

Modern Slavery Act Statement

2023

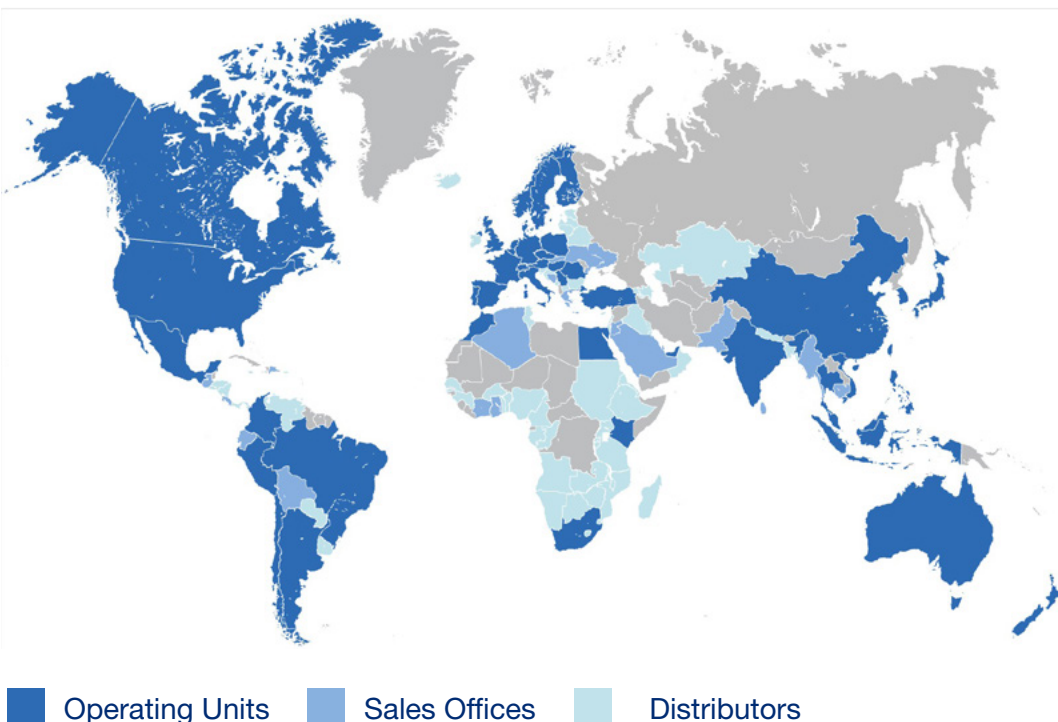
Introduction from the Group Chief Executive

Spirax-Sarco Engineering plc prides itself on setting high standards for sustainable and ethical business practices in its operations worldwide. Included in those high standards is a commitment to respecting and protecting the human rights of all individuals and combating all forms of modern slavery and human trafficking in all parts of our Company, including our supply chain. We are continually developing and improving our business practices and policies in line with that commitment. We support a strong stand to identify, prevent and raise awareness of modern slavery and human trafficking practices in all parts of the world.

The Spirax-Sarco Engineering Group

Spirax-Sarco Engineering plc and its subsidiary companies (the Group) comprise three world-leading engineering Businesses: our Steam Specialties Business, including Spirax Sarco and Gestra, for control and management of steam, our Electric Thermal Solutions (ETS) Business, including Chromalox, Thermocoax, Vulcanic and Durex Industries for advanced electrical process heating and temperature management solutions and Watson-Marlow Fluid Technology Solutions for peristaltic pumping and associated fluid path technologies. The markets we serve are wide-ranging and include Pharmaceutical & Biotechnology, Foods & Beverage, OEM Machinery, Oil & Gas, Chemicals, Power Generation, Healthcare, Water & Wastewater, Mining & Precious Metal Processing, Semiconductor and Transport.

Our Group is comprised of 146 operating units in 46 countries, and a resident direct sales presence in a further 21 countries. Through our network of distributors and non-resident direct sales, we serve customers in an additional 98 countries. The Group is headquartered in Cheltenham, England and employs more than 10,400 people around the world.



Supply Chains:

The Group sources from a diverse range of over 4,000 direct material suppliers. While we source globally, our key supply chain geographies are in Europe, North America, China and India. We have 40 manufacturing plants located in 16 countries, with supply chains generally managed locally by these sites, although with some Group co-ordination for certain materials, commodities and suppliers. The majority of our products are made from readily available materials, including iron, steel, other common metals, rubber and plastics, with inputs being business-specific.

Our Approach to Combating Modern Slavery

Our organisation is committed to maintaining effective policies and procedures to ensure that no individual within our organisation or supply chain is at risk of exploitation. The Group applies a multi-faceted approach to raise awareness of modern slavery and human trafficking and takes concrete actions to prevent and identify potential instances. Our Group policies are a fundamental aspect of our commitment to upholding ethical standards with respect to human rights and serve as a starting point for relationships with and expectations of, all of our third-party partners.

Policies

Company Values

The Safety of all stakeholders in or associated with our Company is our top consideration in everything we do. In addition, we have emphasised the Values of Collaboration, Customer Focus, Excellence, Respect, and Integrity. Together, these Values guide our day-to-day conduct and define our Group culture. More specific to issues of slavery and human trafficking, these Values provide overlapping guideposts to ensure that, as a Group, we respect the individuals in the communities in which we operate and anyone who is affected by our Company. We hold every individual in our organisation accountable for their professional decisions.

Group Management Code

Board members, Executives, General Managers and senior managers in the Group are advised of the policy of conducting business with proper regard for the communities in which they operate. All operating companies must certify their compliance with the Group Management Code on an annual basis. Detailed procedures and a system of regular internal audits and reporting facilitate and monitor compliance with Group policies, applicable laws and regulations.

Group Environmental, Health, Safety, Energy and Sustainability Policy

We are committed to addressing health and safety issues in our everyday operations and working to prevent slavery and human trafficking is a component of that process.



Policies contd.

Human Rights Policy Statement

We work to monitor our business partners, suppliers and operations as a whole to ensure human rights are respected throughout our Company.

Responsibility for the development of our policies and procedures related to human rights and modern slavery sits with our Group Legal team, in consultation with our Group Director of Sustainability and senior business leaders. The Group Sustainable Sourcing Manager, who reports to the Group Director of Sustainability, leads a strategic initiative to embed sustainability criteria into supply chain management, as part of our “One Planet: Engineering with Purpose” Group Sustainability Strategy. This role holds central responsibility for the rollout of the Supplier Sustainability Code, further described in this statement, and supports our Businesses across the globe in requesting these commitments from our suppliers. Additionally, this function puts in place appropriate methods to monitor supplier sustainability performance, including human rights and modern slavery in our supply chains.

The Group’s policies relating to human rights, such as the Supplier Sustainability Code (the “Code”), our Human Rights Policy Statement and our Whistleblowing Policy, are all available on the Group website. The Code and the Human Rights Policy Statement are grounded on and incorporate internationally-recognised principles of human rights, including the UN Universal Declaration of Human Rights (UNDHR), the Core Conventions of the International Labour Organization (ILO), the Guiding Principles of the Organisation for Economic Co-Operation and Development (OECD), among others.

Practices

Sustainability in our Supply Chain

The Group’s One Planet Sustainability Strategy is our commitment to sustainability as well as our roadmap to a sustainable future. One of the key strategic initiatives of One Planet aims to more comprehensively embed sustainability criteria into supply chain management in order to mitigate the potential risk of poor standards or unethical practices in our supply chain. This includes addressing risks of modern slavery in any part of our supply chain.

To facilitate this process, in June 2022, the Group launched a new Supply Chain Sustainability Portal (the “Portal”), with an initial phase one roll-out to 512 suppliers. This platform allows the Group to assess and monitor all strategic and higher-risk suppliers, to identify suppliers at high risk of violating our sustainability standards and to help ensure that our required standards are being met and flowed further down into the supply chain. In addition, we will commence remote monitoring of suppliers, to highlight any controversies associated with them, which can then be assessed further. The Portal supports a regular auditing process, prioritised by risk, with action taken on specific cases to request improved performance or to exit suppliers in the event that standards are below Group expectations.

The Portal also allows our colleagues and suppliers access to a library of training materials, covering many sustainability topics, including human rights and modern slavery. This third-party content is available free-of-charge on a wide range of sustainability topics for suppliers to upskill their teams and use the knowledge to help improve their own sustainability performance.

Global Excellence in Supply Chain

As part of our approach to supply chain management, we work directly with suppliers in our supply chain to raise awareness of slavery and human trafficking issues. Suppliers are asked to sign our Code, requiring them to adhere to sustainable, ethical business practices, including those that relate to human rights.

The Code includes a section on human rights issues and commits suppliers to ensuring that all forms of modern slavery and human trafficking are absent from their operations. The Code is a central component in bringing these issues to the attention of our suppliers and in establishing a standard of conduct aimed at preventing human trafficking and slavery in our supply chain. We work with our suppliers to ensure compliance with the terms of this Code, which also requires that the suppliers cascade these same required practices into their own supply chain. The Code was updated and relaunched in 2022 to reflect heightened expectations of our suppliers and this updated Code has now been translated into 17 languages.

The implementation of the Code involves having all new suppliers sign the Code before any purchase order is placed. Existing direct suppliers are also requested to sign the Code prior to a Group company placing orders.

Group companies enforce the standards set out in the Code via audits and inspections. In addition, our Group standard terms and conditions of purchase and standard long-term supply agreements include provisions addressing the supplier's obligation to comply with the UK Modern Slavery Act.

When any supplier is subject to an audit by a Group company, that supplier is required to answer – and support with evidence – a number of questions designed to confirm that the supplier meets all the obligations of the Code.



Whistle-blowing Hotline

Our multi-lingual and multi-national whistleblowing hotline provides colleagues with a process, including an option of confidential reporting to an independent third-party helpline, to raise concerns and disclose information related to suspected wrongdoing or dangers at work. This process is an added measure to ensure our compliance with all legal obligations and enhances our ability to address ethical concerns, including issues related to human rights. Further, the Code also includes a requirement that the supplier have in place its own grievance mechanism to enable anonymous reporting in order to combat unethical behaviour.

During any visits with suppliers, our Group supplier auditors and anyone else involved in site visits are expected to escalate concerns of any type to management or via this whistleblowing hotline.

In 2022, we updated and refreshed all whistleblowing materials to ensure visibility for all colleagues of the various methods of reaching the whistleblowing helpline.

Progress and next steps

We have taken and continue to take, concrete actions to ensure that our suppliers comply with the UK Modern Slavery Act and operate responsibly and ethically in relation to their colleagues and the environment. Our One Planet Sustainability strategy places additional focus on this important strategic priority. We are directing resources to improve monitoring of suppliers and ensure their compliance with our minimum standards. The roll-out of the Portal in 2022 provided digital monitoring of suppliers and ongoing training opportunities for our own colleagues and our suppliers. In addition our upgraded Supplier Sustainability Code will provide further insight and control over standards in our supply chains going forward.

By mid-2022, 95% of our suppliers had signed the Code in its original format. With the implementation of the Portal, we are working toward a similarly high percentage of suppliers signing the new Code. Other than in cases of extreme breaches of our expected standards, our preference is to work with suppliers to raise standards if they are found to fall short of our expectations. However, if suppliers will not engage with us on these important topics, refuse to sign the Code, or fail to show sufficient evidence of improvement over time, we will either exclude potential suppliers from our supply chains or, for existing suppliers, will exit them and exclude them from the Group supply chain. In 2022, we exited seven suppliers for failure to sign or adopt the standards set out in the Code.

Spirax-Sarco Engineering plc is included on the FTSE4Good Index Series, which is a global index of companies identified as having good sustainability practices. We take great pride in this recognition but are committed to continuous improvement and enhancement of our approaches to all environmental, social and governance considerations, including modern slavery.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes the Group's slavery and human trafficking statement for the financial year ending 31st December 2022. The statement is made on behalf of the following UK entities: Spirax-Sarco Engineering plc, Spirax-Sarco Ltd, Watson-Marlow Ltd, Aflex Hose Ltd, BioPure Technology Ltd, Gestra UK Ltd, Chromalox (UK) Ltd, Thermocoax U.K. Ltd, Cotopaxi Limited, and Vulcanic U.K. Ltd.

This statement was approved by the Board at its meeting on 10th May 2023 and signed on behalf of the Board by the Group Chief Executive.

Nicholas Anderson,
Group Chief Executive
Spirax-Sarco Engineering plc
10 May 2023