

# Corporate Social Responsibility Report

## Principles

The policy of the Board is to enhance shareholder value in an ethical and socially responsible manner which helps to preserve health, safety and the environment. The Board believes that operating in such a way is an integral part of efficient and profitable business management, and recognises that success in these areas depends on the involvement and commitment of everyone in the organisation.

As a minimum, the Group operations around the world are required to meet their legal and regulatory obligations. This policy is reviewed annually for validity and is revised and reissued as necessary.

## Goals

### a) Ethical Operations

Applications for employment by disabled persons are encouraged, bearing in mind the respective aptitudes, skills and abilities of the applicant concerned and the requirements of the position. In the event of employees becoming disabled, the Group's aim is to ensure continued employment where possible and to arrange appropriate training. It is the policy of the Group to maintain, wherever feasible, the training, career development and promotion of disabled persons.

Group policy is that employment-related decisions are based on relevant aptitudes, skills and abilities, and promote a policy of equal opportunity in employment, without unlawful consideration of sex, race, nationality, age, disability, religion or any other category protected by law.

The Group promotes the dissemination of relevant information so that employees are kept regularly advised of Group and operating company developments. Where practical, local briefing sessions are held concerning such matters as health and safety, pension plans, etc.

There is a formal Code of Business Conduct in place for the Group, which promotes a commitment to maintaining the highest standard of ethics and integrity in the conduct of the Group's business throughout the world. This Code includes requirements for the personal conduct of Group employees, including specifically conflict of interests, business gifts, and bribery and corruption. The Code does not permit employees to make contributions to political parties or organisations or candidates for public office with a view to gaining any advantage.

The Company has a Whistle Blowing policy that is communicated throughout the Group. This policy provides employees with the opportunity to report unethical or illegal corporate conduct. M Clark is the Company's Senior Independent Director. His position provides shareholders with an alternative channel of communication if they have concerns that the Chairman, Group Chief Executive or Group Finance Director has failed to resolve, or for which such contact is inappropriate.

### b) Socially Aware Operations

The management of each operation in the Group is aware of the importance of being a good neighbour in its community and is encouraged to build a relationship with local organisations. Each operation within the Group looks to offer a competitive remuneration package to its employees which assists in the retention of its skilled workforce. Each operation aims to recognise and respond constructively to any community concerns about the health, safety and environmental aspects of its activities.

### c) Health, Safety and Environment

The Board as a whole takes an active interest in ensuring that its operations provide a safe working environment for their employees. The members of the Health, Safety and Environment ("HSE") Committee are G R Menzies (Chairman), M Sheppard (CEO Flexonics Division) and R Case (CEO Aerospace Division). The Committee's terms of reference can be found on the Senior plc website.

The HSE Committee normally sits on a quarterly basis and is responsible for formulating the Group's HSE strategy and objectives, for reviewing the Group's HSE performance against the objectives, and for ensuring that key HSE risks and issues are effectively identified and managed.

The Board also reviews the health and safety performance of all the Group's operations. The executive Directors, together with the CEOs of the local operations, are responsible for delivering improved HSE performance. The Group's operations promote employee involvement in HSE matters, by open communication and encouragement of active participation.

Improving the Group's HSE performance has been a particular focus over the past 12 months, with some important foundations being established on which to build its programme; these improvements include:

- The publication of a Group HSE Charter and Framework which defines the principles, expectations and the standards that Senior plc is seeking to implement with each of its operations.
- The development of an HSE Improvement Strategy, which is directed by the HSE Committee.
- The appointment of a Group HSE Manager in April 2006, whose role is to co-ordinate initiatives across the business, oversee the HSE Improvement Strategy, and assist the operations in identifying and prioritising opportunities for improvement.
- Establishing a network of HSE Co-ordinators within each operation, and hiring full-time practitioners where appropriate.
- A doubling of the number of operations which have achieved ISO 14001 certification, with significant progress being made in the remaining operations to achieve this standard by the end of 2007.
- The establishment of an Internal Audit programme for HSE, whereby each operation undergoes a comprehensive audit annually.
- The formalisation of a uniform set of performance metrics covering accidents, energy, waste and water. These, along with the results of Internal Audits, allow for the measurement of improvement.

Having taken the above steps, the Group is in a position to set targets for HSE; the 2007 annual business planning process included improvement targets covering a range of HSE indices. Responsibility for establishing and fulfilling these targets is devolved to the CEO of each operation as part of their leadership responsibilities, and is overseen by the HSE Committee.

### d) Environment

Whilst already subject to various laws and regulations governing the emission of substances which could affect human health or the environment, each operation examines different means by which to reduce further such emissions. Each operation considers the possible environmental impact of new products and processes, and the Group considers environmental issues during acquisitions and divestments. Each operation aims to provide resources in terms of people, training and plant and equipment to meet applicable environmental obligations.

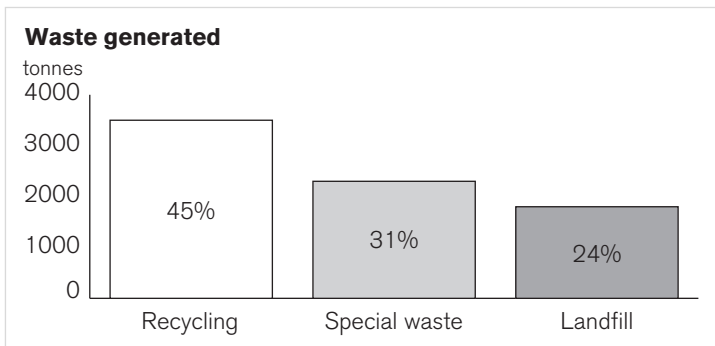
## Performance Indices

Outlined below are details of the Group's environmental performance. This data should be taken in the context of the operations' product usage; many of the Group's products help to improve the environmental and health and safety performance of its customers' products. Although the Group has not sought to quantify this benefit, a key part of its contribution to sustainability is to enhance flight safety, and reduce environmental impact; this has been done by way of reducing fossil fuel consumption, noise or the use of raw materials.

### i. Waste

The Group maintains a strong focus on waste reduction through its Lean Manufacturing Initiative. Many of the Group's operations maintain recycling levels at 90-95% of raw materials, and utilise the ISO 14001 programme to share best practices.

Excluding recycled waste, the Group's total waste disposed in 2006 was 4,200 tonnes, which represents 55% of the total disposed material. In 2007, the Group is targeting a significant reduction in the quantities of special waste and landfill waste generated.

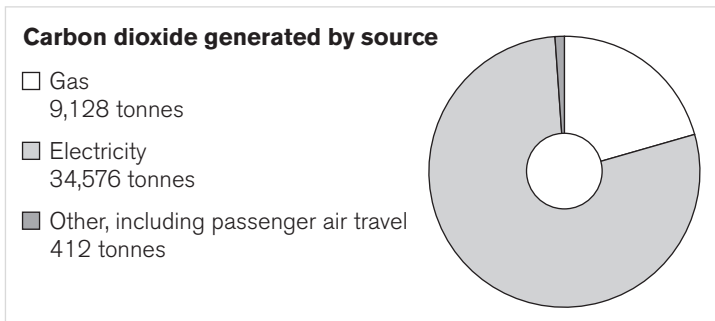


### ii. Water usage

The Group's primary use of water is in product cleaning. In 2006, the water usage was 500 mega litres. A Group reduction target of 9% has been set for 2007, which is to be achieved through changes in working practices and the installation of new capital equipment.

### iii. Energy

The vast majority of the Group's greenhouse gas emission is derived from energy usage; its carbon footprint has been calculated using UK conversion methodologies, and the results are shown in the "Carbon dioxide generated by source" chart.



The Group's energy reduction programme is in its early stages, and many opportunities have been identified to facilitate the reduction in base

consumption. The Group is in the process of quantifying the Volatile Organic Compounds utilised by its operations, and will report the results, together with details of its reduction programme, next year.

## Occupational Health and Safety

The Group has adopted a number of international methods for measuring its safety performance, including the OSHA Days Away Case Rate (DACR) and the Accident Severity rate. The DACR measures the number of OSHA recordable injury and illness cases involving days away from work per 100 employees which were 2.77 for 2006, whilst the Severity Rate was 70.15; this rate measures the number of lost workdays resulting from occupational injuries and illnesses per 100 employees.

A large proportion of the lost workdays in 2006 resulted from injuries incurred in the prior year, and some injuries were incurred by businesses pre-acquisition. The Group has established a set of challenging targets to improve performance in this area over the next three year period. Underpinning these targets will be programmes based upon risk analysis techniques, ergonomic enhancements, occupational health programmes, and improved hygiene practices.

The Group continues to work closely with its employees, local works councils, and trade unions, where applicable. It values its employees and encourages long-term commitment by promoting job security and appropriate training packages for employees at all levels.

## Organisation and Responsibilities

Operating in an ethical and socially aware manner which preserves health, safety and the environment is a mainstream management responsibility. Executive and line managers at all levels within the Group are directly responsible, through the normal management structure, for these matters in the specific operations under their control.

All of the Group's employees have a responsibility to act in an ethical and socially aware manner, to take reasonable care of themselves and others while at work and to participate positively in the task of preserving workplace health and safety and the environment.

Each operation is expected to adopt policies in keeping with these principles and goals, and for making arrangements for putting them into practice.

Ethical, social, health, safety and environmental factors can represent risks to the Group's short and long-term value, as well as opportunities to enhance value that may arise from an appropriate response. The Board has established reporting structures to provide it with information on such risks and opportunities. Ethical, social, health, safety and environmental issues that represent significant business risk or opportunity are monitored and reported as part of the Group's risk management process, as described in the Corporate Governance Report.

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.

## Customers and Suppliers

The nature of the businesses in which the Group operates and relies heavily on forming close and long-term relationships with both its customers and suppliers. Generally, these relationships are managed at a local level, with Divisional support.