

CORPORATE SOCIAL RESPONSIBILITY

The Company has considered the guidelines on Social Responsibility published by the Association of British Insurers and takes full account of the significance of environmental and ethical matters in the conduct of its business and in its risk assessment processes. Rotork remains fully committed to the principles laid down for its inclusion in the FTSE4Good Index and the 10 Principles of the UN Global Compact of which it is a signatory.

Environment

The Group Environmental policy, which is reviewed annually, includes commitments to the prevention of pollution, compliance with all relevant legal and other regulatory requirements and to the continuous improvement of environmental performance. The Environmental policy applies to all manufacturing sites in the Group worldwide. The complete policy may be found at www.rotork.com under 'Environment'.

In its 2004 Environmental Report the Group reported that it had maintained its commitment to managing and improving its environmental performance and to communicating this performance to its stakeholders through the publication of its Environmental Report for 2004 which can be accessed in full at www.rotork.com under 'Environment'. The 2005 Environmental Report will be available on the Company's website in late Spring 2005.

The Group has identified its key environmental impacts to include the use of energy, water, and disposal of waste. The Group is continually developing policies and procedures on these issues to minimise its impact on the environment.

Rotork considers it contributes to sustainable development and environmental improvement through the products and services it sells. The Company's products are used around the world in all environments, including those which are hazardous and in many types of industries, including water purification, sewage, food processing, marine, irrigation, power generation and oil and gas. Rotork products help reduce human error and thus potential environmental disasters, whilst saving energy

and resource. With the launch in late 2003 of the new Intelligent Quarter Turn (IQT) range of actuators, which consume a tenth of the energy of their predecessors, Rotork is continuing to develop and produce energy efficient products with improved performance.

Environmental Management System

Rotork will, through its Environmental Management System:

- Allocate formal environmental responsibilities to ensure compliance with legislation;
- Support a culture of consultation with employees, key stakeholders and other interested parties;
- Provide environmental information, guidance and, where necessary provide training that meets best practice;
- Monitor, measure, audit and seek continuous improvement in its environmental performance;
- Work with external agencies and bodies to ensure continued adoption of best practice solutions in environmental management;
- Communicate best practice and publish internal and external information detailing its aims and achievements;
- Foster open communication with employees, customers, suppliers and other stakeholders via both electronic publishing and face-to-face discussion.

The project to fully implement an Environmental Management System at the Bath manufacturing site has continued to progress. Waste to landfill has been identified as the biggest environmental site impact and challenge. To turn this impact into an environmental 'win' required the redevelopment of the site facilities to accommodate the recycling systems necessary to reduce the impact. Recycling processes were established for wood, cardboard and IT equipment. Other waste streams are now being separated to facilitate further recycling opportunities. Within the 2004 Environmental Report at www.rotork.com information and data can be accessed about how Rotork managed its key environmental impacts. The data includes waste to landfill, incineration and authorised disposal plants, CO₂ emissions, water

consumption and use of hydrocarbons and volatile organic compounds. For the first time the data is included from the other manufacturing sites as well as Bath.

The Aspects and Impacts Assessment is currently being reviewed in the light of new processes introduced in 2004. This will provide the springboard for setting objectives for the year ahead. An audit to verify compliance with ISO 14001 by an external agency is scheduled for March 2005.

Ethics and Values

Rotork is a signatory to the United Nations Global Compact and its 10 Universal Principles around human rights, labour, environment, bribery and corruption. These Principles are derived from the Universal Declaration of Human Rights and the International Labour Organisation's Declaration of Fundamental Principles and Rights at Work. In particular, Rotork supports all United Nations' efforts to ensure the effective abolition of child forced compulsory labour and will never use any such labour in any of its operations worldwide. At Rotork the rights of every employee are respected. The Company acts in ways that ensure all employees are treated with openness, mutual trust, dignity and respect. Everyone working at Rotork will be treated fairly and without discrimination on the basis of race, gender, language or religion.

Rotork's Ethics and Values Statement can be accessed at Rotork's website www.rotork.com under the 'Investors' section, sub-section 'Responsibilities and Ethics'. Additionally at that part of the website can be accessed the Rotork 'Doing the Right Thing' document which describes some of the benefits Rotork provides for employees and the wider community.

Suppliers

Business integrity and fair dealing is key to the Group's relationships with suppliers and contractors. Many of the Group's suppliers have long-term relationships with the Group. Most key suppliers are registered to ISO 9000. Supplier development is ongoing and involves elements (developed in the motor industry) of the QS 9000 system.

Employees

Employees in the UK and many overseas offices enjoy participation in long-standing Rotork profit sharing and share schemes.

At the Bath plant, an Employee Committee sits regularly to discuss staff issues and suggests improvements in working conditions and practices. All issues are reviewed by directors and acted on as appropriate.

An Equal Opportunities policy is applied throughout the Group and in almost all cases, it is nationals from those countries in which the Company operates who manage those companies locally.

Financial support for training and learning programmes directly related to employees working roles are provided. There are two full time training officers at the Bath site who co-ordinate product training initiatives for employees and customers. Four year apprenticeship programmes underline the commitment to staff development for the long term.

Health and Safety

The Group has Health and Safety policies in place. The Group is working towards a global Health and Safety policy compliant with Occupational Health and Safety Management System (OHSAS) for the benefit of employees and those they interact with worldwide.

Community involvement

For many years Rotork has pursued a policy of community involvement through financial support and fostering partnership with local charitable and voluntary organisations, trusts and local support groups. A Charity Committee made up of employees at all levels considers local community charitable and similar requests at the Bath site. Projects are then followed through with visits and reports by employees and feedback to the Charity Committee. Sponsorship is also given to local youth and sporting clubs and to cultural and social events. There is also direct engagement in community issues. For example in Bath a representative of the Company sits on a local group supporting local initiatives for cultural, social and economic development.

The Charity Committee normally matches monies raised by employees who undertake appropriate charitable events personally.

In 2004, the Charity Committee awarded a grant of £30,000 over three years to the Research Institute for the Care of the Elderly to provide a Rotork room in a new research facility to be built at the Royal United Hospital in Bath. The room will be one of four examination rooms that will be used on a daily basis for the Institute's research projects and memory clinics. The memory clinics provide a much valued service to people in the Bath area. Like Rotork, the Institute is committed to research as a means of progress in finding solutions to practical problems. With the ageing of the population, research to improve the care of older people is of growing importance and Rotork is pleased to be involved with this initiative.

Other charitable organisations to benefit from Rotork's Charity Committee during the year included:

Hope and Homes for Children
Bath Institute of Medical Engineering
Action Medical Research
Weston Day Club, Nr. Bath
Childrens Heart Foundation
Dorothy House Hospice, Bath
Farmborough Playgroup, Nr. Bath
Bath & Wansdyke Soc for Blind
Age Concern
Larkrise School Fund, Bath
Bath Charities Fayre
The Charter Trustees of the City of Bath
Children in Need
Chernobyl Children Life Line
Little Sisters of the Poor
Bath Junior Gateway Club
Macmillan Cancer Relief
Heartline
Spencer Dayman Meningitis Trust