working remotely. Single-use plastics are actively discouraged; reusable water bottles and coffee cups are the norm, and packaging, wherever possible, is reused or recycled.



Caring about our people and our local communities

With our people as our greatest asset, we believe that our employees are proud to work for a company recognised as an industry leader. As pioneers in changing the face of lameness diagnosis around the world, we continue to innovate with a diverse workforce that brings a broad range of perspectives and experience.

This diversity enables us to make decisions that are right for our customers, and which exceed expectations in an environment that fosters growth and learning. Given that we are still a relatively small company, most people would not expect us to have a fully-fledged DE&I strategy, but then we're not an ordinary company. We track and embed diversity and inclusion across our business, believing in and insisting on equal opportunities, dignity at work, work-life balance and gender equality in pay and growth. So much so that between March 2021 and March 2022, we reduced the mean pay difference between male and female employees from 16% to 9%. We continue to monitor and actively reduce the mean pay difference at Hallmarq with our Equal Opportunities and Dignity at Work policy forming the bedrock of this focus and ensuring that our staff know we take this area seriously.

Within our six-monthly staff surveys, we ask everyone to score how Hallmarq encourages diversity and minimises discrimination. This key metric is tracked and reported to the Board.

We monitor the gender composition of our workforce, reporting to the Board every month on the following:

- Male/female split across all staff
- Male/female split across managers and directors
- Male/female pay variance across all staff

In 2022 we proudly partnered with Veterinary Woman as headline sponsor and global diversity champions. In actively supporting this mission, we aim to encourage equality in the workplace.

As we move into 2023, we will continue to support initiatives that encourage diversity and inclusion within our industry.



Aimed at inspiring women in the veterinary profession, Veterinary Women provides resources to help increase confidence, overcome challenges, and encourage leadership aspirations with the aim of supporting female leaders in every area of veterinary influence.

56 employees

UK 40 : US 16

63% male : 37% female

**UK HQ Guildford,
satellite office in
Portsmouth**

**US HQ Chicago,
satellite office in
Boston**



The mean pay difference between male and female employees at Hallmarq is 9%, reduced from 16% in 2021 and we will continue our drive to make this a level playing field





Investing in our people

Hallmarq considers each employee's individual talents and career progression to be vital. We aim to develop our teams and promote from within. The investment in team leaders means that they, in turn, can grow and nurture talent to support the organisation through growth and change. We're developing our managers through a dedicated leadership training programme and at least four of these courses were completed in 2022. Quarterly reviews with Line Managers are implemented for all employees, with the opportunity for training and professional development to be discussed and implemented.

As part of these reviews, employees are encouraged to access online courses and tutorials, with bespoke training packages and pathways identified and developed for different roles in the organisation. These capability reviews ensure we have the skills needed to deliver long-term sustainable growth for both the individual and the company.



Constantly improving through employee engagement

We promote an open and honest flow of information so that we can consistently work towards improving the working environment for our team, wherever they may be based. A shared sense of purpose unites our global workforce, and we work closely together to create an inclusive culture with continued investment in our people to help them succeed. Essential to uniting employees is our mission statement, central to aligning our thinking and key to driving the difference that we strive to effect:

“Improving the lives of animals and of the people who care for them.”

A sense of belonging for all employees is key to them feeling included and valued. Feedback and listening are critical parts of this. Six-monthly staff surveys are implemented, providing a quantifiable insight to the Board and senior leadership team who then build action plans to address any concerns that have been highlighted.





Health, safety and wellbeing

We have a survey response rate of over 80%

Our Health & Safety function is pro-actively managed to ensure the wellbeing of our employees whilst continuing business operations and supporting our customers. We go beyond health and safety, proactively working towards the physical and mental wellbeing of our staff. We support them through flexible working practices and provide access to private healthcare insurance for our US employees. We also conduct a bi-annual employee engagement survey, to gauge areas of concern.



Our customers are key

Hallmarq has always believed in meaningful partnerships with clients. Their feedback and our corrective actions have ensured our continued growth and innovation. They use our products daily and are the source of new ideas, suggesting ways in which to enhance our product to maximise client satisfaction. Our account managers liaise with our customers daily to receive feedback which is fed back to HQ. We are proud to say that Hallmarq has achieved an NPS (Net Promoter Score) of 50 for three years in a row, which is deemed to be “excellent”.



Hallmarq has been scored as “Excellent” through its “Net Promoter Score” and were recently awarded gold in the 2022 Best in Biz Awards in The Most Customer Friendly Company of the Year category.



Hallmarq’s community connection

Notwithstanding our small size as a company, we have managed to build a comprehensive community engagement programme. Two of our current employees are dedicated STEM ambassadors who work with STEM Learning, an organisation dedicated to providing science learning experiences in the community. Hallmarq creates placements in the business to help support the career development of undergraduates.

Mechanical Engineering Design student Estelle Stables joined us in September 2022 on a Year in Industry placement from Oxford Brookes University and is working alongside our Operations Team on product refinement. Out of the 100 students currently studying her course, only 10% are female and, like her, they are helping to change this balance in the industry. Estelle says:

“Engineering can take you in so many different directions. It’s not always about maths and physics. If you’re practical and like to work things out, then there will be something for you in this field.”

Estelle Stables, Mechanical Engineering Design student

We are truly passionate about giving back to our community, supporting various programmes and encourage employees to volunteer at various organisations in their communities. Every year a new charity is chosen to partner with.

Our governance programme

Governance is an important element of our Board environment. Supporting how we do business, how we serve our stakeholders, we aim to be relevant, authentic, and meaningful.

Board Oversight:

- On a monthly basis, the Board reviews a register of risks and considers the possibility of new risks to the business.
- The delegation of authority is formally documented and published across the business to ensure that contractual and financial commitments are only made by authorised individuals.
- The audit committee works with the company's auditors to oversee accounting policy and review the company's annual accounts.
- Staff pay is overseen by the Remuneration Committee comprising members of the Board and drawing on external consultants as required to ensure appropriate pay levels in the business.

Our comprehensive ESG policy was developed and approved in 2022. It outlines the company's stance and commitment to ESG and how we integrate ESG into our business practice. Our commitment to ESG is well known across the business and progress is tracked via an online ESG dashboard which tracks the improvement of each of the 60 ESG areas scored. Hallmarq's comprehensive set of policies and procedures are reviewed and updated by external consultants for both our US and UK branches. Our policies are territory-specific and available within the Hallmarq intranet.

We regularly train our staff on key policies and other important areas such as risk management and Cyber Security, helping our employees protect the business against cyber threats and attacks.



Looking ahead

We have a key set of ESG objectives for 2023 to further enhance our ESG credentials spanning the following in particular:

- An increased carbon footprint calculation and a focus on net zero
- Supply chain ESG engagement
- Alignment with United Nations Sustainable Development Goals

We proved that with a benchmark score of 68%, ESG is already something high on our agenda. We have already begun implementing the actions we need to reach our target score of 86% by next year.

Working in partnership with:



An intelligent approach to energy, waste & sustainability

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