

Corporate social responsibility

Achievements

- **UPDATED THE GROUP'S APPROACH TO BUSINESS ETHICS**
- **INTRODUCED REVISED HSE STRATEGY AND OBJECTIVES**
- **39% DECLINE IN THE RATE OF LOST TIME ACCIDENTS**
- **CO₂ EMISSIONS REDUCED BY 3%**

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

- developing 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").

The Group's 2011 achievements in these key areas of CSR focus, together with its objectives and targets identified for 2012 and beyond, are shown in the table on page 37.

Developing 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 its 5,878 employees and in 2011 Senior enhanced its Group-wide 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. Over 200 managers have benefited from this training programme to date with plans to extend the programme further. Additionally, individual training and development plans are also run by each operation, focusing on their local needs.

Pay and remuneration

Each operation looks to offer competitive remuneration packages to its employees, dependent upon the skills, qualifications and experience of each individual and local market conditions.

Contributing to communities

The Group's operations are encouraged to involve themselves in their local communities and to support local charities. These relationships are normally managed at a local level, where the employees typically 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.

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 has operated a Code of Business Conduct (the "Code") for many years. During 2011, the Code was extensively revised to reflect recent legislative changes, such as the introduction of the UK Bribery Act. Additionally, a separate code of business conduct for agents and company representatives was introduced.

The Code applies to Senior plc, all of its subsidiaries, joint ventures and associated companies. It is Group policy that business with third parties shall always be conducted at arms' length, in accordance with the highest professional standards and in compliance with: the laws of the country in which the Group operation is located; the laws of the country and other jurisdictions in which the business is being transacted; and the Code.

The Code states that employees must avoid situations in which their personal interests may conflict, or appear to conflict, with those of the Group in situations including: bribery and corruption; above normal levels of hospitality, promotional and other business expenditure; personal business interests; work for third parties; confidentiality of information; and dealing in the shares of Senior plc. In response to the UK Bribery Act 2010 coming into force, an online anti-bribery training course has been developed for the Group's employees, to educate employees on this legislation, its potential impact on the Group and to reinforce what is or is not acceptable behaviour.

The Group does not make donations to political parties, and employees are not permitted to use corporate funds for this purpose. Charitable donations are permitted by the Group's operations and an official record of these is maintained.

The Group's Head of Internal Audit is required to have regard to the Code in his auditing activity, to continually review the Group's exposure to ethical risks, and to report any infringement of the Code to the Group Company Secretary and Audit Committee.

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 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. 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.

Corporate social responsibility continued

Health, safety and the environment

To lead and oversee the Group's safety and environmental objectives, Senior operates a Health, Safety and Environment Committee which meets quarterly. The Committee is chaired by the Group Chief Executive, who 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 chief executives of the Group's three divisions also sit on the Committee.

The basis of Senior's HSE programme is set out in the Group's Environmental Health and Safety Charter ("the Charter"). The Charter has an established set of principles, practices and programmes that each operation should adhere to, providing a sound foundation for the HSE management process throughout the Group. A core component of the Charter is the development of local safety and environmental improvement plans that each operation is required to develop annually. Verification of each operation's plans, programmes and performance is conducted through a Group HSE audit programme.

Health and safety

The Group's goal remains zero occupational injuries. In 2011, there were reductions in the number of recordable injuries and those which incurred lost time for the fifth year in a row. Although the trend continues to move in the right direction, the Group recognises that there will always be work that can be done to improve matters further.

Whilst Senior is pleased to report a year of continued improvement in safety metrics, the Board is saddened to report the death of a roofing contractor at one of its UK operations in December 2011. Following the incident, a formal structured investigation was undertaken. A series of actions have been communicated across the Group and will be monitored with the aim of preventing a reoccurrence of this tragic incident.

Environment

The Group is committed to minimising its environmental impact by improving environmental management processes, and driving energy and resource efficiency. Senior's most significant environmental impact is in the form of CO₂ emissions. In 2011, the Group emitted 60,537 tonnes of CO₂; when normalised to sales, this represents a 3% reduction compared to 2010. The Group's largest source of CO₂ emissions is its energy usage and in acknowledgment of this, a 5-year target was established in 2010 to improve energy efficiency by 10%. In 2011, the Group made an important first step towards this goal by improving energy efficiency by 4%.

Water usage and waste generation represent the Group's other significant environmental impacts. The Group's main water uses are driven by production processes, such as material cleaning and equipment cooling. To reflect changes in production, Senior now measures its water consumption against sales revenue. In 2011, the Group used 0.40 mega litres per £'000 of sales, representing a slight increase on 2010 (0.36 mega litres per £'000 sales). The main reason for the increase was a change in product mix at the Flexonics Division's operation in Bartlett, USA.

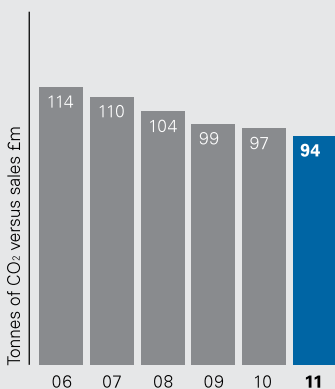
In 2011, the total amount of waste generated by the Group was 10,308 tonnes, a reduction on the 2010 levels despite the growth in Group revenue. The Group has steadily increased the amount of waste which is recycled and this trend continued in 2011, with over three-quarters of the waste being recovered or reused.

Looking forward

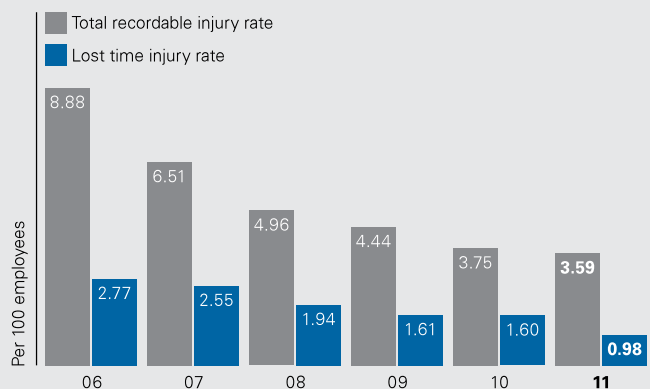
To help the Group further improve its safety performance, the Group introduced a series of strategic goals and actions in 2011, including training for safety leadership along with the development of tools, guidance and training to enhance workplace ergonomics, the single most significant type of workplace injury.

The Group will further strengthen its approach to business ethics with the introduction of a Group-wide ethics training programme.

CO₂ to £m sales



Injury rates 2006-2011 (injuries per 100 employees)



“Operating with integrity in an ethical, environmentally and socially sustainable manner is core to the future successes of the Group. How our people perform is as important as how our products operate.”

Key areas of CSR focus

	2010	2011	Objectives and Targets
Environment			
Energy efficiency (MWh/£M turnover) ⁽²⁾	223	214	≤ 207 MWh/£m turnover by 2014
Scope 1 GHG (tCO ₂ e) ⁽³⁾	8,801	9,409	Incorporated within energy efficiency target
Scope 2 GHG (tCO ₂ e) ⁽⁴⁾	42,890	44,146	As per Scope 1
Scope 3 GHG (tCO ₂ e) ⁽⁵⁾	3,102	6,982	As per Scope 1
Tonnes CO ₂ emitted per £1m of revenue	96.65	94.47	As per Scope 1
Water usage (in megalitres)	206	256	
Waste generated (in tonnes)	10,413	10,308	
Percentage of waste recycled or recovered	74%	76%	To increase the percentage of waste recycled or recovered to 80% by 2015
Safety			
Total Recordable Injury Rate measures the number of injuries per 100 employees	3.75	3.59	To reduce the 2010 Total Recordable Injury Rate by 20% by 2015
Lost Time Injury Rate tracks the number of injuries per 100 employees with one day or more away from work	1.60	0.98	To reduce the 2010 Lost Time Injury Rate by 20% by 2015
Business ethics and compliance			
Revise and reissue Code of Business Conduct		Completed	Corporate training for ethics and integrity to be rolled out during 2012
Investigate 100% of all complaints received regarding whistle-blowing		Undertaken	Maintain standard

⁽²⁾ The energy efficiency is a measure of the Group's energy consumption relative to sales. The baseline for the 10% improvement is the 2009 data. These targets exclude the impact of any new acquisitions.

⁽³⁾ Scope 1 GHG emissions emanate from direct sources which Senior own and operate, such as natural gas or oil furnaces.

⁽⁴⁾ Scope 2 GHG emissions emanate from indirect sources, such as purchased electricity.

⁽⁵⁾ Scope 3 GHG emissions result from support and ancillary activities, including business travel, movement of goods and waste disposal. Some of this data is based on estimated values. In 2011 the Group adopted a more comprehensive method for evaluating the CO₂ emissions of the waste materials it disposes of; this is reflected in the increased Scope 3 emissions.

⁽⁶⁾ The increase in water usage is explained on page 36.