

# Corporate responsibility

**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.**

Spectris comprises a number of subsidiary companies which operate around the world. The companies' products are used to monitor and control processes in many industries, helping customers to improve efficiency and minimise their impact on the environment by reducing raw material consumption, waste or energy use. In turn, Spectris companies themselves actively seek to minimise their impact on the environment by designing products which are more energy-efficient and avoid the use of harmful substances.

## *Policy setting and monitoring*

Overall responsibility for developing corporate policies on social, ethical and environmental matters and for reviewing their effectiveness lies with the Spectris Board. The individual operating units are then responsible for ensuring the policy is communicated and applied within their particular business, taking account of local legislation and regulation. All policies and procedures are reviewed periodically and any updates are communicated to the operating companies.

Spectris policies and procedures are communicated to all business units via the Spectris Group Manual. As an integral part of the company'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 company's policies and procedures and report on, where appropriate, all non-compliance events.

The process for identifying, evaluating and managing any significant risks, including those arising from social, ethical and environmental matters, forms part of the group's system of internal controls and is regularly reviewed by the group internal control and risk manager. 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.

## *FTSE4Good index*

Spectris has been a member of the FTSE4Good UK index since its establishment in July 2001. The FTSE4Good UK index measures and benchmarks the performance of companies that meet globally recognised corporate responsibility standards, with particular emphasis on the environment and human rights.

The following report explains the company's commitment to social, ethical and environmental issues. The policies are described fully on the company's website at <http://www.spectris.com/aboutus/corporate.php>.

## **Environment, health and safety (EHS)**

The Chief Executive has overall responsibility for environment, health and safety matters. Senior executives in each of the business units are responsible for implementing the policy at local level.

## *Environment*

Spectris addresses environmental concerns by providing customers with products which enable them to minimise their impact on the environment by reducing raw material and energy consumption, eliminating waste and minimising harmful emissions. Products are also designed to help customers to meet new legislation, for example instrumentation providing the ability to measure low levels of materials such as lead and cadmium to meet the new European directive on the restriction of hazardous substances. Other examples of the use of Spectris products having a direct beneficial contribution to reducing environmental impact 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. Each operating company is required to comply with all relevant environmental laws and minimise raw material usage, energy and waste disposal.

The design processes for Spectris products take into account the operational lifetime of every product and end-of-life removal or disposal. Consideration is given to the recyclability of materials, energy consumption and environment-friendly production, packaging and shipping. During 2005, Spectris companies, and their suppliers, worked to ensure the provision of products which comply with the new European regulations on the Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE), where appropriate. These directives apply particularly in the manufacture of printed circuit boards (an activity largely carried out by third-party suppliers to Spectris), where lead-free solder is now being used.

Internal initiatives are in place at many Spectris 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.

### *Environmental management systems*

Operating companies representing over one-third of Spectris business by turnover are certified to ISO14001.

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 and a final report has been submitted to the Dutch authorities for review and approval prior to any remediation activities.

### *Health and safety*

Spectris is committed to providing a working environment at all of its sites which is safe and without risk to health. Each operating company is responsible for ensuring the health and safety of its employees and also that of sub-contractors and suppliers.

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.

### **Human rights, employment and ethics**

Spectris operates mainly in Europe and the US, but with a growing presence in Asia. Although different social and employment conditions exist in different locations, 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 policies, but responsibility for implementation 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, and includes policies on non-discrimination, harassment, pay and forced labour.

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.

### *Ethics*

All employees are expected to behave with integrity and honesty and demonstrate appropriate business behaviour. The ethics policy prohibits bribery and similar facilitation payments. Donations to political parties or similar organisations are also prohibited.

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.

### *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 for its business. In addition, the group distributes a periodic 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 available to all UK employees, the group's executive share option schemes and the proposed performance share plan.

### *Community involvement*

Spectris operating companies worldwide support local charities and participate in a range of community activities and educational initiatives. Charitable donations in 2005 totalled £73,300 of which £5,500 were in the UK (2004: £35,000, of which £8,000 in UK). Examples of community activities are described on our website.