

## Corporate social responsibility statement

“Spectris is committed to creating business growth whilst ensuring that impact on the environment is minimised and that all activities are conducted safely by well-trained and qualified employees.”

The following review summarises the company’s policies and procedures. Further information and examples can be found on the company’s website at [www.spectris.com](http://www.spectris.com).

Spectris comprises a number of subsidiary companies which operate around the world. Overall responsibility for developing corporate policies on social, ethical and environmental matters and for reviewing their effectiveness lies with the Spectris Board. It is then the responsibility of the individual operating units to communicate and apply that policy within their particular business taking account of local legislation and potential risks, to ensure compliance with the policy and to maintain, review and refine procedures accordingly.

Spectris policies and procedures, including those relating to social, environmental, health and safety, employment and ethical matters, are communicated to all business units via the Spectris Group Manual. As an integral part of the group’s risk management and corporate governance processes, the presidents and finance directors of the operating companies are required to certify, on an annual basis, compliance with the group’s policies and procedures and report on, where appropriate, all non-compliance events. All policies and procedures are reviewed regularly and any updates are communicated to the operating companies.

The Board confirms there is an ongoing process for identifying, evaluating and managing any significant risks, including those arising from social, ethical and environmental matters. This process forms part of the group’s system of internal controls, described in the Directors’ report on page 27, which are carried out within each operating business and reviewed regularly by the business group directors and the audit committee. Since 2003, the review of material environmental risk processes and procedures has been incorporated into the internal control and risk management function. Additionally, the executive directors report to the Board on any changes in the business and external environment which present significant risk, whilst regular reports on legal exposure and insurance matters are received from the company secretary.

Spectris has been a member of the FTSE4Good UK index of socially responsible companies since its establishment in July 2001.

The three key areas of corporate social responsibility at Spectris comprise environment, health and safety, and employment and ethics.

### Environment

Spectris is addressing concerns for the environment by designing products which provide customers with the ability to minimise their impact on the environment by reducing raw material consumption, waste and energy use or minimising harmful emissions.

The productivity benefits to a wide range of industrial processes are both direct and indirect in saving natural resources. Some current examples where the use of our products has a direct beneficial contribution are shown on the company’s website.

Spectris products do not require capital-intensive manufacturing processes and hence their manufacture generally has a low overall environmental impact. Nevertheless, Spectris is committed to adopting environmentally responsible policies in its internal operations wherever its companies operate.

### Environmental policy

The environmental policy is designed to achieve the following objectives:

- to invest in the research and development of new products and applications to enable our customers to meet or exceed their environmental aspirations;
- to comply with all relevant environmental laws and implement best practice in all of our activities;
- to manage our resources to minimise raw material usage, dispose correctly of waste, reduce harmful emissions, and promote energy conservation and recycling;
- to require procedures for identifying and minimising any significant environmental risks inherent in manufacturing, distribution and installation processes to be documented, and to ensure that such procedures become part of the definition and validation of new products and processes;
- to raise environmental awareness amongst our employees to enable them to carry out their work with due consideration for the environment;
- to work with our suppliers and business partners to provide confidence that their environmental impacts are managed to standards acceptable to Spectris;
- to report on our environmental policy on a regular basis to our employees, shareholders, and other interested parties.

**Environmental management systems** Operating companies representing over one-third of Spectris business by turnover are certified to ISO14001, the international environmental standard, with other companies working towards accreditation.

**Risk assessment** Identification of significant risk to the business comprises the determination of potential effects on the environment resulting both from product manufacture and operation of the product at the customer’s site. The scale and severity of the possible impact is assessed, together with the probability of its occurrence. Where a significant risk is identified, procedures for storage, normal operating conditions and emergency situations are documented and regularly monitored for compliance with the relevant regulations. A nominated individual is responsible for safety compliance and all employees are informed and trained in safety procedures, depending upon the extent of their involvement with the product presenting the risk. Documented processes are in place to reduce the likelihood of an occurrence. Material environmental risk processes and procedures are reviewed by the group internal control and risk manager.

Examples of significant potential risk in Spectris operations include, within the PANalytical business which supplies instrumentation for X-ray analysis, the limited use of beryllium in detector windows and X-ray tubes. Some NDC Infrared Engineering products utilise low-level sealed radioactive sources. In both cases, the legal requirements for the correct handling and labelling of products and hazardous areas are documented and regularly audited for compliance. Procedures also exist for the disposal of contaminated waste and, where appropriate, for recovering used products from customers and disposing of them safely.

Servomex supplies gas analysis instrumentation and its testing facility includes the storage of flammable and toxic gases. Operating procedures for the movement and use of cylinders containing such gases are in accordance with the appropriate legal requirements and are inspected annually by an independent authority. Chemical and hazardous waste is disposed of in accordance with written procedures.

During the year no significant environmental incidents were recorded. Investigative studies into contaminated land at Almelo in the Netherlands, resulting from activities prior to ownership by PANalytical, have now been completed. These demonstrate that the contamination does not present a risk to groundwater and recommend that the contamination be permitted to degrade over time through natural processes. The company is awaiting approval from the Dutch authorities for this course of action and the ongoing monitoring regime.

**Compliance with future legislation** Spectris products will shortly be required to conform to two new EU Directives: Waste Electrical and Electronic Equipment (WEEE) and Restriction Of Hazardous Substances in Electrical and Electronic Equipment (ROHS). WEEE aims to reduce the waste arising from electrical and electronic equipment and improve the environmental performance of all the components involved in the life cycle of electrical and electronic products. ROHS aims to protect human health and the environment by restricting the use of certain hazardous substances in new equipment. The principal impact of the Regulations on Spectris businesses is to require the replacement of lead-based solder used in the manufacture of printed circuit boards (which is largely carried out by third party suppliers) with lead-free solder. All affected Spectris businesses are working to ensure that both they and their suppliers comply with the Regulations in a timely manner.

**Waste minimisation** Environmental awareness is the responsibility of all employees and internal initiatives are in place at many sites to reduce energy usage and minimise wastage. These include recycling of waste paper, cardboard, plastic cups, aluminium cans and mobile phones, reducing energy consumption through the use of timers and sensors to control hot water, air conditioning and lighting, reducing water consumption and re-use of packaging and filling materials. Spectris complies with the UK Producer Responsibility

Obligations (Packaging Waste) Regulations which set targets for the recovery and recycling of packaging waste.

### Health and safety

Spectris recognises its health and safety duties and responsibilities and requires that all companies comply with the relevant health and safety legislation. The Chief Executive has overall responsibility for health and safety.

All operations (and where appropriate, each location) are required to issue and bring to the notice of their employees a written statement of policy with respect to health and safety at work. Audits of health and safety policies and procedures are undertaken at all major locations by external assessors acting on behalf of the group's insurers on a periodic basis.

During the year no significant health and safety incidents were recorded.

### Health and safety policy

- To ensure that everything that is reasonably practicable is done to prevent personal injury and to maintain a safe working environment.
- To provide and maintain plant and equipment, all service installations, systems of work, a workplace and a working environment which are safe and without risk to health.
- To ensure that the involvement of all employees is promoted by demonstrating clear senior management commitment, staff consultation, provision of awareness and training programmes and ensuring the necessary safety devices are in place.
- To ensure that sub-contractors and suppliers utilise sound health and safety practices.
- To check the effectiveness of such measures on a regular basis.

### Human rights, employment and ethics

Spectris operates mainly in Europe and the US, but with a growing presence in the Asia Pacific region. Inevitably, different social and employment conditions exist in different locations, but Spectris places high priority on compliance with legislative and ethical requirements within all jurisdictions in which business is conducted, particularly with respect to employment practices, labour rights and equal opportunities. The head of commercial has overall responsibility for human rights, employment and ethics, but responsibility for implementing the policy is delegated to individual business units, with operational policies tailored to suit local needs.

**Human rights** Spectris believes in the fundamental rights of people in all parts of the world and is committed to adopting internationally recognised human rights standards wherever it operates. The company's human rights policy is consistent with the Principles of Human Rights, as set out in the International Labour Organization's core conventions.

### Human rights policy

It is the group's policy that all operating companies:

- adhere to all legislation relating to employment rights and equal opportunities, with particular reference to non-discrimination on the basis of ethnic origin, religion, gender, age, marital status, disability or sexual orientation;
- ensure that physical, verbal and psychological abuse, or sexual or other forms of harassment towards employees is not tolerated;
- ensure that disabled persons are recruited, trained and promoted on the basis of aptitude and ability. If employees become disabled, every effort is made to retain them and when necessary re-train them for appropriate posts;
- pay wages and benefits which meet or exceed national minimum requirements and adhere to working time regulations where applicable;
- shall not use forced labour nor employ workers under the school-leaving age of the country of employment. Appropriate procedures are taken where practicable to ensure that this policy is applied to suppliers;
- provide a safe and secure workplace and promote good health and safety and environmental practices;
- adhere to applicable laws regarding the freedom of employees to associate or bargain collectively without fear of discrimination.

The group monitors compliance with the policy through various processes, including confirmation in writing by each business unit annually, and consolidated Equal Employment Opportunities Commission returns which are produced in the US. The policy is regularly reviewed and any changes are communicated to the operating companies via updates to the Group Manual.

The group recognises the value of consultation with employees and Works Councils represent employees in applicable jurisdictions.

**Employment and ethics** All employees are expected to behave with integrity and honesty and adhere to the code of ethics.

Spectris operates a confidential "whistleblowing" policy via which employees may report to the business's management team or any Board member any concerns they may have over unethical business practices or conduct, dangers to health and safety, or breach of company policies. Any such disclosures are appropriately investigated. In addition, Spectris is committed to protecting the career and reputation of employees who report wrongdoing in accordance with established procedures, as long as their disclosures are delivered in good faith and seek to safeguard the best interests of the group.

### Ethics policy

- prohibition on the giving or receiving of any bribes, extra contractual gratuities, inducements, facilitation payments or similar, including compliance with the US Foreign Corrupt Practices Act, the US Racketeer Influenced and Corrupt Organizations Act and the UK Anti-Terrorism, Crime and Security Act;
- prohibition on the giving to customers or business contacts, or the receipt by employees, of any gifts, whether in cash or kind, in excess of £100/€150 in value, unless in the course of normally accepted business entertainment and the subject of prior written approval by local management;
- prohibition of donations (including sponsorship, subscriptions or provision of employee time or facilities) to any political party or similar organisation;
- the purchase of legal title or licence to all software in use;
- compliance with all export control regulations;
- avoidance of conflicts of interest between employee's private financial activities and their part in the conduct of Spectris businesses.

**Training and development** Spectris recognises the value that its employees create for the business and its commitment to training and personal development, together with remuneration policies which are designed to reward achievement, emphasises the importance of retaining staff throughout the group. Local policies, based on overall group guidelines, are set by individual managements according to the needs of their business and local conditions.

**Employee communications** The company has a policy of encouraging its operating companies to provide information to their employees on a regular basis. This information includes matters relating to their company's performance, its prospects in the markets it serves and the future outlook of its business. In addition, the group distributes a quarterly electronic newsletter, *Perspectives*, which keeps employees abreast of group progress (and is also available to shareholders at [www.spectris.com](http://www.spectris.com)). Financial participation in the group is encouraged through the Savings Related Share Option Scheme in the UK and the group's executive share option schemes.

**Community involvement** Spectris operating companies worldwide support local charities and participate in a range of community activities. Charitable donations in 2004 totalled £35,000, of which £8,000 were in the UK (2003: £137,000, of which £8,000 in UK). Examples of community activities are described on our website.