

Corporate social responsibility

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Southern Cross Hospital Group improves steam quality by 7% with the help of Spirax Sarco.

The customer

Southern Cross Hospital Group is New Zealand's largest private hospital network.

The challenge

To improve steam quality and upgrade steriliser steam reticulation systems to ensure full compliance with Australasian steam dryness standards.

Our solution

Spirax Sarco upgraded the Central Sterile Services Department (CSSD) system by designing and installing a new steam reticulation system including steam generation plant. This feeds steam to the steriliser at a guaranteed dryness value of 97% or better.

Results

Final steam quality tests confirmed full compliance with Australasian standards, with a dryness value of 98%. Steriliser validation was completed without problem and the refurbished CSSD can now operate under full load without affecting steam quality. The elimination of system failures and downtime has boosted steriliser productivity and improved staff morale.



The objective of the Group's Spirax Sarco business is to provide steam users with energy efficient, safe, environmentally friendly and cost-effective solutions for the use of steam and other related industrial fluids.

Steam itself is an environmentally friendly medium, being non-toxic and non flammable. Although system leaks are avoidable, when they do occur, they pollute the environment less than, for example, oil, gas and refrigerants. Steam is still the prime medium used for power generation and for product processing across a significant range of industries.

The Group's technical advice and expertise on the application of its products, services and engineered solutions in relation to steam systems and services is the key to maximising the benefit of the products we supply.

These benefits include improved overall boiler efficiency, improved energy efficiency of plant processes, reduced consumption of water and water treatment chemicals and lower

production of effluent and emissions, all of which have a significant and positive impact on the environment.

The Group has always believed that this significant and positive impact outweighs the environmental issues associated with the production of the products and, in 2009, more work was done to measure the environmental benefits achieved by our customers in using our products. The focus was on the energy saving aspect of those products which, if not installed, would result in a significant increase in energy consumption and hence CO₂ production.

The results indicated a potential saving of 2,540,000 tonnes of CO₂, far in excess of the quantity produced in manufacture. The methodology used to determine this external impact has been independently assessed with the assistance of the AEA Group, a world leading energy and climate change consultancy. The methodology remains unchanged but is reviewed annually by the Group, taking revised emission factors into account. The calculation is

based on a selected range of energy saving products. The overall impact, taking into account all products and services supplied, will be higher.

An example of a newer product that has a major impact on energy consumption / CO₂ production is Flash Recovery Energy Management Equipment (FREME). This is a packaged solution to recover valuable heat from flash steam and use it to pre-heat boiler water. In 2009, FREME was awarded the Institute of Chemical Engineering's 'Innovation and Excellence Award in Energy' prize as "the best project or process to demonstrate innovation in renewable energy, alternative energy sources, efficient energy use or the development of energy production methods that reduce energy and water intensity".

The Group's Product Research and Development programme has been assisted through collaboration with the UK's Carbon Trust, which aims to bring new and innovative energy saving solutions to customers globally, enabling their CO₂ emissions to be



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further reduced. Design engineers are constantly challenged to enhance the environmental performance of future products both in manufacture and lifetime use.

Many applications for Watson-Marlow pumps are those where environmental improvement is the main aim. These pumps are particularly well suited to applications such as wastewater treatment, where difficult fluids must be handled safely and reliably.

The Board has continued to embrace and apply the general Corporate Social Responsibility (CSR) principles in conducting its business in a socially acceptable and sustainable way having due regard to the relationship of the Company to its employees, customers, investors, suppliers and society generally. In particular the Board focuses on social, ethical and environmental (SEE) matters and health and safety issues.

This report follows the practice in recent years of illustrating the Board's commitment to meeting the requirements laid down by the Association of British Insurers and the reporting procedures and actions taken within the Group in this connection. The Group has developed further its awareness of CSR issues and has continued to make improvements, particularly in the areas of health and safety and environmental matters.

The Board achieves compliance with the principles of CSR by the management of the risks concerned within the normal operations of the Group such that the necessary policies, systems and procedures are embedded in Group practice. The importance of involvement of employees and suppliers in meeting the standards required by the Board is inherent in the day-to-day business operations. Meeting the standards required in the operation of our business as it affects communities and customers is also a specific objective reflected in our strategic plans and annual planning.

The Group's operations are carried out under the Group's long standing Business Code with which general managers are required to certify compliance. A copy of this is posted on the Group website: www.SpiraxSarcoEngineering.com. This Code formalises policies followed over many years by the Group, the main areas being:

- Compliance with all applicable laws and regulations.
- Operation of the internal controls established by the Group.
- Having proper regard for all stakeholders in the business.
- Prohibition of bribery or corrupt practices.

- Commitment to fair treatment of all employees.
- Recognition and improvement of all health, safety and environmental matters.

The standards required in the practical management of the Group are set out in a separate Management Code issued by the Chief Executive with which general managers and the finance managers in each Group company provide written confirmation of compliance for each year.

The Group also recognises that the achievement of good quality products and services, the maintenance of health and safety, and the achievement of good environmental practices are an integral part of running the business and require consideration as part of the day-to-day operations of the Group and are reflected in the Group's performance.

The responsibility held by Board members for the entirety of the Group's operations, including the implementation of its policies, enables the Group's Business Code and Group policies to be applied on a consistent basis. The Group's decentralised structure provides for detailed local management of SEE matters by the general manager in each Group company, who reports to, and is monitored by, the appropriate executive director and regional general manager. These reporting procedures within the

“The Group is externally and internally benchmarking its energy performance.”

Group enable the executive directors, who have direct responsibility for implementing policy, to monitor, report and take any appropriate action. SEE training is provided for newly appointed directors appropriate to their experience, knowledge and previous training.

As part of the risk management process explained on pages 37 and 38, the risks involved in not achieving appropriate SEE standards are assessed and any significant risk is monitored by the Board following half yearly reports from all Group companies.

The Group considers and applies appropriate policies through the Group's Business Code in the following areas:

(i) Employment policies

The Group supports and applies the principles of human rights in its operations including equal opportunities for employees regardless of sex, race, religion, age or disability. Board members and Human Resources satisfy themselves that the terms of employment in Group companies worldwide are appropriate. The Group has a policy of non-discrimination and does not tolerate bullying and / or harassment in any form. The recruitment procedures throughout the Group avoid employment of underage staff. Care has been taken to provide for a culture of openness and honesty. The Group operates

personnel policies designed to meet the needs of its Group companies and employees around the world. Channels of communication appropriate to the local operation have been established to allow employees to be properly informed and voice their views and concerns. Recognition is given to individual employees' needs and requirements throughout the Group and, where possible, flexible working arrangements are considered where the circumstances are justified. Employees are encouraged to apply their skills, knowledge and energy. The Group recognises the importance of its employees and their training as a competitive advantage.

The Group is committed to equality of opportunity for all regardless of gender, race, age, disability, religion or sexual orientation. This applies equally to recruitment and to the promotion, development and training of people who are already part of the Group. The Group takes seriously its obligations to the disabled and gives full and fair consideration to applications for new positions or employment from current or prospective employees regardless of any disability and having due regard to the individual's particular aptitudes and abilities.

The Group is willing to make reasonable adjustments to premises or employment arrangements if these

substantially disadvantage a disabled employee or prospective employee. Every effort is made to find a suitable alternative job and, as necessary, training for those who are unable to continue in their existing role due to disability.

The Group's newsletter is distributed by electronic mail to all Group companies monthly and is made available to employees. Individual Group companies have either a local newsletter, intranet site or a regular communication informing employees on the progress of their company. The Group encourages the growth of employee share ownership.

(ii) Community involvement

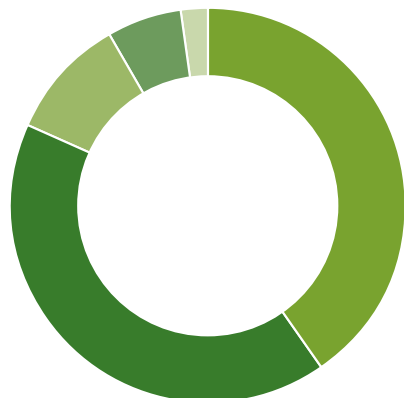
The Group has a Charitable Trust which makes donations both to registered charities and in response to appropriate requests for support from bodies which are not registered charities both in the UK and overseas. In the case of overseas donations the decision to donate is made by the local general manager. In total in the UK the Group donated approximately £86,250 in 2009 to registered charities and other good causes, including the National Star College, the County Air Ambulance, the Alzheimer's Society, Winston's Wish, the Parkinson's Disease Society and Sue Ryder Care.

The operating companies in the Group are encouraged to provide support to local communities through company

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Group's annual review of greenhouse gas emissions

Breakdown of scope 1 and scope 2 emissions by source (32,894 tonnes CO₂e)



- Business travel scope 1
- Electricity scope 2
- Natural gas scope 1
- Gas oil scope 1
- Other scope 1



Spirax Sarco provides QuickHeat heat exchange system to biopharm company Gilead.

The customer

Gilead Alberta based in Canada is a world leader in the provision of therapies for life-threatening diseases such as HIV/AIDS and serious cardiovascular conditions.

The challenge

The customer required a compact heat transfer solution for a glycol heating system servicing a critical air handling installation. It was essential to have easy access for future maintenance purposes.

Our solution

In detailed discussions with the customer we identified fundamental design parameters that changed the initial specification. Making use of our cutting-edge 3-D design technology we configured a packaged, skid-mounted QuickHeat system to meet the precise system requirements, pre-assembled for easy installation and efficient use of space.

Results

The customer required a competitive and reliable solution for this critical process and these needs were fully met. Spirax Sarco's total steam system capability enabled it to engineer a unique design that fully accommodated the complex and challenging operating conditions.



donations, employee organised charitable activities, donation of equipment no longer required and through provision of information.

By way of examples:

- As part of its spend on Broad Based Black Economic Empowerment, Spirax-Sarco South Africa (Pty) Ltd pays the school fees of children whose parents are employees of the company and who qualify for such assistance. In addition the South African company has sponsored the expansion of a small contractor's business who is used as a sub-contractor when the company requires installation work to be carried out.
- Spirax-Sarco (Private) Ltd, Singapore, donated the sum of US \$5,000 to the ABS-CBN Foundation Sagip Kapamilya to assist in humanitarian efforts to alleviate the effects of flooding in the Philippines.

- Spirax-Sarco (Korea) Ltd contributes to local social welfare institutions, including those helping the aged, and supports a small group within the company whose purpose is to help a local community by, for example, delivering briquettes for heating to poor neighbourhoods.
- In India the local company continues to support a hospital it established many years ago making provision for both company employees and the local community. Both benefit from an established welfare programme based in company provided premises supporting community initiatives, particularly for women and pre-school provision for children.
- Spirax-Sarco Ltd continues to support the National Star College in Cheltenham.
- Watson-Marlow Ltd is a sponsor of Falmouth Maritime Museum and the Royal Cornwall Polytechnic Society, a Wildlife Guardian of the Cornwall Wildlife Trust and made charitable donations totalling £10,000 during the year.

- Watson-Marlow Inc., USA, supports local charities including The Wilmington Firefighters Association and the Dana Farber Cancer Institute.
- In the Netherlands, Watson-Marlow Bredel supports the Annual International Wheelchair Games in Delden.

(iii) Supplier relations

The Company policy is to use suppliers of goods and services which maintain appropriate quality standards in their operations. Suppliers must consistently achieve the standards required by ISO 9001.

(iv) Product stewardship

Information and support is given through appropriate technical advice to provide a solution to customers' needs with installation and after-sales service being integral to the Group's business. The proper application of products with due regard to environmental and safety considerations are dealt with in detail in the technical literature made freely available by the Group.



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(v) Corruption

The Company's policy prohibits bribery or corrupt or anti-competitive practices. In addition to provisions within service contracts, general managers, who head Group companies, are required to certify personally that all laws and regulations have been met in their territory.

(vi) Health and safety

The Company has a clear attitude to health and safety, which is that each operation will maintain a healthy and safe environment. The Group is committed to managing its activities around the world so as to safeguard the health and safety of its employees, customers and local community.

In the first instance the general manager of each company has the responsibility for ensuring that this is effectively managed at the local level. Each major manufacturing site has its own Health and Safety Committee advised by a safety officer.

General managers report the health and safety record of each Group company in a standard form to the responsible executive director in an exercise co-ordinated and monitored by Mr. M. E. Gibbin who is responsible for overseeing all health and safety matters. In addition to the site Health and Safety Committees referred to above, a separate UK Health and Safety Audit Committee composed of UK based directors and senior

managers meets every six months to verify the performance of the UK Spirax Sarco business on health and safety and environmental issues.

The Group ensures that the necessary resources are available for health and safety training and companies within the Group seek, as necessary, professional advice regarding the implementation of safety programmes. For example, in the UK Spirax Sarco has an established training programme which is provided to new shop floor employees and refresher courses are provided to all existing shop floor employees.

Regular reviews are conducted to ensure that employees have up-to-date knowledge of health and safety matters relevant to them.

In the UK Spirax Sarco has carried out various reviews and in particular has extended the measures for the welfare of employees by providing:

- Automatic external defibrillators for use in heart attack situations – all first aiders have been trained in their use.
- Training for all managers in the recognition and prevention of work related stress.
- Yearly risk review of all processes and support functions.
- The appointment of an occupational health service including the regular attendance of an on-site health

adviser to support managers and employees on health related matters.

(vii) Environmental

Commensurate with its commitment to CSR and in line with its strategic competence in energy management, the Group is proactive worldwide in environmental energy best practice. An Energy Manager has been appointed to ensure Group operational energy efficiency.

The Group is externally and internally benchmarking its energy performance. Since 2007, the Group has had a policy of reporting its carbon footprint to the Carbon Disclosure Project and has been awarded a Carbon Disclosure Leadership Index of 54. This score represents a slightly above average performance for the disclosure and management of energy. The carbon disclosure reporting by industrial companies is a relatively new metric and in 2009, only 67% of companies in the industrial sector (Global 500, S&P 500 and FTSE 350) published this data.

The Group's annual review of the greenhouse gas emissions are shown on page 26.

Examples of actions to support national initiatives include:

- Actively participating in the UK's first Low Carbon Partnership Scheme run by the Cheltenham Borough Council.

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- In the USA, participation by Spirax Sarco Inc. in the US Department of Energy's Save Energy New Leadership pledge, committing to reducing energy intensity by 25% over ten years.

As a manufacturing company, production resources generate 65% of the business's carbon footprint and are a target for greater efficiency. Examples of actions taken in 2009 include:

- The consolidation of three UK manufacturing sites to reduce unnecessary transportation of people and products. Features of the refurbished building include:
 - New roofs and wall cladding surpassing building regulations by 25% – excellent thermal properties and skylights reduce the need for space heating, forced ventilation and artificial light, whilst providing an improved working environment for employees.
 - Additional electricity sub metering, which will ensure the measurement and management of energy usage and the use of Spirax products will efficiently control steam usage and waste heat recycling in our processes.
 - A rainwater harvesting system, which will save over 1 million litres of water per annum.

- Watson-Marlow's new tubing extrusion plant in Falmouth, completed in 2009, is the first BREEAM (Building Research Establishment Environmental Assessment Method) Excellent industrial building in Cornwall having been designed for sustainability and to have the lowest possible energy costs throughout its life.
- Our focus on resource efficiency and waste reduction continues. Waste to landfill is being reduced through the adoption of a single waste contractor for Cheltenham operations.
- The Group's progressive adoption of ISO 14001 continues with the Spirax Sarco UK management team preparing for approval in 2010.
- All future investments now include an environmental consideration as standard.

General managers of operating companies remain responsible for local compliance with the Group's policy and with local legislation. In Germany, MasoSine has reduced its environmental impact over the past year by reducing water consumption by 17%, electricity by 20% and waste by 22%.

Watson-Marlow Ltd in the UK and Spirax-Sarco SAS in Châtellerault, France are certified to the Environmental standard ISO 14001. It is the intention for the whole Group to be accredited to

ISO 14001. In the USA, Watson-Marlow Inc. complies with US OSHA regulations and strives to be environmentally conscious through a paper recycling programme and implementing energy efficient and green technologies.