

Spirax-Sarco Engineering plc Sustainability Accounting Standards Board Disclosure

For the Year ended 31st December 2021

Spirax-Sarco Engineering plc



Sustainability Accounting Standards Board Disclosure

The Sustainability Accounting Standards Board (SASB) is an independent non-profit organisation that has established Standards to guide the disclosure of financially material sustainability information by companies to their investors. SASB Standards identify a subset of environmental, social and governance (ESG) issues for 77 industries. For more information see: <https://www.sasb.org/>.

We recognise that there is a need for greater consistency in sustainability reporting standards globally and believe that corporate reporting of sustainability metrics should be aligned with business materiality, to ensure useful and transparent disclosure for investors and other interested stakeholders. SASB seeks to address these needs.

Given the diversified nature of Spirax-Sarco Engineering plc's Businesses, we have found that no single industry Standard offers strong alignment between the sustainability topics we believe to be material and the metrics required by the Standard. Having reviewed a number of industry Standards for materiality during 2021, we requested reclassification to the "Industrial Machinery and Goods" sector. Although still not completely aligned with our Group, we feel this provides a better reflection of the topics that are material to us than our previous industry classification (Engineering and Construction Services). We have aligned our SASB reporting with the Industrial Machinery and Goods Standard and have disclosed, to the fullest extent possible, against the requirements of this Standard in respect of 2021.

This document should be read in conjunction with our Sustainability Report, found on pages 46 to 68 of our 2021 Annual Report, which includes a more comprehensive set of Sustainability-related performance metrics and reporting against the topics that we regard as most material for our Company.

Industrial Machinery and Goods disclosure (2021)

Within our designated industry sector, Industrial Machinery and Goods, the metrics we have identified as material are:

DISCLOSURE TOPIC	METRIC	SASB CODE	UNITS	SPIRAX-SARCO ENGINEERING PLC METRIC / DISCLOSURE LOCATION
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	RT-IG-130a.1	Gigajoules (GJ), Percentage (%)	<p>The scope of reported energy consumption includes energy from all sources and employs an operational control methodology to outline our Company boundary. Included within that boundary are manufacturing facilities, administrative and sales offices where we have an authority to implement our operating policies. (1) 588,506 GJ</p> <p>Purchased grid energy consumption as a percentage of total energy consumption as described above. (2) 29%</p> <p>Purchased renewable energy consumption as a percentage of total energy consumption as described above. (3) 6%</p> <p>During 2021, we committed to transition to 100% renewable energy by 2030. By the end of the year, over 30% of purchased electricity was sourced from certified renewable energy generation.</p>
Employee Health and Safety	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR)	RT-IG-320a.1	Rate	<p>We report extensively on a range of Health and Safety metrics (see pages 48 to 49 of our 2021 Annual Report) and align our reporting with the requirements of the UK Health and Safety Executive, the jurisdiction in which we are listed, and not the US Occupational Safety and Health Administration, as required by SASB.</p> <p>The nearest comparable data we currently report is outlined below, for 2021:</p> <p>Total incident rate for all employees; over three-day lost time injuries per 1,000 employees. (1a) 0.6</p> <p>Total incident rate for all employees; one-to-three-day lost time injuries per 1,000 employees. (1b) 1.2</p> <p>Fatality rate for work-related fatalities. (2) 0</p> <p>Near miss frequency rate per 1,000 employees. (3) 343</p>

Industrial Machinery and Goods disclosure (2021) continued

Within our designated industry sector, Industrial Machinery and Goods, the metrics we have identified as material are:

DISCLOSURE TOPIC	METRIC	SASB CODE	UNITS	SPIRAX-SARCO ENGINEERING PLC METRIC / DISCLOSURE LOCATION
Materials Sourcing	Description of the management of risks associated with the use of critical materials	RT-IG-440a.1	n/a	<p>The majority of our products are made from readily-available materials, including iron, steel, other metals, rubber and plastics. Traditionally these materials constitute a very low risk in terms of availability, price changes and reputational risks although over the last several years, we have seen a significant increase in lead time, availability and price for specific commodities.</p> <p>A small proportion of our products contain electronic components, which can contain small amounts of tin, tungsten, tantalum and gold. With regards to these materials, Spirax-Sarco Engineering's Businesses purchase completed printed circuit boards, electrical components and electrical assemblies and does not directly manufacture them from raw materials. We have seen some constriction in the supply chain in 2021, as global supply of these products has been affected by the COVID-19 pandemic, as well as other macro-economic supply issues. This has caused an increase in price for some electronic components, however because these are a very small proportion of our purchased materials, this constitutes a low risk overall to the Company.</p> <p>For critical commodities and components, we complete regular risk assessments that identify potential supply chain difficulties and then implement mitigation activities to ensure continuity of supply. A common example of a mitigation activity is the development of dual supply sourcing, including the purchase of additional tooling sets often at different suppliers on different continents, thus providing supply chain resilience and flexibility. We also have manufacturing facilities located around the world, supplied by a diverse supplier base and often use local suppliers where possible. If a local supplier is unable to meet demand, we have the potential to source from a supplier to a different manufacturing facility, to meet a temporary shortfall in availability. For materials where we are not able to secure an alternative source, we work to identify alternative materials that may be used as a short-term solution to support customer requirements.</p>

Industrial Machinery and Goods disclosure (2021) continued

Within our designated industry sector, Industrial Machinery and Goods, the metrics we have identified as material are:

DISCLOSURE TOPIC	METRIC	SASB CODE	UNITS	SPIRAX-SARCO ENGINEERING PLC METRIC / DISCLOSURE LOCATION
Activity Metrics	Number of units produced by product category	RT-IG-000.A	Number	<p>We operate across a wide range of industries and have a wide product range, varying from small, relatively low-value, high-volume components, to large-scale, high-value engineered systems. Therefore, the number of units sold in each 'product category' should be used with caution as an activity metric as it cannot be used to accurately track revenue, profitability or business growth, nor is it representative of the relevant value of each Business, or of the environmental or operational benefits those products deliver for our customers.</p> <p>Approximate number of units produced by product category, by Steam Specialties Condensate management – 1,800,000 Controls – 400,000 Energy monitoring and management – 1,500,000 Thermal energy solutions – 20,000</p> <p>Approximate number of units produced by product category, by Electric Thermal Solutions Industrial heaters and controls – 300,000 Heat trace – 320,000 Heat trace cable (metres) – 1,900,000 Component technologies – 1,300,000</p> <p>Approximate number of units produced by product category, by Watson-Marlow Tubing and hoses (metres) – 10,800,000 Pumps – 1,000,000 Ancillaries – 1,500,000</p>
	Number of employees	RT-IG-000.B	Number	Total average headcount for the year (1) 8,233

Non-material topics

While we believe that the Industrial Machinery and Goods Standards is the one most closely aligned with Spirax-Sarco Engineering plc, several metrics suggested for disclosure are not applicable or material to our Company due to the wide variety of industries and manufactured products that this Standard applies to, including the “construction, agriculture, energy, utility, mining, manufacturing, automotive, and transportation” industries and manufactured products including “engines, earthmoving equipment, trucks, tractors, ships, industrial pumps, locomotives, and turbines.”

Further detail on the metrics within the Industrial Machinery and Goods Standard that are not deemed to be material to Spirax-Sarco Engineering plc is given below.

- **Fuel economy and emissions in use-phase** – the four metrics included in this topic are:
 - Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles (RT-IG-410a.1);
 - Sales-weighted fuel efficiency for non-road equipment (RT-IG-410a.2);
 - Sales-weighted fuel efficiency for stationary generators (RT-IG-410a.3); and
 - Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines (RT-IG-410a.4).

We do not manufacture or sell medium- and heavy-duty vehicles, applicable non-road equipment, stationary generators, or diesel engines as described above. Therefore, these metrics are not applicable to our Company.

Remanufacturing design and services – the metric included in this topic is:

- Revenue from remanufactured products and remanufacturing services

We do not remanufacture products. Therefore, this metric is not applicable to our Company.