

Corporate Social Responsibility Report

2024/V.4



Invertex Drives Limited Offa's Dyke Business Park, Welshpool, Powys, UK, SY21 8JF

Tel: +44 (0)1938 556868 | **Fax:** +44 (0)1938 556869 | **Email:** sales@invertexdrives.com

Registered in England No. 3504834 VAT Number GB 712854929

Contact: Stephanie Walton | **Email:** stephanie.walton@shi-g.com | **Website:** www.invertexdrives.com

Overview

- Introduction
 - About Inverter Drives
 - Our Commitment
 - Scope
 - Target Audience
- Environmental Responsibility
 - CSR Initiatives
- Our Environmental Impacts
- Performance Metrics
 - Energy Source Comparison
- Waste
 - Carbon
 - Biodiversity
 - Water
- Social Responsibility
 - Ethical Business Practices
- Compliance Education
 - Ethical and Legal Responsibilities
- Economic Responsibilities
 - Future Goals and Commitments
 - Economic Impact
 - Transparency and Accountability



**OUR DRIVE
FOR A
COOLER
PLANET**

Introduction

This report aims to provide a transparent and accountable overview of Inverterk Drives key environmental issues, priorities and environmental performance; highlighting both our successes and our areas for improvement.

fair and better world.
inspired by the values of sustainable development



About Inverterk Drives Limited

Inverterk Drives Ltd (IDL) was formed in 1998 and designs, manufactures AC electronic variable frequency drives (VFD) used to control the speed of electric motors.

These are used in a wide variety of industrial and energy saving applications globally. The company's UK based global headquarters in Welshpool, Powys, UK, includes dedicated facilities for research and development and manufacturing of VFDs.

It was acquired in 2019 by Sumitomo Heavy Industries, Ltd (SHI), a major Japanese based business. SHI aims to become a "Global Excellent Manufacturing Company" that contributes to the safety, comfort and environment of human beings, society, and the Earth.

As a subsidiary of SHI, we align ourselves with SHI's global commitment to sustainability, applying their expertise and principles to our operations here in the UK. We believe that innovation and sustainability go hand in hand, and we strive to develop and deliver solutions that benefit both our customers, communities, and the environment.

Inverterk Drives employs nearly 400 employees across its warehouse, manufacturing and R&D base. In the past five years the company has grown substantially. Increasing its production and distribution capacity and footprint. More than 90% of our products are exported. Many of our components are sourced from a mixture of local and global supply chain. The company's products are sold through a global network of specialist distribution companies which are carefully selected for their expertise in technical and commercial matters associated with the market for industrial control equipment.

At Inverterk Drives, we recognise the critical importance of sustainable business practices and are committed to minimising our environmental impact while contributing to a healthier planet.



Corporate Social Responsibility (CSR) Definition

Social responsibility (*is the*) responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organization.

Generally, CSR is understood to be the way firms integrate social, environmental, and economic concerns into their values, culture, decision-making, strategy, and operations in a transparent and accountable manner, and thereby establish better practices within the firm, create wealth and improve society.



Our Commitment

IDL is committed to a fair and better world inspired by the values of sustainable development. We have 10 key commitments as below:

- Commitment to customers and realise a sustainable society.
- Fair business practices and compliance with all relevant obligations
- Dialogue with stakeholders, information disclosure, and information management
- Respect for human rights.
- Provide a safe and decent workplace
- Protect the global and local environment
- Social contribution
- Respect for international norms of behaviour and good relations with the community
- Risk management and crisis management.
- Strong leadership

Scope

Although we have been gathering the data for a number of years this is our first CSR Report outlining our policies, ambitions and performance. This covers our performance for 2024 but also includes historic data. Invertek Drives Ltd is certified to ISO 9001 & ISO 14001, for the design, manufacture and marketing of electronic variable frequency drives to control the speed of electric motors. These management systems form the foundation of our processes including auditing and review of our performance including continual improvement. This CSR report includes our key areas of focus for the environment, social impact, governance and ethical practices. This includes relevant KPI's and data.

Target Audience

This report is meant to act as a documented timeline of our current CSR status for a range of interested parties but especially for our employees, the local community and those that we work closely with such as suppliers and customers.

This report builds on information that we provide to our parent company and also to third parties.

Environmental Responsibility

Inverter Drives Ltd takes its environmental stewardship seriously. Through our certified environmental management system, we have identified a number of key sustainability priorities that are relevant to our activities, our buildings, our location, our interested parties and our products and their use by our customers.

Here in Wales, UK, there is also a specific focus on meeting the well-being of future generations and this includes being environmentally responsible in all of our operations.

We believe that by understanding and being clear about our environmental impacts, Inverter Drives Ltd can contribute to a more sustainable future for our business and the communities we serve.

CSR Initiatives:

1 ISO 14001 & 9001: Inverter has been certified to ISO 14001 & ISO 9001 for many years and are due to start their journey to achieve ISO 45001

2 Specific Projects: In the past three years, Inverter has implemented a diverse range of environmental projects ranging from solar panels, EV charging points, and introducing natural water management features to the landscape of the grounds. In addition, there has been tree planting, hedgerow planting and wildflower meadows established. Our procurement team have focused on our packaging waste by either reducing the volume or the nature of the packaging. Our company fleet is almost 100% electric with one remaining hybrid vehicle.

3 Partnerships: Our partnerships have been predominantly at a local level focusing on waste and packaging. We have worked with a range of organisations to improve the recycling and recovery of the waste and to better monitor the data via formal compliance schemes.

4 Ecovadis & CDP: Inverter has been participating in both Ecovadis and CDP for 3 years. Performance is shared with customers, senior leadership and our parent company. This has been a useful tool to drive the development of our CSR

5 Science based targets initiative: As part of our commitment to net zero carbon, Inverter has voluntarily signed up to the science based targets initiative. Our organisation has been able to monitor our scope 1 and 2 carbon emissions for some years however scope 3 assessments are more challenging and we have just started this program.



Our Environmental Impacts



1

Energy Consumption:

IDL uses energy and gas at its global HQ. Solar panels have been installed at Invertek HQ. Reducing energy consumption from fossil fuels and its associated carbon emissions are key environmental priorities for us. In addition, increasing the energy efficiency of the electric motors that we manufacture is also a key focus of our R&D team, reducing energy use globally and reducing carbon emissions.

3

Water Management:

We do not need to use water for our processes. Instead it is used solely for the welfare needs of our employees. We recognise the importance of fresh water as a resource, its increasing scarcity and climate change inflicted risks such as flooding and drought. Our facilities are modern with water efficient fixtures throughout. We know that water is a shared natural resource and is critically important to our operations, employees, customers, our supply chain, and to the communities where we operate. Where we are located it can rain significantly. This water goes to sustainable drainage features within our facility and also the business park. We do not discharge waste water from our processes. All waste water is from employee welfare facilities.

5

Travel & Transport:

Over the past few years our company fleet has converted to electric vehicles. We only have one remaining hybrid vehicle. We have installed a large number of electric vehicle charging stations for company vehicles and employee personal vehicles. In addition we have a significant workforce who commute to work. We have recently obtained data via an employee travel survey to better understand this impact. Public transport and active travel opportunities are very limited due to the rural nature of our location. We despatch our products to our customers using one key logistics provider who was selected on the basis of their availability to give us environmental data and their commitment to electrifying their fleet.

7

Climate Change:

Climate change is considered to be a defining challenge. IDL has been monitoring its Scope 1&2 carbon emissions for some years. In 2025, we are beginning to calculate our Scope 3 carbon emissions. IDL has recently committed to setting science based carbon targets and has signed up to CDP. The impacts from climate change on IDL may not be directly affecting our HQ. IDL is situated in an area of low risk for flooding and temperatures are not permitted to change significantly. However, we are mindful that climate change is likely to impact our global supply chain, our customers and we have a moral duty to reduce our carbon emissions and support decarbonisation goals.

2

Waste Management:

We generate a mix of wastes at our facility, including cardboard, metal, and printed circuit boards. We have waste reduction, recycling, and disposal practices, including reduction to packaging waste. A continual improvement reduction to waste meeting is held bi-annually. IDL implement robust waste management systems and pollution prevention measures to minimise our impact on the environment. All of our waste is recycled or recovered. We have a zero to landfill waste policy. Over the past few years we have minimised the amount of hazardous waste that we have produced.

4

Biodiversity:

IDL is very aware of the natural landscape in which we are located. We are committed to protecting and enhancing local biodiversity through responsible land management and environmental stewardship. Over recent years we have planted trees, hedgerows and wildflowers.

6

Sustainable Procurement:

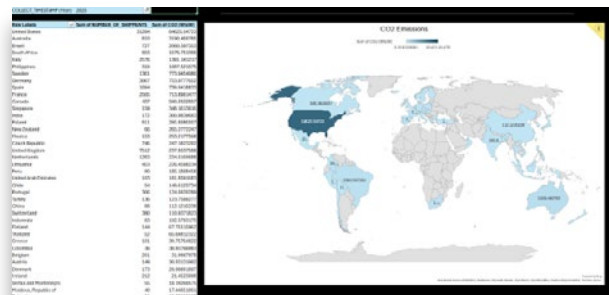
Invertek has a complex supply chain that is a mix of local and global organisations. We purchase a significant amount of components and packaging for our products. We also purchase a much smaller number of facilities services that are provided at a local level. Invertek's objective is to ensure responsible sourcing of materials and services, whilst minimising environmental and social impact on procurement activities.

Invertek emphasises the importance of understanding where we are sourcing our materials from and obtaining all relevant compliance documentation from our key suppliers. We have a formal tendering process which includes vetting for key issues such as Modern Slavery and we require adherence to Code of Conduct.

8

Product Stewardship:

Our products are designed to save energy consumption by the end users. They can have a long shelf life of about 20 years. Invertek has a Technical Support team who assist with prolonging or optimising the life of the drive. At the end of life they are classified as WEEE for waste management purposes.



Performance Metrics

Although this is our first public report we have been monitoring for some years including publishing our verified energy and carbon data in the SECR reports. Invertek has chosen a baseline year of 2020 as this was a year of activity rather than closure due to pandemic.

Energy Source Comparison

Our purchased energy is from renewable energy sources. In 2024, there was a significant increase in both purchased electricity and gas consumption as we added a new extension to our manufacturing and warehouse facility. At the same time, we installed a significant number of solar panels onto new and existing buildings thereby greatly increasing our self-generating capacity.

Over the years we have installed many energy efficient measures in how we manage our facility. We have also increased production and introduced a night shift compared to 2020.

Our water consumption is for welfare purposes and as the number of employees has significantly increased so has our water consumption. Our facility is modern and has best practice water efficient measures installed, we do not use water in our processes.

| | 2024 | Comparison to 2020 baseline |
|---|--------------|---|
| Drives produced | 240,163 | 2.76% increase |
| Purchased electricity (renewable tariff) | 674,088 kWh | 16% increase |
| Gas (renewable tariff) | 576,939 kWh | 24% increase |
| Solar electricity self generated | 155,930 kWh | 12,000% increase |
| Water | 21,957m3 | 35% increase |
| Business travel (flights and cars) | 1,334,386 km | Flights increased by 50% Hire cars increased by 31% Decarbonisation of company owned vehicles |
| Non-hazardous waste (excludes food waste as newly seperated in 2024) | 141.59 | 36% increase |
| Hazardous waste | 2.1 | 244% increase |
| Scope 1 carbon emissions | 113.16 tCO2e | 1% decrease |
| Scope 2 carbon emissions | 108.67 tCO2e | 20% decrease |
| Scope 3 business travel flights and car | 317.59 tCO2e | n/a as restricted travel in 2020 |
| EEE | 76.37t | 47% decrease |
| WEEE | 9.60 | This equates to 8% of our EEE placed on the market |



Waste

Our business travel data demonstrates a surge in visiting customers and attending exhibitions in the past 2-3 years. This does include flights and using hire cars. It should be noted that 100% of our company vehicles are either electric or hybrids. We have a number of EV chargers on site.

Since 2020, our Service team have adopted the use of online technology to deliver the majority of their global training courses. This has reduced travel for our customers.

Carbon

We have been focusing on our Scope 1&2 carbon emissions for a number of years and they have been showing signs of reduction when compared to 2020 despite a significant business growth with increased production, expanding facility and additional staff. Our focus is on Scope 3 carbon emissions for the next few years. Our Scope 1&2 emissions are verified by a third party and are included in the annual financial report.



Biodiversity

As part of the recent expansion the facilities department took the opportunity to introduce 529 plants from 42 different species in 2024 that were UK natives. In addition, a number of bird and bat boxes were installed.



Water

We do not generate process waters and therefore do not need a trade effluent discharge.



Social Responsibility

Inverterk has a long standing presence in Welshpool, Powys, UK and has appreciated being part of the local community. We are a large employer in the area and have a high concentration of technical jobs. We use local services and supplies. In 2024 we pumped around £20 million directly into the local economy through the procurement of services and payroll.

We have a charity committee to guide and organise a calendar year of volunteer events, sponsorship, and donations. In 2024 for example we participated in the annual coracle race for Macmillan, we held a coffee morning for Macmillan, a drop in clinic for the Wales Air Ambulance, and an elf day for an Alzheimers charity. Inverterk championed the Hope House Moments Matter campaign.

Inverterk also sponsor a range of sports clubs including, Llanidloes Ladies Rugby team and individual sponsors for football and rugby. Inverterk works with local high schools, supporting careers events and undertaking work experience.

Ethical Business Practices:

Inverterk operates a compliance structure in line with our parent company. We place importance on responding to the risk of violating laws and regulations accompanying the globalisation of business and development in new fields and creating an open and transparent corporate culture that forms the foundation of compliance.

Inverterk has formal documented guidelines. We have a Business Code of Conduct binding for all employees and forms an integral part of each individual employment agreement.

The Business Conduct Guidelines contain the basic rules and principles for the conduct within the company and in relation to the external partners and stakeholders. The Business Conduct Guidelines intend to help employees deal with ethical and legal challenges in their daily work.

They define how to perceive the ethical and legal responsibility as a company and contain specific requirements for instance:

1. Fair trade (compliance with antitrust laws)
2. Prohibition of money laundering
3. Elimination of antisocial forces
4. Prevention of bribery
5. Respect of human rights and diversity
6. Prohibition of conflict of interest
7. Quality and safety, information security
8. Co-existence and co-prosperity with communities and society
9. Information on hotlines, etc.



Compliance Education

We provide systematic compliance education to all employees when they join the organisation and according to positions, from non-managerial personnel to senior management and directors. Each year we conduct training on compliance with the principal laws and regulations, such as antitrust laws and anti-bribery and anticorruption laws, for executive-level employees of Group companies worldwide.

We have maintained full compliance with our business code of conduct by all of our employees.

Ethical and Legal Responsibilities

1. Fair Labour Practices & Human Rights: are part of our 7 core principles of ethical business practice. As part of the business community, Invertek Drives Limited has a responsibility to respect human rights, labour standards and fair business practices, providing a better environment for business. We shall realise work practices that will improve the capability of employees and respect the diversity, character, and personality of employees
2. Measures to prevent child labour, forced labour and human trafficking are in place. We do not employ anybody under the age of 18 and we have comprehensive vetting questionnaires of our supply chain.
3. Health & Safety: Invertek has a health and Safety policy and data on the number of days lost to work related injuries, fatalities and ill health is recorded and kept internally
4. Training: in house and external training is available for our employees. Invertek also provide training to our distributors in the field, this training is typically done online but can also be done in person
5. Gender Pay Gap: Information & Data is available on our website
6. Sustainable procurement & anti-corruption & bribery measures are in place.



Economic Responsibility

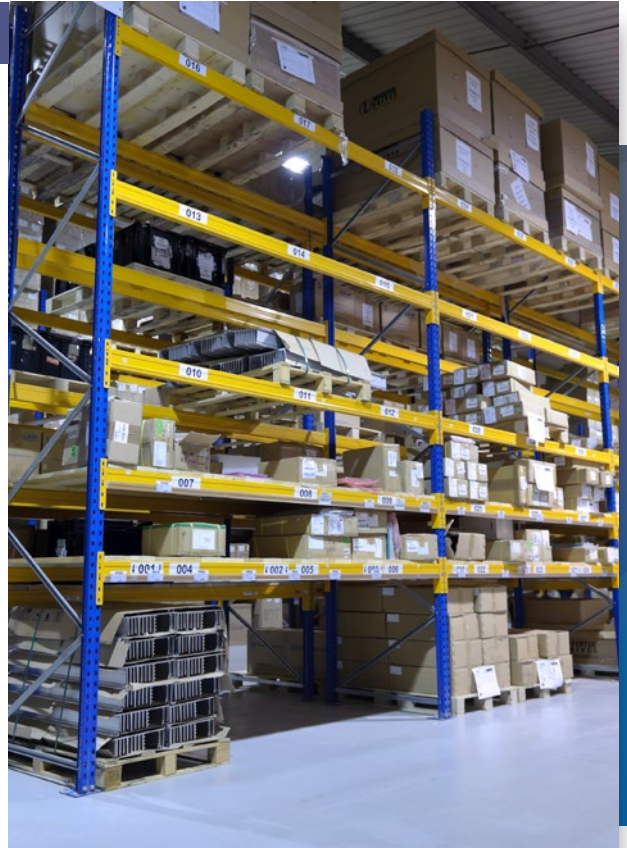
Future Goals and Commitments

We continue to invest in our manufacturing and warehouse capacity, increasing it in line with current sales growth. We are also on track for the construction of a dedicated standalone Innovation Centre within the next 12-24 months, which will enhance and optimise our R&D capability, including software technology to support our business growth and help us to attract and retain highly competitive engineering talent.

Our business and sustainability strategies are aligned. Where we erect new buildings we install renewable energy solar panels and the most efficient, best practice energy and water infrastructure.

Our Welshpool site always includes biodiversity enhancements and opportunities are taken whenever we develop the sites.

- **Sustainability Strategy:** Our focus over the next few years will be understanding and reducing our carbon emissions, in particular our Scope 3 which are more challenging to get reliable data and to drive down the footprint.
- **Continuous Improvement:** We are certified to ISO 9001 and 14001 which means that continuous improvement is important to the business.
- **Key Performance Indicators (KPIs):** As part of our monitoring and review processes we have a number of KPIs to track our CSR performance. These include traditional environmental metrics such as energy, water, carbon, transport, travel and waste. We also track health and safety metrics such as incidents, near misses, accidents and lost time. We have recently invested in a HR platform called Workday which is allowing us to better track employee metrics.



Economic Impact

- **Local Sourcing:** Invertek has been proactive in using a range of local suppliers and service providers.
- **Job Creation:** In 2020, Invertek employed 225 people and in 2024 the number of employees increased to 357. Invertek is one of the largest employers in the area. Many of our jobs are of a technical nature. Of our employees 68% are male and 32% are female.

Transparency and Accountability

- **Financial Performance:** Invertek produces annual financial audited accounts that demonstrate our profitability year on year and provide an accurate assessment of the financial health of our business. We are profitable.
- **Reporting:** Invertek's financial and energy and carbon accounts are verified by independent auditors each year. We provide transparent data to support claims on our performance. In addition, we also participate in third party platforms such as CDP and Ecovadis that are also independently assessed.

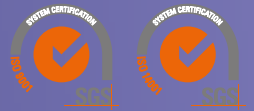




Member of **Sumitomo Drive Technologies**

OUR DRIVE FOR A COOLER PLANET

Dedicating our Energies to Reducing Carbon Emissions



www.inverterdrives.com

INVERTEK DRIVES LIMITED UK Headquarters

Offa's Dyke Business Park
Welshpool, Powys, UK
SY21 8JF

Tel: +44 (0)1938 556868

Fax: +44 (0)1938 556869

Email: sales@inverterdrives.com

