

# 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 appropriate, 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, covering specifically conflict of interests, business gifts, and bribery and corruption. The Group does not permit its operating subsidiary employees to make contributions to political parties or organisations or candidates for public office with a view to gaining any advantage.

### 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 competitive remuneration packages to its employees which assist 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 & 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 & 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 met four times during the year 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.

Over the past 12 months the Group has achieved a number of improvements in the management of its health, safety and environmental exposures:

- management systems have been improved, with an additional seven operations having achieved certification to ISO 14001 and a further two being in the final stages of implementation. This will leave only seven of the Group's 25 operations left to be certified;
- resourcing has been enhanced with local HSE Coordinators in place, and with the larger facilities providing resourcing on a dedicated basis;
- technical improvements have been made at a number of operations including improved ventilation and solvent elimination, along with improved safety controls such as machine guarding and process control; and
- improvements have been made to the Group's energy and environmental performance, with waste, solvent and water usage and the CO<sub>2</sub> to sales ratio being reduced.

Although good progress has been made during the year, the Board and operational management teams remain committed to implementing further improvements.

### 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 to further reduce 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 (the majority of which is recycled metals), and utilise the ISO 14001 programme to share best practices.

Whilst the overall level of Group waste increased, due to acquisitions and organic growth, the proportion recycled increased significantly such that the total volume of waste generated and recycled by the continuing business (excluding acquisitions), increased in 2007 by 5% which, given the 18% organic growth of the business, represents a marked improvement in the Group's Waste Generated to Revenue performance.

With 16 of the operations having now certificated to ISO14001, and two to follow shortly, the Group has achieved notable improvements in environmental performance. These include increased recycling and waste reduction, such as the re-use of plaster at one of Senior's composite businesses, this had previously been disposed to landfill. General recycling has also improved considerably over the past year, with over 130 tonnes of paper and cardboard being redirected from landfill to being recycled.



### ii. Water and solvent usage

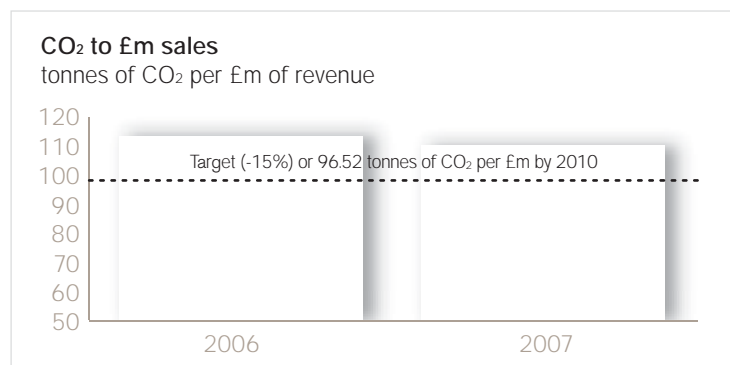
The Group's total water use for 2007, despite the inclusion of the newly acquired companies for a full year, of 410 megalitres represented an 18% reduction compared to the prior year (2006 – 500 megalitres).

The majority of the Group's total solvent usage for 2007 (92 tonnes), relates to solvents inherent within the production processes. The Group invested over £440,000 in 2007 to reduce usage of solvents and meet the new European limits for Volatile Organic Compounds ("VOC") emissions. These investments will build upon the 26 tonnes of VOC the Group has already managed to eliminate through the replacement of material cleaning processes.

### iii. Energy

The Group has targeted the reduction of the 2006 CO<sub>2</sub> emissions to revenue ratio by 15% by 2010. With sales of £470.7m and carbon emissions at 51,939 tonnes (2006 – £387.9m and 44,116 tonnes), the 3% improvement to 110.3 tonnes of CO<sub>2</sub> per £m of revenue (2006 – 113.7 tonnes) provides a solid start upon which to achieve the target within the four year timescale.

The Group's main sources of CO<sub>2</sub> emissions during the year were due to electricity consumption (39,379 tonnes) and natural gas usage (11,270 tonnes).



### Occupational Health and Safety

The Group uses a series of performance indicators 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. The 5% annual DACR reduction target, set in 2006, was achieved in 2007, falling 8% from 2.77 to 2.55. The second of the metrics, the Accident Severity Rate, which measures the number of lost workdays resulting from occupational injuries and illnesses per 100 employees, remained unchanged at 70.1, having been inhibited by the more protracted nature of returning employees to work and the need for effective rehabilitation.

Having improved the local health and safety resources during the year and instigated better management systems, the Group's safety programme will now increase the focus on:

- identifying and assessing hazards through the use of risk assessment;
- improving the formalisation of business processes, and improving the enforcement of operational controls;
- improving Organisation Learning by enhancing the sharing of information amongst the operations on issues such as accidents and technical best practices; and
- developing and defining technical best practice for a range of hazards and processes through the development of corporate standards.

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 to make arrangements to put 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 providing opportunities to enhance value by responding appropriately. 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 Group's operations rely on forming close and long-term relationships with their customers and suppliers. Generally, these relationships are managed at a local level, with Divisional support.