

# Corporate Social Responsibility



**Senior recognises that an essential factor for the long-term success of the Group is operating in an ethical, environmentally and socially sustainable manner, and complying with all relevant regulatory requirements. The Group remains committed to maintaining high standards of ethics, integrity and corporate social responsibility in the conduct of its business throughout the world."**

The Group's approach to corporate social responsibility ("CSR") is focused broadly on three key areas of activity:

- developing our employees by creating a working environment that attracts and retains the best people;
- operating with integrity by acting in an ethical and responsible manner; and
- ensuring safe working conditions and reducing the Group's environmental footprint by continuously improving the management of health, safety and the environment ("HSE").

This report presents an overview of the CSR framework that Senior plc has established, an overview of the improvements made during 2010 and plans for future development.

## 1. Employees

The Group believes that the future success of the business is dependent upon creating an environment that attracts and retains the best people. Central to this is a commitment to invest in the skills and development of the Group's workforce, helping employees achieve their potential, and identifying and promoting talent from within.

### Equality and diversity

Senior believes that employment-related decisions should always be based on relevant aptitudes, skills and abilities. The Group promotes a policy of equal opportunity in employment, without unlawful consideration of sex, race, nationality, age, disability, religion or any other category protected by law. In the event of employees becoming disabled, the Group's aim is to ensure continued employment where possible, and to arrange appropriate training and career development.

### People development

The Group is committed to developing the skills of over 4,900 employees and in 2010 Senior continued its Group-wide management training and development programme. The programme provides a range of management and leadership training to the future leaders of the business and demonstrates Senior's investment in the future of its workforce. Approximately 150 employees have benefited from this training programme to date. Additionally, individual training and development plans are also run by each operation, focusing on local needs.

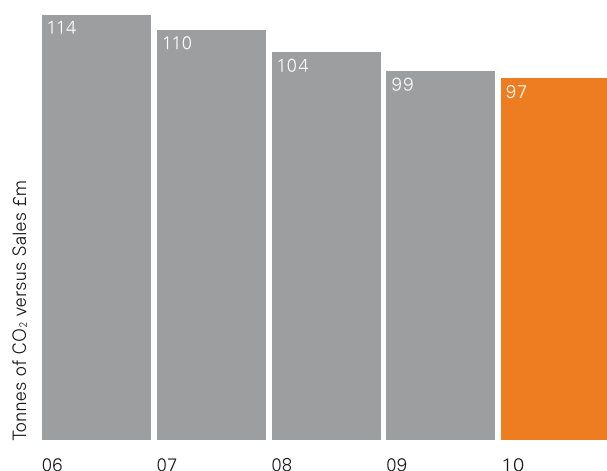
### Pay and remuneration

Each operation aims to offer competitive remuneration packages to its employees, dependent upon skills, qualifications and experience.

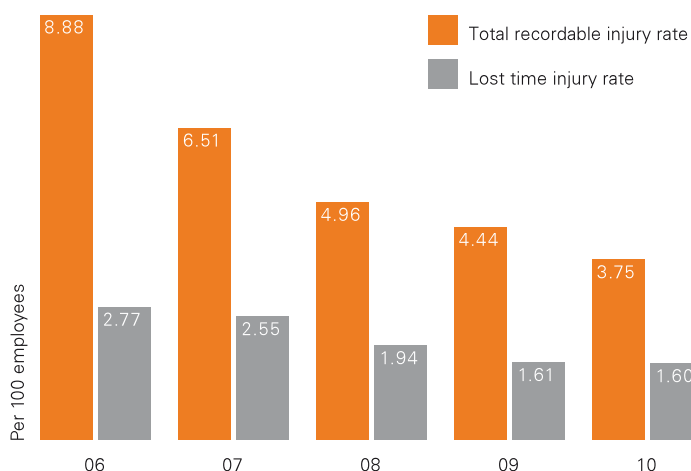
### Contributing to communities

The Group's operations are encouraged to involve themselves in their local communities and to support local charities. These relationships are managed at a local level, where the employees select non-profit-making organisations and charitable interests active within their community. These are often long-standing relationships and involve employees volunteering their time, making financial donations and raising funds to help those in need of support within their local communities.

## CO<sub>2</sub> to £m sales



## Injury rates 2006-2010 (injuries per 100 employees)



## 2. Operating with Integrity

The Board believes that operating in an ethically and socially responsible manner is an integral part of efficient and profitable business management. The Group is committed to maintaining high standards of ethical behaviour in all aspects of its business, and requires its employees and agents to act with integrity at all times. The Group seeks to take account of the needs of all of its stakeholders, including shareholders, employees, customers, suppliers, governments and the environment, whilst safeguarding shareholders' investments.

The Group has operated a Code of Business Conduct (the "Code") for many years. The Code sets out Senior's approach to legal and ethical conduct, such as conflicts of interest, bribery and corruption and matters of personal integrity. The importance of this Code has been highlighted by the Bribery Act 2010, which is due to come into force in 2011.

The Code applies to Senior plc and to all of its subsidiaries; additional policies and guidelines, for example on health and safety matters, supplement the Code. All employees of the Group are required to follow the principles of the Code when performing their day-to-day duties and when they are representing Senior.

To strengthen the Code, Senior has a whistle-blowing policy (the "Policy") to encourage employees to report any suspected unethical or illegal corporate conduct within the Group. The Policy sets out the procedure for the confidential reporting and investigation of any suspected misconduct. The written Code and the Policy are issued to all new employees as part of the induction process, and are subsequently reissued to existing employees on a periodic basis as a memory aid. The whistle-blowing reporting procedure is also publicised at each of the Group's sites and is available for use by third parties, such as suppliers and customers, to report any ethical concerns that they may have. If a whistle-blower feels unable to approach an executive at operational or divisional level regarding their concerns, or receives an unsatisfactory response, they may then contact the Group Company Secretary or Chairman to request a further investigation. The Board monitors and evaluates the use and effectiveness of this Policy on a regular basis.

The Group does not permit its operations to make contributions to political parties or organisations, or to candidates standing for public or political office.

## 3. Health, Safety and the Environment

### Leadership and strategy

The Group operates a Health, Safety and Environment ("HSE") Committee which meets quarterly; its Terms of Reference can be found on the Senior plc website. The Committee is responsible for formulating the Group's HSE strategy and objectives, for reviewing the Group's HSE performance against the objectives, for setting policy, and for ensuring that key HSE risks and issues are effectively identified and managed. It also supports the Board in its corporate governance role. The Group Chief Executive, as Chairman of the HSE Committee, leads the Board's efforts in improving the Group's ethical, social, health, safety and environmental performance and is also responsible for external stakeholder issues.

The Board of Directors is kept abreast of HSE matters and the performance of each operation throughout the year. Members of the Board and of the Executive Committee also conduct regular visits to each business during which they are briefed on any relevant HSE matters. These visits provide a valuable opportunity to discuss performance and improvement plans, and reinforce the Group's commitment to health and safety performance.

Whilst overall responsibility lies with the Board, the chief executive officers of the local operations and their management teams are directly accountable for the operations under their control. Each operation is responsible for integrating HSE within its business planning processes, creating a local management framework, defining accountability, and establishing local objectives and improvement initiatives.

### HSE framework

The basis of Senior's HSE programme is set out in the Group Health and Safety and Environmental Charter ("the Charter"). The Charter has an established set of principles, practices and core programmes that each operation should adhere to, providing a sound foundation for the HSE management process throughout the Group.

There is a Group audit programme for HSE, led by the Group HSE Manager, where performance is measured against the Charter and recommendations for improvement are issued. These recommendations are incorporated into the operations' HSE improvement plans. HSE performance is routinely monitored on a monthly basis, thereby enabling prompt intervention, where necessary. Any serious matters of concern are notified to the Group HSE Manager immediately for investigation and remedial action.

Each operation also undergoes a number of external audits as part of their external ISO 14001/18001 certifications, where compliance with local regulations and good management practice are verified. 25 of the 26 Group operations are certified to ISO 14001, with the remaining operation planning to achieve certification in the first half of 2011. In addition to the HSE audits, each site undergoes a fire safety audit by an independent specialist, typically every two years. The results of each of these audits demonstrated a continued improvement at each relevant operation during 2010.

The Group has a standardised set of tools and support materials for HSE, which are housed on an internal web-based HSE portal, for use by the local HSE representatives. Regional networks have also been established to enable HSE specialists to share knowledge and the lessons learned from incidents.

### Risk management and safety performance in 2010

Improving HSE performance continues to be a priority for the Group, and 2010 has seen some important improvements, central of which has been the Group-wide risk assessments programme. The programme aims to improve the safety of processes and eliminate risks before an accident occurs, through the systematic identification and reduction of risks. The findings of the risk assessments have helped the Group make technical enhancements to the safety of its facilities, including improvements to dust extraction, machinery safety and ergonomic alterations.

Strains remain the primary cause of injuries, and in order to improve the comfort, safety and efficiency of work processes, a new focus on workplace ergonomics has been introduced. This programme aims to significantly reduce the number of musculoskeletal injuries and involves training employees, assessing tasks and making targeted improvements.

# Corporate Social Responsibility continued

## Health and safety performance indicators

Senior uses two metrics to evaluate its health and safety performance:

- **Total recordable injury rate (TRIR)** measures the number of injuries per 100 workers. In 2010, Senior achieved a TRIR of 3.75 (4.44 in 2009; 4.96 in 2008). 2010 saw the lowest rate since the Group began tracking injury rates and was a 13% improvement from 2009.
- **Lost time injury rate (LTIR)** tracks the number of injuries per 100 workers with one day or more away from work. Senior's LTIR improved by 1% in 2010 to 1.60. The Group's LTIR has now declined by 42% since performance reporting began in 2006.

## Environmental performance

Senior has a long-standing commitment to reducing its environmental footprint. The Group's significant environmental impacts include: emissions (resulting from the use of energy in manufacturing processes and facilities); raw materials usage; water consumption; the reuse, recycling, discharge and disposal of waste; and solvent and volatile organic compounds ("VOC") releases. In 2006, Senior established a baseline for measuring these impacts and, as a consequence of process improvements and environmental programmes over the past four years, reductions have been made in all of these areas.

## Energy

Senior's most significant environmental impact is in the form of CO<sub>2</sub> emissions resulting from energy consumption. In 2010, 78% of these emissions (42,890 tonnes) resulted from electricity consumption and 16% from natural gas consumption (8,801 tonnes). In 2010 the Group emitted 96.65 tonnes of CO<sub>2</sub> for each £1m of revenue; this represents a 3% reduction on 2009 emissions (99.00 tonnes per £1m revenue) and a fulfilment of the Group's long-standing target of reducing by 15% the CO<sub>2</sub> emissions, relative to sales, by 2010, compared with 2006 emission levels.

The Group recognises the need for longer-term reductions in global greenhouse gas emissions ("GHG") and has set a new target for 2010–2015 to reduce energy consumption, the Group's single largest GHG contributor, by 10% normalised to revenue.

## Waste

The total amount of waste generated by the Group was 10,413 tonnes, three-quarters of which was recycled material, such as metals and packaging.

The level of recycling within the Group has continued to increase as a result of a focus on the "waste hierarchy". This entails reducing waste at source through Lean Manufacturing programmes and, where this is not possible, finding alternative uses for materials previously sent to landfill.

## Water and solvent usage

The Group's main water uses are processing, such as material cleaning, and equipment cooling. As a consequence of a number of water reduction initiatives for these processes, for example by reducing the flow rates of cleaning lines, recycling rinse water, and substituting air for water on equipment cooling, Senior reduced its water consumption in 2010 by 18% to 206 megalitres (2009 – 251 megalitres). Since the Group began reporting on water usage in 2006, consumption levels have halved.

The majority of the Group's solvent usage results from chemicals that are inherent within the production processes. The Group has made significant improvements by substituting chemicals with lower impact material wherever possible, such as on cleaning lines. The Group is committed to reducing VOC emissions, either by product design or by changing processes, although many processes and materials are regulated for aviation safety, and substitution can be difficult. Currently, the majority of VOC emissions emanate from just one of the Group's operations; however, these emissions are captured and prevented from atmospheric release.

## HSE regulatory compliance

Senior remains committed to full compliance with all legal requirements and monitors this throughout the Group's operations. Senior also issues guidance to its operations on HSE legal compliance.

There were no fatalities in the Group during 2010 or prosecutions by regulatory authorities for HSE-related issues. One of the Group's operations did however receive statutory notices from its safety regulator during site inspections in 2010; the issues identified have now been corrected.

## Looking Forward

Senior strives to improve further its approach to corporate social responsibility and has established a number of specific areas for improvement.

A Group-wide HSE Strategy for 2011–2015 has been agreed by the Group HSE Committee, which aims to build on the achievements made over the past four years. The strategy includes a number of initiatives, including: a programme to improve ergonomics and the integration of risk assessment within the Group's operating processes, as well as enhancing our energy conservation and waste reduction programmes. To measure the success of these initiatives, two new improvement targets have been issued:

- to reduce the Group's Accident Incidence Rate by 20% by 2015<sup>1</sup>; and
- to improve the Group's rate of energy intensity by 10% by 2015<sup>2</sup>.

The Board undertook an annual review of the Group's Code of Business Conduct and its whistle-blowing policy during 2010; these will both be reviewed again in 2011 to take into account the implementation of the Bribery Act 2010.

<sup>1</sup> The Accident Incidence Rate is defined as the number of OSHA Recordable Injuries multiplied by 200,000 hr/the hours worked.

<sup>2</sup> The energy intensity is the amount of primary energy consumed relative to the sales. The baseline for the 10% improvement is the 2009 data. These targets exclude the impact of any new acquisitions.

## Waste Levels

