Sustainability Report

One Planet is the mechanism through which our Group delivers sustainable improvements that support people and planet

Our six strategic initiatives are helping us deliver climate and environmental action, customer sustainability, resilient supply chains and stronger communities.

➕ Read more about our responsible business foundations on pages 62 to 69

➕ Read more about how we delivered on our strategic initiatives in 2023 on pages 70 to 81

> **"** 2023 was a year of good progress as we further improved the environmental performance of the Group and delivered value to our communities."

Sarah Peers
Group Director of Sustainability

Our **One Planet: Engineering with Purpose** Sustainability Strategy sets out our plans for building a more sustainable future and our commitment to having a positive impact on people and planet. Now in its third year, the strategy is well embedded across the Group and we are making good progress towards achieving our goals for sustainable business operations.

Science-Based Targets initiative

A key achievement in 2023 was the validation of our net zero targets by the Science-Based Targets initiative (SBTi). This is a collaboration between the United Nations Global Compact (UNGC), the World Resources Institute (WRI), the Carbon Disclosure Project (CDP) and the Worldwide Fund for Nature (WWF). It helps companies to set ambitious and credible climate targets that are based on the best available science and the needs of the planet.

We committed to establishing science-based targets during 2021, as part of our wider commitment to take action on climate change and reduce our environmental impacts. In 2022, we submitted our near-term and long-term decarbonisation targets to the SBTi for validation and they were approved in November 2023. This acknowledges the credibility of our decarbonisation plans both in our operations and in our value chain.

As disclosed in our 2022 Annual Report, the majority of our total emissions are scope 3 emissions and are associated with the energy in use of our Electric Thermal Solutions (ETS) products. These products are designed to replace fossil-fuel systems and therefore aid decarbonisation for our customers when supplied with green electricity. To reduce the calculated emissions associated with these products and to meet our own decarbonisation goals, we are reliant on the electricity grids in the countries where we have customers transitioning to green electricity. Read about the future of sustainable steam on pages 92-93.

Responsible business foundations

Our responsible business foundations underpin the way in which we operate, providing the basis for our Group's ethics and social reponsibility to integrate with sustainability and shape our business practices. These are:

Health and safety

People and wellbeing

Inclusion and diversity

Ethical business

Our Strategy

Our **One Planet Sustainability Strategy** is implemented by each of our three Businesses, with central oversight from our Group Executive Committee.

The strategy is delivered through six strategic initiatives, which are:

1. Achieve net zero greenhouse gas emissions
See pages 72–75

2. Deliver biodiversity net gain
See page 76

3. Implement environmental improvements in our operations
See pages 77–78

4. Grow sales of products with quantified sustainability benefits
See page 79

5. Embed sustainability criteria in supply chain management
See pages 80

6. Support the wellbeing of people in our communities
See page 81

Additionally, the Sustainability Strategy is supported by a strategic project to improve the availability and quality of sustainability data. A previous strategic project to develop our colleagues' sustainability knowledge achieved the objectives it set out when the strategy was launched. It was formally retired as a strategic project in 2023 as sustainability knowledge is now embedded within standard operations across the Group.
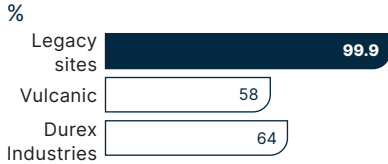
Double materiality assessment

To support our ongoing monitoring of sustainability and to prepare for future regulatory reporting requirements, we conducted a Double Materiality Assessment (DMA) in 2023. This process involved assessing the impact of sustainability topics on the Group and also assessing the impact that the Group can have on people and planet in regard to these topics. We conducted interviews and workshops with a wide range of internal and external stakeholders, including senior leadership, colleagues, customers, suppliers, community stakeholders and investors, to complete this DMA.
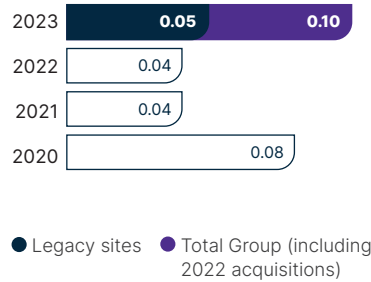
Sustainability Report: Responsible business foundations

Health and Safety

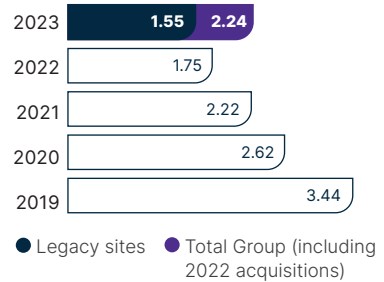**Completion of Group H&S Excellence Framework (Foundation level) in 2023**
%

Legacy sites	99.9
Vulcanic	58
Durex Industries	64

* Excluding 2022 acquisitions

Serious Lost Time Accident Rate*

2023	0.05 0.10
2022	0.04
2021	0.04
2020	0.08

● Legacy sites ● Total Group (including 2022 acquisitions)

* Per 100,000 hours worked

All-Workplace Injury Rate*

2023	1.55 2.24
2022	1.75
2021	2.22
2020	2.62
2019	3.44

● Legacy sites ● Total Group (including 2022 acquisitions)

* Per 100,000 hours worked

Health and Safety (H&S) comes first in everything we do. Across Spirax Group we encourage all colleagues to play a vital role with a collective responsibility to do the right thing, even when no one is looking. We care about ourselves and our colleagues. Everyone in our Group is empowered and supported to speak up if things are not right. In support, we will listen, respond, learn and continually improve as one team. Our Group H&S Policy commitment was updated in 2023 and further refreshed at the start of 2024, our commitments include:

- Group H&S performance will be discussed at all Group Executive Committee (GEC) and Board meetings

- Appropriate resources is made available to support our H&S journey

- Our Group Reporting & Safety Management Platform will be adopted by all operating companies and Group functions

- Annual H&S objectives and targets, in line with the Group H&S Excellence Framework and other strategic initiatives, will be subject to a formal review, at least annually

Wherever we operate, we will comply with all relevant H&S legislation. If our Group standards are higher than, and not in conflict with, local standards we will operate to the higher set of standards. All Serious Lost Time Accidents, will be reported to the GEC by the responsible GEC member, once the initial facts are known and within 48 hours. Our operating companies and Group functions will implement and maintain specific and local H&S organisation, responsibilities, governance and arrangements. These will be sufficiently resourced, subject to continual improvement and at least an annual review.

We continue to evolve our approach with the introduction of a five-year Group H&S Excellence Framework. This is our internal philosophy to achieve significant enhancements to our **C**ulture; **A**ssurance; **R**isk; and **E**ngagement (**C.A.R.E.**), in addition to established external systems certification across the Group. At the time of publishing, 50 of our Group Companies are certified to H&S management standard ISO 45001 or equivalent. During this period, we also supported the H&S alignment and integration of our two recent acquisitions, Vulcanic and Durex Industries.

Progress

We successfully launched the foundation level of our H&S Excellence Framework in January 2023. The purpose of this initial level was to create a consistent but stretching baseline across the Group. We are pleased that in 2023, 99.9% of our Group, excluding the recently acquired Vulcanic and Durex Industries, achieved foundation level by self-assessment, which was subject to validation sampling. In Vulcanic and Durex Industries, 58% and 64% achieved this level respectively and across Spirax Group, all Divisions met the targets set. The foundation level will continue to be subject to further ongoing validation in 2024, including on site.

Other highlights during the year included revitalising our behavioural-based safety programme to create our own bespoke pathway which includes an evolving suite of learning videos using actors to recreate previous incidents to promote engagement and learning. Other examples from the framework included: a full machinery inventory, validation of use and risk assessment; a major focus on pedestrian and vehicle interaction risk reduction; and a range of risk control assurance requirements. Cross-Group learning and sharing of best practice continued to be at the heart of our approach throughout the year, with a wide range of engagement initiatives being well-attended across all three Businesses. This regular cadence and engagement has been invaluable as we have matured and advanced our approach to team collaboration.

We have also continued our investment in technological solutions to improve our understanding of risk and to build our culture. Examples include the successful pilots of a machine-learning data analysis tool and an H&S Culture benchmarking platform. To provide additional context and clarity of relative risk in incident reporting, we introduced a definition of Serious Lost Time Accidents (SLTA). These include, but are not limited to: any accident that results in admittance to hospital, or injuries leading to a permanent impairment.

There were no work-related fatalities among colleagues or contractors and whilst our overall lost-time accidents have increased this year, there is no discernible trend. This is considered indicative of our good reporting culture, which is being fully embraced by our acquisitions and is a good sign of our cultural alignment. Our all-workplace incident rate, without our acquisitions, has reduced by 11% in this reporting period. Having undertaken an analysis of SLTA, this rate is low, currently 0.05 (excluding 2022 acquisitions). Our acquisitions are embracing our H&S culture and we have an active programme of H&S alignment and continual improvement.

Focus for 2024

- Continue to implement our Group-wide H&S Excellence Framework, through Bronze level rollout
- Complete a Group-wide H&S Culture survey
- Complete an independent review of our H&S strategy

- New Group H&S thematic assurance audits (including further validation of our Foundation level of the framework)
- Implement our new machine-learning H&S data analysis tool

People and wellbeing

We are a global business united by our Purpose and where the safety and wellbeing of our colleagues are paramount. Wherever we work, we are guided by our Values of Safety, Collaboration, Customer Focus, Excellence, Respect and Integrity. They are part of an inclusive culture that empowers strong relationships and supportive teams, where everyone can contribute and learn from each other and where meaningful work helps create the sustainable future we all aspire to have. They are supported through our HR policies and systems that help protect the rights of our colleagues and ensure their equitable treatment around the world.

Progress

In 2023 we conducted our biennial Colleague Engagement Survey. Across the Group, 90% of our colleagues participated. Whilst our engagement score remained static at 72%, we saw some significant improvements across the Group in the following areas:

i. **Valuing and promoting diversity.** The launch of our Group Inclusion Plan, **Everyone is Included**, in 2022 has had a tangible impact on our inclusion metrics in the engagement survey. Overall, the Inclusion Index increased by five percent since 2021 (excluding Vulcanic and Durex Industries). This was particularly strong in Steam Thermal Solutions (STS) where there was an eight percent increase. More significantly, our colleagues said that our Group values and promotes diversity, with this score increasing nine percent since 2021 to 78% positive.

ii. **Actively helping our communities.** This theme saw the greatest improvement of all colleague engagement survey results (up ten percent since 2021) whilst 'Supporting colleagues to be environmentally responsible' also scored highly at 83% favourable. This reflects the progress we have made embedding our **One Planet Sustainability Strategy** and our focus on fulfilling our Purpose, with one of our recognised stakeholders being the communities in which we work.

iii. **Supporting a balance between work and personal life.** Colleague wellbeing saw improvement across the Group (up four percent since 2021), with colleagues recognising the focus we place on mental health, wider wellbeing and supporting a balance between work life and personal life. Our aim is to continually improve these scores. In 2023, we supported this with a range of events throughout the year covering topics such as psychological safety, the menopause and preventing male suicide. We also produced a World Mental Health Day resource pack and shared it across the Group.

In 2023, we hosted the awards ceremony for our inaugural Group-wide, Values-based recognition programme, the **Spirit Awards**. From a pool of 633 applications, six Values winners were announced alongside a Group Chief Executive Award and a People's Choice recipient which was the result of a global colleague vote.

Nominations have been received for our second Spirit Awards and 18 finalists have been selected from just over 300 applications. The finalists will be invited to attend the Awards Ceremony in 2024 when the winner in each Value category will be announced.

We strive to continually improve the development opportunities for all colleagues. In September 2023, we launched our new learning and development portal, **SPARK**. This gives our colleagues access to learning academies on topics such as Personal Development, Wellbeing and Mental Health, Inclusion and Diversity, Health and Safety, Sustainability and more. It includes colleague communities and a range of content that can be tailored to individual development goals, helping our colleagues to ignite their potential. Together with **One Place**, our new internal colleague platform that was launched in March 2023, this is helping to empower the creation of more inclusive workplaces where wellbeing and mental health are prioritised building a sense of belonging across our Group.

We introduced a Wellbeing Day in 2022, giving colleagues all around the world an additional day of paid annual leave to focus on their wellbeing and self-care. Having seen the impact of providing that extra time for colleagues to refresh and invest in their positive mental health, the Wellbeing Day was brought back in 2023 and has been made permanent for all colleagues from 2024 onwards.

Focus for 2024

- Follow-up actions from the Colleague Engagement Survey
- Refresh and embed our Colleague Promises
- Continue to embed One Place and launch an app to improve access for desk-free colleagues
- Further develop and embed Spark
- Ongoing focus on inclusion, wellbeing and mental health

Sustainability Report continued

A progressive, supportive and inclusive culture

We want every day to be exceptional for all our colleagues. That's why we enable them, through our Purpose, Values, business model and Group Inclusion Commitments, providing the framework to help them achieve their potential.

Spirax Group endeavours to offer a consistently exceptional colleague experience. Colleagues have regular opportunities to give feedback and offer suggestions for improvement such as our biennial Colleague Engagement Survey. From this feedback we have developed four colleague promises that define what it means to work as part of Spirax Group.

Our promises are designed to encapsulate our Purpose, Values and Group Inclusion Commitments.

1.

An inclusive culture based on Values

As a leading global business, we are committed to creating a more inclusive and equitable world for our colleagues at work, at home and in the community. Our shared Values of Safety, Collaboration, Customer Focus, Excellence, Integrity and Respect are our organisational 'glue'; they guide our behaviours and underpin our sustainable approach to the way we do business and work together every day.

Inclusion is present in all our Values and brought to life through **Everyone is Included**, our Group's Inclusion Plan, which has ten Group Inclusion Commitments designed to support colleagues through all of life's key moments.

2.

Meaningful work creating a sustainable future for all

Within every role in Spirax Group there is the opportunity to be part of something bigger. We promise colleagues meaningful work that enables them to use their unique capabilities and innovate to engineer a more efficient, safer and sustainable world.

3.

Development every day to fulfil your potential

With an eye to the future, colleagues have the opportunity to drive their careers, problem solve and develop new capabilities whilst recognising and building on their strengths. Our dedicated learning platform, **SPARK**, as well as our '**Development every day**' festivals are just some of the ways in which we bring this promise to life.

4.

Belonging to supportive teams and strong relationships

Our colleagues are part of friendly, supportive and innovative teams and connect with dedicated, inspiring and diverse global colleagues. Colleagues are supported and encouraged to be themselves and champion an inclusive culture.

Representing the views of our colleagues

- We have a comprehensive engagement programme to make sure we hear from colleagues about what matters to them, including focus groups and a biennial Colleague Engagement Survey. Many of our colleagues consistently highlight four strengths, which they value highly:

- A safety mindset 'first and foremost' – this is a particularly strong observation from colleagues who have recently joined our Group

- A strong Values-based culture – colleagues regularly share examples of living our Values in the real world, which deliver better customer service, grow the business and improve colleague experience

- A sense of belonging within supportive teams – most colleagues we speak to feel part of a 'local' business, where they have a sense of being involved, listened to and permission to be entrepreneurial

- The introduction of inclusive policies, such as gender-neutral policies for parental leave and carers' leave, is seen as being best-in-class

- Colleagues also appreciate being part of a resilient and strong Company and felt supported through the cost-of-living challenges of 2023

What our colleagues have to say

Connecting personally with Company Purpose

It's good to talk and that happens much more naturally when you feel part of a strong and supportive team.

That's why, when 40 colleagues came together to celebrate the 50th anniversary of the founding of Spirax Sarco (part of Steam Thermal Solutions) in Japan, the operating company's General Manager, Shinichi Oyama saw an opportunity.

"It was a celebration but the event was also the perfect platform through which to strengthen trust and to create unity in the team. So we asked colleagues to share their own personal purpose or 'ikigai'.

"Across two days, working in small groups, we participated in several workshops including 'Leading with Purpose', the 'Story of Your Life' and 'Every day is Still Day One', and played games to break the ice and keep the conversations going.

"The feedback has been overwhelmingly positive. In developing their own personal purpose, colleagues were able to better relate to our Company Purpose and through personal storytelling have built much stronger relationships with each other."

Building stronger teams through an inclusive approach

We are all unique, we all have a story and the diversity of our lived experiences and perspectives is what makes us strong as a team. When Ilysia Carlberg joined Chromalox, part of Electric Thermal Solutions, to take up an inclusion-focused role, she set out to broaden the diversity of colleagues in the team and to help everyone feel more included.

Recognising the challenge of personal bias in the recruitment process, Ilysia introduced a linguistic gender bias decoder, an online tool to help hiring managers to identify subtle bias in job descriptions and adverts. To support the more inclusive process, she also created a set of standard interview questions and made sure to include a debrief step.

"The blueprint for inclusivity and equity lies in a structured interview process, where every candidate is afforded the same opportunity to shine. By fostering clear guidelines and standardised criteria, we dismantle biases and pave the way for diverse talents to thrive, ensuring that merit, not circumstance, defines success in our working environment." Ilysia Carlberg, Talent and Inclusion Programs Manager, Chromalox

Helping everyone feel included

The UK operations of our Watson-Marlow Fluid Technology Solutions Business, in Falmouth, has been actively fostering positive change within the community, demonstrating our commitment to LGBTQ+ (lesbian, gay, bi, trans, queer and questioning) inclusion. The Business has developed a mutually advantageous partnership with Cornwall Pride. As part of this, it gifts some of its allocated stand spaces at community Pride events to local charities who might not have otherwise been able to attend. This has helped charities such as ShelterBox and St Petrocs raise their profile with 40,000 people who attend Cornwall Pride each year.

Watson-Marlow has signed the Cornwall Pride Pledge, reinforcing our Group's position as a safe place for all LGBTQ+ people, wherever we operate in the world. Through our ongoing partnership in Cornwall we want to emphasise the strength of our support for the LGBTQ+ community. Our ongoing programme includes co-envisioning the future of Cornwall Pride for the next decade, colleague training and educational workshops.

"Our colleagues have really got behind the partnership. From volunteering to supporting the events and participating in activities in the workplace, it's been great to see colleagues celebrating inclusion. A highlight of 2023 was when the team hosted the UK's largest Progress Pride flag at our Cornwall operations." Rehan Afzal, Head of HR, EMEA, Watson-Marlow Fluid Technology Solutions

Sustainability Report continued

A progressive, supportive and inclusive culture continued

What our colleagues have to say continued

Bringing us together as Spirax Group

For three years we've been evolving how we communicate with and unify colleagues across the Group.

To deliver these improvements, our Communications teams have been 'developing every day', navigating complex challenges to put in place channels that reach all colleagues, wherever they are and whatever they do. The resulting impact of our digital signage network and a new colleague engagement platform mean that colleagues feel more informed and engaged.

The **Spirit Awards** are now in their second year and the impact we have seen from giving colleagues a platform from which to be recognised and celebrate the difference they make has been tangible.

These initiatives help colleagues feel part of One Group and know they are part of something bigger. To help cement this thinking and make it more visible outside the Company, we turned our attention to our external channels and to our brand.

In February 2024, we launched the new Spirax Group brand alongside a new website. Spirax Group is the complete representation of our Group's growth and evolution and stands for everyone and everything that we do.

Hazel Meldrum is the Group's Head of Communications:

"

As a low-cost, internally led and timebound change programme, this was perhaps the team's biggest challenge yet. We set out to take my idea on a post-it note and make it reality in less than a year with the clock ticking ahead of the announcement of the Group's Full Year Results, our first as Spirax Group.
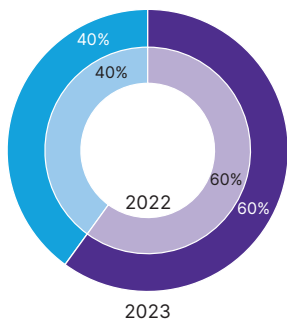
"Our new brand is a significant milestone, but all of these initiatives demonstrate how, over the last three years, we have been able to develop our communications capability at the centre, as well as in our Businesses. I'm proud that we've provided our teams with growth, as well as a sense of achievement and fulfilment. They can see the meaningful difference they are making, by helping colleagues feel more informed, connected and engaged, as well as through enabling our wider stakeholders to better understand who we are, what we do and what matters to us."

Together as One Group. Together, as Spirax Group

Inclusion and diversity

Gender – Board of Directors*

2022

2023

40%
40%
60%
60%
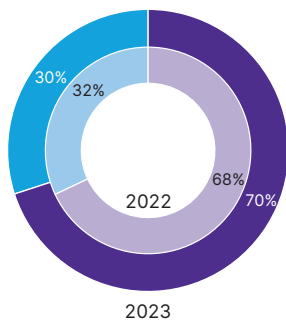
- Female – 4 (2022: 4)
- Male – 6 (2022: 6)
  Non-binary and other genders – none

* At 31st December 2023

Gender – senior leadership*

2022

2023

30%
32%
68%
70%

- Female – 18 (2022: 19)
- Male – 42 (2022: 40)
  Non-binary and other genders – none

Gender – total workforce*

2022

2023

26%
26%
74%
74%

- Female – 2,588 (2022: 2,692)
- Male – 7,323 (2022: 7,724)
  Non-binary and other genders – data not available

Inclusion and equity create the conditions where all of our colleagues are able to be their authentic selves and achieve their potential. A culture that empowers and embeds this is one that also attracts great talent from all backgrounds. It brings a diversity of individuals, experiences and thought to our Group, helping us become a better and higher performing business. This fuels our continued growth, creating more opportunities for our colleagues and other stakeholders. Across Spirax Group, we see difference as our strength and aspire for everyone to feel included.

Progress

The February 2024 FTSE Women Leaders Review report ranked us as 61st in the FTSE 100 for gender diversity at Board and senior leadership (Group Executive Committee and direct reports combined) levels based on data from October 2023 (February 2023 report: 39th). The Review, co-Chaired by our Group CEO, Nimesh Patel, noted that we continue to meet its target of 40% women on the Board. Whilst gender diversity of senior leadership dropped slightly on the previous year by year-end 2023 (30%), we anticipate being at 33% by the end of Q1 2024. We remain committed to achieving a minimum of 40% women in our senior leadership by December 2025.

In addition, the Parker Review report, published in Q1 2023, confirmed that we continue to meet its goal of having at least one ethnically diverse Director on our Board.

Recognising the strategic significance of digital strategy, Maria Wilson was appointed to our Group Executive Committee (GEC) as Group Digital Director in 2023. In December 2023, we announced the appointment of Louisa Burdett as Chief Financial Officer (CFO) and Executive Director, following Nimesh Patel's move from CFO to Group Chief Executive Officer in January 2024. Louisa will join the Group in this role from July 2024. In February 2024, we also announced the appointment of Céline Barroche as Group General Counsel and Company Secretary to the Board, as well as a member of the GEC, following the upcoming retirement of Andy Robson.

In line with Listing Rule 9.8.6, data used to compile diversity information is based on internal HR records for our Executive management. For the Board of Directors, we seek individual permission to share this data on an annual basis. We do not prescribe set gender or ethnicity categories, but ask for Directors to self-describe this.

In support of our gender equity journey, we continued our Women's Executive Mentoring Programme and our partnerships with Women in Science and Engineering (WISE) and the Women's Engineering Society (WES).

Spirax Sarco and Gestra Italia – celebrating our gender equity milestone
In Spirax Sarco and Gestra Italia, our teams are working hard to create an inclusive and equitable workplace where everyone feels respected and treated fairly and is comfortable to be themselves. In recognition of this, we have received the Italian UNI/PdR 125:2022 Gender Equality Certification. This is given to organisations that demonstrate commitment to promoting gender equality and inclusivity within the workplace. The certificate recognises that we have adopted specific practices and cultural changes aimed at creating a more gender-equal workplace.

Sustainability Report: Responsible business foundations continued

Inclusion and diversity continued

Progress continued

Our Women's Global Network also continued to connect and support women and allies across the Group. This included marking International Women's Day with a global webinar on 'embracing equity', menopause awareness training and activity covering wide-ranging topics such as 'Endometriosis and menstrual health', 'Psychological safety' and 'Allyship across genders'.

Following on from the successful launch of our Group Inclusion Plan, **Everyone is Included** and Group Inclusion

Commitments in 2022, we formally launched our Group Diversity goals at our Global Leadership Conference in March 2023. These goals widen our focus on gender and introduce new aspirations to increase the ethnic diversity of our colleagues, so that we better reflect the diversity of the communities we are part of.

In support of the Parker Review, we also set a new goal of 25% of senior leadership (Group Executive Committee and direct reports) to be from under-represented ethnic groups by December 2027.

In 2023, we increased our focus on race equity, through roundtables with our Black and African American colleagues in the USA and related action planning with colleagues, leaders and HR practitioners. In June and July, we hosted two global race equity webinars to explore the context for racism in different cultures, share colleague experiences and help colleagues to consider how they can move from being 'non-racist' to 'actively anti-racist' through simple, practical actions. In addition, we continued to support the Change the Race Ratio campaign, marked UK Black History Month in October with a resource pack for colleagues and launched a new Multicultural Global Network.

In 2023, we increased our support of LGBTQ+ Pride activities, by attending and supporting four UK Pride events and running three global Pride webinars. In Brazil, Steam Thermal Solutions ran an LGBTQ+ awareness event, whilst our US operations supported South Carolina Black Pride and the Trevor Project, a leading suicide prevention and crisis intervention charity for LGBTQ+ young people.

This year, we continued to embed inclusion, equity, diversity and wellbeing into our wider business processes. For example, we added a wide range of content in to our new Group education platform, **SPARK,** through a new Inclusion and Diversity Academy and a Wellbeing Academy. We also embedded inclusion, wellbeing and mental health into our new Group Health and Safety Excellence Framework (see page 62) and our global supplier selection and monitoring processes (see page 80).

Diversity goals

By the end of 2025, our ambition is to achieve:

- 20% women in commercial leadership roles
- 20% of Group Executive Committee (GEC) direct reports from under-represented ethnic groups
- 30% women in our global workforce
- 40% women in senior leadership (including each of our Board, GEC and GEC direct reports communities).
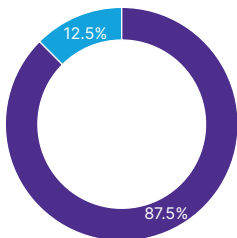
We will also seek to:

- Increase the ethnic diversity of our Board and GEC
- Have a woman as our Chair, Senior Independent Director, Chief Executive Officer or Chief Financial Officer
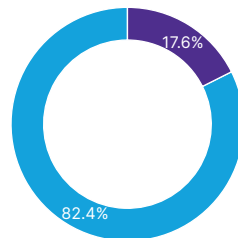
And annually, we aim to achieve:

- 50% women joining the Global Graduate Development Programme
- 30% of UK and US graduate intake from under-represented ethnic groups
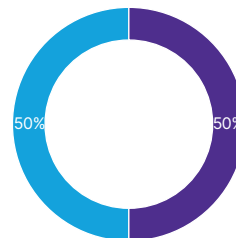
Commercial leadership roles

12.5%
87.5%

- Female – 18
- Male – 126

Direct reports to GEC

17.6%
82.4%

- Majority ethnic communities – 42
- Under-represented ethnic communities – 9

2023 global graduate intake

50%   50%

- Female – 8
- Male – 8

2023 UK and USA graduate intake

33.3%
66.7%

- Majority ethnic communities – 6
- Under-represented ethnic communities – 3

Focus for 2024

- Embed Diversity goals across the Group
- Achieve a broader and deeper focus on race equity
- Further grow and empower our global colleague networks

Ethical business

Our strong Company Values and robust Group policies instil a culture of ethical behaviour and provide a framework within which we operate. We expect that colleagues in all parts of our global operations meet these high standards.

Progress
All colleagues with a Company email address are required to complete our Group Essentials training programme when joining the Company and annually thereafter. In 2023 we migrated all our Group Essentials training modules to a new software environment, to facilitate easier and quicker maintenance going forward. We also gave each course a design refresh to ensure that they remain current and engaging for our colleagues.

Our Group Essentials training covers topics including Anti-Bribery and Corruption (ABC), Corporate Criminal Offences (CCO), Health and Safety (H&S) and Sustainability. After a pilot, including a review cycle, the Group Essentials content for our desk-free colleagues will be rolled out to our Group manufacturing sites in 2024.

Following the release of our new Group Sustainability Policy and new Environmental and Energy Policy, we created training for senior leaders to introduce these and increase knowledge of all Group sustainability-related policies. This training highlights key points and principles colleagues should be aware of in each policy and enables leaders to support their teams' understanding. We also released an animation internally to all colleagues to raise awareness of the new Sustainability Policy. By the end of the year, 221 senior leaders had completed this voluntary training.

In 2023, we continued the work to embed the Group Essentials training to our newer colleagues in Cotopaxi, Vulcanic and Durex Industries, as well as to our factory-based colleagues. By the end of the year 6,938 colleagues across the Group had completed ABC training and 6,782 had completed CCO training. Introduction to Sustainability had been completed by 6,575 colleagues and Health and Safety at Work by 7,205 colleagues.

Whistle-blowing
Any colleague with a concern about potentially unethical behaviour can raise it confidentially through a local, independent third-party whistle-blowing service, hosted by Safecall. In 2023, 51 reports were raised globally via this service.

All reports were investigated by senior management and action taken if necessary, with summaries of reports and related actions reviewed by the Audit Committee.

Governance
The **One Planet Sustainability Strategy** has central oversight and is sponsored by the Group Executive Committee (GEC). The Group Chief Executive Officer is the overall Executive sponsor for the strategy. The day-to-day oversight is undertaken by the Group Sustainability Management Committee (GSMC), with membership detailed in our sustainability organisation chart. The GSMC meets regularly to discuss strategic progress.

This feeds into updates at most GEC meetings as well as at quarterly updates to the One Planet Steering Committee (comprised of the GEC). The Board also receives regular updates throughout the year. This combination of Board and Executive oversight ensures that the **One Planet Sustainability Strategy** is a key focus area for the Group.

Responsibility for implementing the strategy sits at a Business level, with the strategy embedded into the core Business strategies of Steam Thermal Solutions, Electric Thermal Solutions and Watson-Marlow. Each Business and operating company is responsible for implementing the **One Planet Sustainability Strategy** through its own Business strategy; ensuring that all colleagues have the opportunity to get involved; meeting and, where possible, exceeding minimum expectations; delivering timely and accurate data; and collaborating to share learning across the Group.

Sustainability organisation chart

Group Chief Executive Officer

Board of Directors

Group Executive Committee

Group Director of Sustainability

One Planet Steering Committee
During 2023, Committee members included: Group Chief Executive Officer; Group Chief Financial Officer; Group Director of Sustainability; and One Planet Strategic Initiative and Strategic Project Executive Sponsors.

Group Sustainability Management Committee
During 2023, Committee members included: Group Director of Sustainability; Business Heads of Sustainability; One Planet Strategic Initiative and Strategic Project Leads; Group Sustainability Reporting Manager; Group Head of Diversity, Equity and Wellbeing; and Investor Relations Executive.

Business Heads of Sustainability

Divisional Directors, Regional and General Managers

Sustainability Strategy project leaders and teams

Colleagues and organised colleague groups

Focus for 2024
- Complete deployment of Group Essentials training to desk-free colleagues
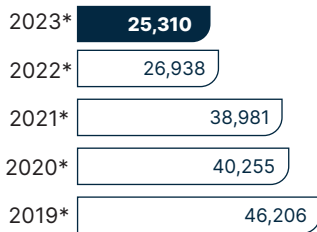
Sustainability Report continued

One Planet at a glance

We have been making strong progress against our key strategic targets as part of our **One Planet Sustainability Strategy.**

All data here excludes 2022 acquisitions, Vulcanic and Durex Industries, to accurately reflect the progress achieved on a like-for-like basis since the strategy was launched in 2021.

Group GHG emissions (scope 1 and 2)
tonnes CO_2e (market-based) (excluding acquisitions)

25,310 tonnes

2023*	25,310
2022*	26,938
2021*	38,981
2020*	40,255
2019*	46,206

* Historic data restated in line with our methodology statement
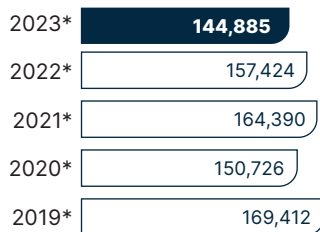
Description
Scope 1 greenhouse gas (GHG) emissions arise directly from company-owned or -controlled sources, such as company vehicles or fuel combustion. Scope 2 GHG emissions are indirect emissions, primarily from the generation of purchased electricity. Market-based emissions take into account contractual and supplier-specific GHG emissions factors.

Link to strategic initiatives

Group energy consumption
MWh (excluding acquisitions)

144,885 MWh

2023*	144,885
2022*	157,424
2021*	164,390
2020*	150,726
2019*	169,412

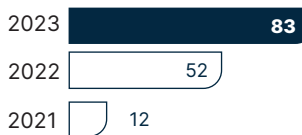* Historic data restated in line with our methodology statement

Description
Energy consumed directly at all sites across the Group, including fuel combustion, company vehicles and electricity use.

Link to strategic initiatives

Operating companies that have delivered a biodiversity initiative cumulative % (excluding acquisitions)

83%

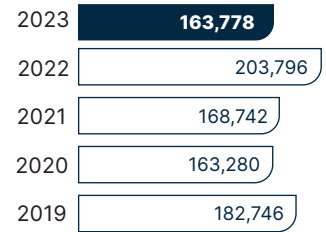|	
2023	83
2022	52
2021	12

Description
Percentage of operating companies that have completed a biodiversity initiative since the strategy launch in 2021 (cumulative).

Link to strategic initiatives

Total water use
m³ (excluding acquisitions)

163,778 m³

2023	163,778
2022	203,796
2021	168,742
2020	163,280
2019	182,746

Description
Water consumed at our sites across the Group.

Link to strategic initiatives

Strategic initiatives:

- Net zero carbon
- Biodiversity net gain
- Environment improvements
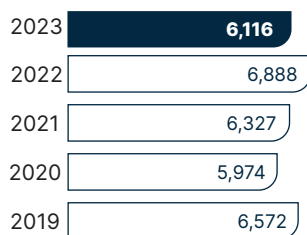- Sustainable products
- Sustainable supply chain
- Supporting our communities

Read more about how we delivered on our strategic initiatives in 2023 on pages 72 to 81

Total waste generation
tonnes (excluding acquisitions)

6,116 tonnes

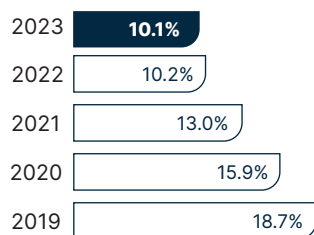|	
2023	6,116
2022	6,888
2021	6,327
2020	5,974
2019	6,572

Description
Waste generated and disposed of at our sites across the Group.

Link to strategic initiatives

Waste to landfill
% (excluding acquisitions)

10.1%

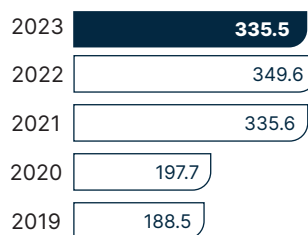|	
2023	10.1%
2022	10.2%
2021	13.0%
2020	15.9%
2019	18.7%

Description
Proportion of waste that is sent to landfill versus waste that was reused, recycled or used to generate electricity.

Link to strategic initiatives

Operating company cash/in-kind donations £'000
(excluding acquisitions)

£335.5

2023	335.5
2022	349.6
2021	335.6
2020	197.7
2019	188.5

Description
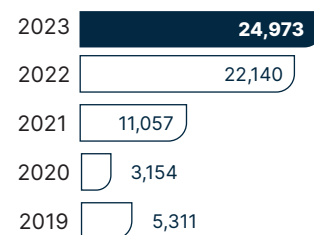Cash and in-kind donations made to charitable causes from our Group operating companies.

Link to strategic initiatives

Volunteering
(hours) (excluding acquisitions)

24,973* hours

2023	24,973
2022	22,140
2021	11,057
2020	3,154
2019	5,311

* 58,170 cumulative 2021 – 2023

Description
Hours spent volunteering by our colleagues across the Group.

Link to strategic initiatives

Sustainability Report: Strategic initiatives

Net zero GHG emissions

Key strategic targets

- Net zero scope 1 and 2 emissions by 2030, with an interim target of a 50% reduction (compared to 2019) by 2025
- 20% reduction in Group energy use from plant, equipment and building assets (compared to 2019) by 2025

Approved SBTi targets

- Reduce absolute scope 1, 2 and 3 greenhouse gas (GHG) emissions by 50.4% by 2032 compared to 2021 baseline
- Net zero GHG emissions across the value chain by 2050

Our progress in 2023*

6%

Decrease in scope 1 and 2 emissions (market-based) since 2022

52%

Electricity from renewable sources in 2023

8%

Reduction in Group energy use since 2022

* Includes recent acquisitions

Energy saving initiative

At our Steam Thermal Solutions site in Blythewood (USA) we use steam to test equipment and carry out heating processes. By using our metering service to analyse energy consumption against the operating schedules of each process, we were able to identify inefficiencies. We reduced boiler pressure and closed valves that feed the equipment when not in use, We expect these improvements to reduce natural gas usage by 44% and save 322 tonnes CO_2e per year.

In 2023 we continued to make good progress against our carbon reduction commitments and succeeded in having our ambitious net zero targets validated by the Science Based Targets initiative (SBTi).

As set out on page 61, the SBTi drives ambitious climate action in the private sector by enabling organisations to set emissions reduction targets in line with the latest climate science. It's based on a partnership between the United Nations Global Compact (UNGC), the World Resources Institute (WRI), the Carbon Disclosure Project (CDP) and the Worldwide Fund for Nature (WWF). The verification and approval received from the SBTi for our targets provides a clearly defined pathway for Spirax Group to reduce greenhouse gas (GHG) emissions.

Progress

We have continued to increase the proportion of green electricity in our operations, with additional solar arrays now operational on our sites in Nuevo Laredo (Mexico), Barcelona (Spain) and Devens (USA). Additional green energy contracts mean that 61% (2022: 57%) of electricity at our legacy sites now comes from renewable sources, 52% including recent acquisitions. As part of our responsible green energy sourcing strategy, we are putting power purchase agreements (PPAs) in place in several of our sites, including at our Steam Thermal Solutions (STS) site in Monterrey (Mexico), where we have invested in a solar array. This agreement secures renewable electricity for our needs for the medium term at this site, while also ensuring we are investing in infrastructure required to increase renewable capacity in this area.

Electric Vehicles (EV) are now expected as standard for all new company vehicles, unless electric charging infrastructure is insufficient. Exemptions to this EV first policy are monitored and investigated on a case-by-case basis. At the end of February 2024, 7% of our vehicle fleet had transitioned to electric vehicles. We are assessing countries where infrastructure limitations can affect the take-up of this transition and prioritising those where the infrastructure better supports the transition.

Alignment with UN SDGs

The installation of digital metering and monitoring at 20 of our manufacturing sites has meant that we have started to monitor energy use across our sites in real time. We can use this data to identify areas of improvement to reduce our energy consumption and GHG emissions. At our Steam Thermal Solutions (Spirax Sarco) manufacturing site at Runnings Road (UK) we were able to improve our energy management to reduce boiler losses there, contributing to a reduction in energy consumption at this site by over 20% in 2023 compared to 2022.

Greenhouse gas (GHG) emissions performance

In 2022 we acquired Vulcanic and Durex Industries. Following the completion of their first full year as part of Spirax Group, we are now including their data and are restating our emissions and energy consumption back to our 2019 baseline, in line with the GHG Protocol. These Divisions of ETS will be aligning with our **One Planet Sustainability Strategy** and our net zero commitments, but the focus to 2025 will primarily be our legacy operating companies, while these new Divisions further integrate into the Group and work to meet our standards.

The Group GHG footprint was verified in accordance with DIN EN ISO 14064-3:2020 regarding its correctness and completeness. This verification did not include 2022 acquisitions, as this was the first year of those Divisions collecting data and integrating into Group standards. For our legacy operating companies, verification was received as follows:

"Acting as an independent Certification Body TÜV NORD CERT GmbH has verified the carbon footprint, scope 1 and scope 2 (market-based), of the organisation for the reporting period 01.01.2023–31.12.2023 (inclusive) to be 25,310 tonnes CO_2e."
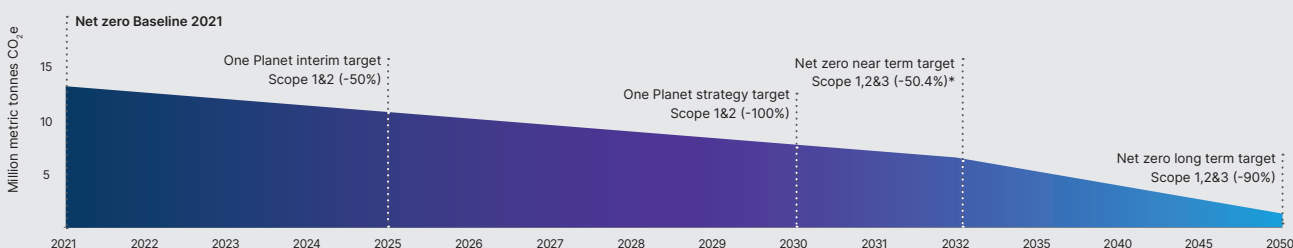
TÜV NORD CERT GmbH, February 2024

In 2023, on a market basis, excluding 2022 acquisitions, absolute Group CO_2e emissions fell six percent to 25,310 tonnes, compared to 2022 and were 45% lower than 2019. At 15.0 tonnes per million pounds of reported revenue, on an intensity basis, our Group emissions fell by ten percent compared with the prior year and were 59.6% lower than 2019.

Some of the reasons for these reductions include the effect of 2022 site consolidations in Electric Thermal Solutions and Watson-Marlow, in France and the UK respectively, the impact of efficiency improvements at Spirax Sarco's site at Runnings Road (UK) due to Project ClearSky, the impact of renewable electricity sourcing and emission reduction initiatives across the Group.

On a market basis excluding 2022 acquisitions, the UK accounted for 14% of our GHG emissions in 2023, with 4,382 tonnes being generated in total and an intensity of 38.3 tonnes per million pounds of reported revenue. These emissions are comprised of 4,333 tonnes of scope 1 and 37 tonnes of scope 2 calculated using market-based emission factors. Our emissions in the UK decreased by 23% compared to 2023, largely due to energy efficiency improvements due to Project ClearSky and the resulting change from natural gas to renewable electricity at this site (see page 93).

➕ For progress against our **One Planet: Engineering with Purpose** Sustainability Strategy targets, see pages 72-81.

2050 net zero roadmap

* Agreed SBTi target provides an allowance to reduce this to 33.3% in the near-term, with a requirement to catch up in the long-term commitment, given the reliance on grid greening, which may be weighted in the longer-term

Activities in direct operations

- Substitute fossil fuels in i) steam generation using **TargetZero** products, ii) switch high temperature industrial processes for low carbon alternatives, iii) progressively replace fossil-fuel consuming building assets to low carbon alternatives and climate-friendly refrigerants

- Source energy using onsite renewables, PPAs and green tariffs aligned with the GHG Protocol (80% of electricity by 2025 and 100% by 2030)

- Transition vehicle fleet and travel practices to low carbon alternatives

- Improve energy management and monitoring practices across all energy intensive facilities, supported by an internal absolute energy reduction target

- Engage with partners in a long-term carbon credit investment plan across scope 1, 2 and 3, making provision by 2030 for our **One Planet Sustainability Strategy** using credits for any remaining emissions (maximum of 10% baseline scope 1 and 2 emissions)

Activities across our value chain

- Continue to track the progress of grid-greening in reducing emissions from our products 'in-use' phase. 96% of our scope 3 emissions are derived from electricity consumption by our products in-use

- Optimise third-party logistics and transfer the shipping of products to low carbon suppliers, implement a long-term low emission logistics network across all modes of transport

- Work with suppliers to decarbonise critical scope 3 supply chains, or seek alternative innovative low carbon products

- Using life cycle analysis, address carbon intensive hot spots in our products and minimise life cycle emissions. Develop additional products supporting our customers' net zero journey
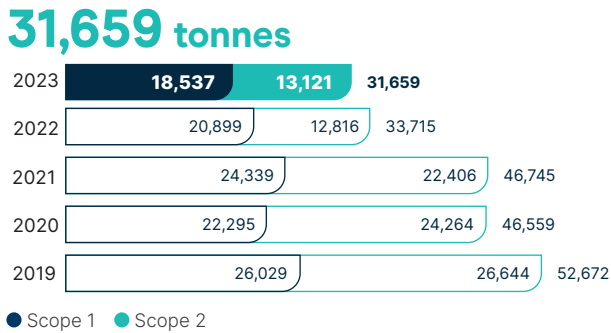
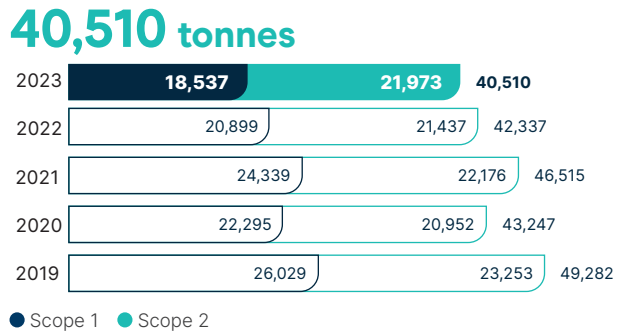## Sustainability Report: Strategic initiatives continued

Net zero GHG emissions continued

Greenhouse gas (GHG) emissions performance continued

Group GHG emissions (scope 1 and 2)
tonnes CO_2e (market-based) (including acquisitions)

31,659 tonnes

Year	Scope 1	Scope 2	Total
2023	18,537	13,121	31,659
2022	20,899	12,816	33,715
2021	24,339	22,406	46,745
2020	22,295	24,264	46,559
2019	26,029	26,644	52,672

● Scope 1　● Scope 2

Group GHG emissions (scope 1 and 2)
tonnes CO_2e (location-based) (including acquisitions)

40,510 tonnes

Year	Scope 1	Scope 2	Total
2023	18,537	21,973	40,510
2022	20,899	21,437	42,337
2021	24,339	22,176	46,515
2020	22,295	20,952	43,247
2019	26,029	23,253	49,282

● Scope 1　● Scope 2

Group GHG intensity
tonnes CO_2e per £m reported revenue (market-based) (including acquisitions)

17.3 tonnes/£m

Year	Value
2023	17.3
2022	19.0
2021	30.6
2020	34.7
2019	37.7

UK GHG intensity
tonnes CO_2e per £m reported revenue (market-based) (including acquisitions)

38.3 tonnes/£m

Year	Value
2023	38.3
2022	47.6
2021	103.0
2020	117.3
2019	111.6

UK GHG emissions (scope 1 and 2)
tonnes CO_2e (market based) (including acquisitions)

4,382 tonnes

Year	Scope 1	Scope 2	Total
2023	4,337	46	4,382
2022	5,712	24	5,736
2021	7,860	2,947	10,807
2020	7,442	3,908	11,350
2019	7,973	3,923	11,896

● Scope 1　● Scope 2

Group GHG emissions (partial scope 3)
tonnes CO_2e (well-to-tank and transition and distribution) (excluding acquisitions)

9,924 tonnes

Year	Value
2023	9,924
2022	9,933

Group GHG emissions (full scope 3)
tonnes CO_2e (excluding acquisitions)

Year	Value
2022	12,864,926
2021	13,279,392

Greenhouse gas (GHG) emissions performance continued

In line with the GHG Protocol, we are restating historic greenhouse gas and energy data in order to include data consistent with the change in company structure. As accurate data is not available for historic years for Vulcanic and Durex Industries, 2023 data have been extrapolated for historic years in line with their annual revenues. For more information, see our methodology statement on page 75 and at spiraxgroup.com/sustainability-downloads.

Including Vulcanic and Durex Industries, our GHG scope 1 and 2, market-based emissions were 31,659 (2022: 33,715) and have reduced 40% since 2019.

Scope 3 emissions

As part of our ongoing work to assess and improve the accuracy of our scope 3 emissions, we worked in 2023 to quantify our 2022 emissions across our value chain. Working with our external partners we have improved accuracy of our assumptions and estimations, for example changing to weight data for some purchased goods and services, rather than relying purely on assumptions based on spend. During this process, we discovered that an error had been

made in the original baseline calculations. Correction of this error means that we are now restating our 2021 scope 3 emissions to be 13.3m tonnes and are also disclosing 2022 to be 12.9m tonnes. In 2024 we will recalculate our scope 3 emissions to include 2022 acquisitions, Vulcanic and Durex Industries and submit our new baseline to the SBTi for approval. We are looking at ways we can influence reduction in our scope 3 emissions, including logistics in our value chain and purchased goods and services, but scope 3 emission reductions will largely be dependent on grid-greening.

Emission reduction initiatives

We completed a wide range of emission reduction initiatives across the Group in 2023. For example, our Chromalox manufacturing site in Ogden, Utah (USA), recently completed a multi-year effort to upgrade and optimise its air compressor system, reducing energy consumption and emissions, while ensuring less downtime and maintenance and increased production throughput and quality. This has led to a 55% improvement in operating efficiency and a saving of approximately three percent of GHG emissions annually at this site as well as future-proofing for factory growth.

Group energy consumption
MWh
(including acquisitions)

166,356 MWh

2023	166,356
2022	180,345
2021	190,650
2020	172,049
2019	191,282

UK energy consumption
MWh
(including acquisitions)

41,891 MWh

2023	41,891
2022	51,673
2021	55,200
2020	48,807
2019	50,663

Group energy intensity
MWh per £m of reported revenue
(including acquisitions)

90.7 MWh/£m

2023	90.7
2022	101.8
2021	124.7
2020	128.1
2019	137.0

UK energy intensity
MWh per £m of reported revenue
(including acquisitions)

366.0 MWh/£m

2023	366.0
2022	428.6
2021	526.3
2020	504.3
2019	475.2

Methodology statement

We employ an 'operational control' definition to outline our carbon footprint boundary. Included within that boundary are manufacturing facilities, administrative and sales offices where we have authority to implement our operating policies. For all entities we have measured and reported on our relevant scope 1, scope 2 and partial scope 3 emissions for 2023.

We have used the GHG Protocol Corporate Accounting and Reporting Standard and emission factors from the UK Government's GHG Conversion Factors for Company Reporting (2019, 2020, 2021, 2022 and 2023), data from the International Energy Agency (2019, 2020, 2021, 2022 and 2023), ISO 140064-1 and regionally specific Environmental Reporting Guidelines to calculate our total CO_2e emissions figures on a location-basis.

To report under the market-based method we have used the GHG Protocol data hierarchy, striving for the highest precision possible. For sites with green energy contracts, we have obtained emissions factors for the relevant tariff and/or supplier in the first instance, using the residual mix where supplier-specific emissions factors (SSEFs) are not available. For sites without green energy contracts, we follow the data hierarchy and apply location-based factors only where SSEFs or residual mix are not available. When entering new green contracts, we apply SSEFs (where available) from the start of the year and do not restate prior years with SSEFs. No certified green energy contracts are included in our market-based figures for 2019 or 2020.

⊕ For more information please see our methodology statement on our website: spiraxgroup.com/sustainability-downloads

Energy performance

In 2023, total Group energy use excluding 2022 acquisitions decreased by eight percent against 2022 to 166,356MWh and decreased by 11% on an intensity basis to 90.7MWh per million pounds of revenue (2023: 101.8).

Energy use in the UK accounted for 25% of the Group's total usage in 2023, at 41,849MWh and decreased by 19% compared with 2022. On an intensity basis, UK energy use decreased 15% year-on-year, to 365.6MWh per million pounds of reported revenue. Energy intensity for the UK is high compared to that of the Group as a whole, as we manufacture in the UK for sales overseas into global markets.

Including Vulcanic and Durex Industries, total Group energy use reduced 8% in 2023 to 166,356MWh (2022: 180,345) and has reduced 13% since 2019. In the UK, energy use including acquisitions was 41,891MWh.

Energy management

An example of an energy management project undertaken in 2023 is at our Watson-Marlow manufacturing site in Falmouth (UK). From assessing our energy consumption using data from our digital monitoring system, we were able to identify that air compressors at this site were losing compressed air at the weekends, despite none of the systems running at the weekend requiring compressed air. This knowledge allowed us to identify leaks in the system that we were able to fix and fit timers to automatically shut down these compressors between Friday PM and Monday AM when they are not needed. These changes are saving approximately 49,700kWh per annum of electricity at this site.

Focus for 2024

- Implement a power purchase agreement for a material proportion of our UK electricity consumption
- Progress electrification of our Spirax Sarco site at Runnings Road (UK)
- Embed access to data via our digital monitoring system and install digital meters at 2022 acquisition sites
- Further deploy energy management standards
- Resubmit targets to the SBTi to include recent acquisitions

Sustainability Report: Strategic initiatives continued

Biodiversity net gain

Key strategic targets

- Deliver a biodiversity offset equivalent to five times our global operational footprint by 2025

- Deliver biodiversity net gain* of +10% for all new manufacturing sites and facilities

- Deliver at least one biodiversity initiative per operating company, on site or in the local community by 2025

* Quantification of net gain will be focused on large development projects, where locally specific net gain methodologies will be applied, similar in approach to the UK's DEFRA methodology

Our progress since 2021 (cumulative)*

1,656 acres

Land protected in Argentina

76%

Operating companies have delivered at least one biodiversity initiative since the launch of the **One Planet Sustainability Strategy** in 2021

* Includes recent acquisitions

Biodiversity initiative

In cooperation with LandCare and Creating Canopies, five colleagues from Spirax Sarco Australia attended our third planting day at Carnarvon Golf Course. On this day they were able to plant 200 native trees to grow the golf course canopy and also maintain plants that were planted the previous year. Volunteering work at this site has contributed to the return of bird life to this space, with Birding Australia recording 34 wild bird species at this site, including Pacific Black Ducks and a pair of Tawny Frogmouths.

Biodiversity is our ally in the battle to counter the effects of climate change. Healthy ecosystems can help to limit global temperature rises. Whilst we are becoming more and more aware of the impact of climate change on our environment and its inhabitants, we are also conscious of the effects our business activities have and the complex network of interactions between plants, animals and micro-organisms. Protecting this delicate balance is an important objective for our **One Planet Sustainability Strategy** and one that helps us to engage our colleagues, our communities and our value chain.

Alignment with UN SDGs

Progress

We have continued to invest in our partnership with the World Land Trust, funding the protection of a further 572 acres of land on the Somuncurá Plateau in Argentinian Patagonia, equivalent to our operating footprint, including that of our recent acquisitions, Cotopaxi, Vulcanic and Durex Industries. Now in its third year, this long-term partnership is helping to protect this unique environment and the species that thrive there.

As part of our commitment to biodiversity net gain, we are developing landscaping planting schemes to improve the biodiversity as part of all major construction projects. At our newly rebuilt Spirax Group

Headquarters in Cheltenham (UK), we have had our planting scheme approved by the local authority and will implement this in 2024 to deliver a biodiversity net gain of more than 10%. External assessment of proposed plans at our Watson-Marlow site in Devens (USA), will also deliver over 10% net gain in biodiversity and will start in spring 2024. Further schemes are being developed at our Gestra site in Bremen (Germany) and at Chromalox in Ogden, Utah (USA).

We are delivering excellent progress against our target for all Group operating companies to complete at least one biodiversity initiative on site or in the local community by 2025, with 83% of legacy operating companies (76% including acquisitions) already having delivered a biodiversity initiative to date. An example of an initiative delivered in 2023 is our Gestra manufacturing site contributing to reforestation of an area in North Rhine (Germany), where a 12 hectare area has been affected by damage due to a bark beetle infestation. Another example is in India where Watson-Marlow colleagues planted 1,000 trees of eight different species at Tulapur village in Pune.

Focus for 2024

- Progress biodiversity net gain for all major construction projects

- Increase biodiversity initiatives in 2022 acquisitions

- Continue to make progress against our target for all legacy operating companies to complete a biodiversity initiative by 2025

Environmental improvements

Key strategic targets

- Reduce water consumption by 15% (compared to 2019)
- Achieve zero waste to landfill
- Reduce waste generated by our sites by 10% (compared to 2019)
- Eliminate the use of solvent-based paint on our sites by the end of 2025*
- All manufacturing sites certified to ISO 14001 standard or equivalent by the end of 2025

* Unless mandated by customer requirements and with Group Executive Committee approval

Our progress in 2023*

13%

Reduction in water consumption since 2022

2%

Decrease in waste production since 2022

14%

Waste to landfill in 2023

* Includes recent acquisitions

Waste reduction initiative

Wooden pallets and boxes from incoming shipments which are in good condition are reused wherever possible at our Spirax Sarco site in Wuhan, China. However, we identified that, as a proportion of total waste, wood had increased sharply from 10% in 2019 to 30% in 2022, due to increased production output. In an effort to reduce wood waste at this site, we began reconditioning used pallets instead of recycling them. Slightly damaged pallets are now repaired and severely damaged pallets are dismantled to be used as materials for the repairs of others. Since starting this project in March 2023, wood waste fell by 37% in the first half of 2023 compared with 2022, indirectly saving approximately 1,170kg of CO_2e per year.

The way we manage resources in our own operations is one of the most direct ways through which we can lessen our impact on the environment. By ensuring that we are operating efficiently we can preserve resources, reduce our carbon footprint and minimise pollution of the natural world.

Our focus on water efficiency, waste reduction and elimination of solvent-based paints ensures that we are controlling how we use resources and dispose of waste responsibly to protect the environments where we live and work.

Alignment with UN SDGs

6 CLEAN WATER AND SANITATION	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Progress

Following on from the rollout of waste and water action plan templates in 2022 and the resulting reduction plans, we have begun to see the positive impact of the work we have completed since launching our **One Planet Sustainability Strategy** in 2021. This has been aided by the implementation of monitoring and metering at all but one of our Group legacy manufacturing sites in 2023, excluding 2022 acquisitions.

During 2023 we focused on our top five consumers of water and producers of waste internally in each Business, ensuring that we are improving practices and efficiency at these sites to have the largest impact on our Group as a whole. We will utilise our learning from these locations to disseminate across the rest of the Group as part of internal best-practice sharing.
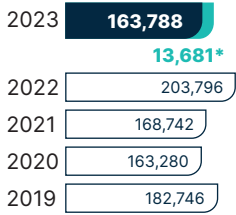
Of our 26 legacy manufacturing sites, excluding the recent acquisitions of Cotopaxi, Vulcanic and Durex Industries, 22 are currently certified to ISO 14001. In 2023, our Hiter manufacturing site in Brazil gained ISO 14001 certification and we have plans in place for 2024 and 2025 for the remaining outstanding locations. None of the 11 new manufacturing sites acquired at the end of 2022 currently have ISO 14001. Achieving certification at these sites will be a priority in 2024 onwards, but is not expected to be completed by 2025.

Sustainability Report: Strategic initiatives continued

🌲 Environmental improvements continued
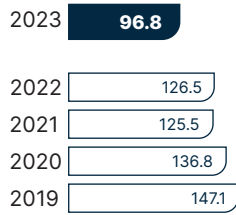
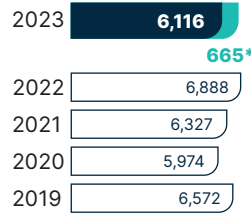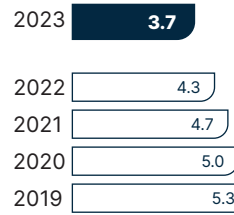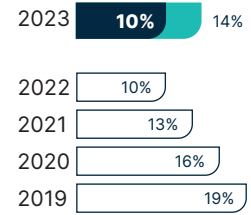| Total water use m³ (including acquisitions)	Water intensity m³ of water per £m of reported revenue (including acquisitions)	Total waste generation m³ (including acquisitions)	Waste intensity m³ of waste per £m of reported revenue (including acquisitions)	Waste to landfill % (including acquisitions)
177,469 m³	**96.8 m³/£m**	**6,781 m³**	**3.7 m³/£m**	**14%**
2023 **163,788** 13,681*	2023 **96.8**	2023 **6,116** 665*	2023 **3.7**	2023 **10%** 14%
2022 203,796	2022 126.5	2022 6,888	2022 4.3	2022 10%
2021 168,742	2021 125.5	2021 6,327	2021 4.7	2021 13%
2020 163,280	2020 136.8	2020 5,974	2020 5.0	2020 16%
2019 182,746	2019 147.1	2019 6,572	2019 5.3	2019 19%
* 2022 acquisitions, Cotopaxi, Vulcanic and Durex Industries included from 2023		* 2022 acquisitions, Cotopaxi, Vulcanic and Durex Industries included from 2023		* Total Group (including 2022 acquisitions, Vulcanic and Durex Industries, from 2023)

Water

The Group water usage was verified by TÜV NORD CERT GmbH in accordance with International Standard on Assurance Engagements 3000 Assurance Engagements Other than Audits or Review of Historical Financial Information (ISAE 3000), regarding its correctness and completeness. This audit did not include 2022 acquisitions, as this was their first year of collecting data and integrating into Group standards, but a thorough internal review was completed on their data. For our legacy operating companies, assurance was received as follows:

Acting as an independent Certification Body TÜV NORD CERT GmbH has verified the water usage of the organisation, for the reporting period 01.01.2023–31.12.2023 (inclusive), to be 163,777,712 litres.

TÜV NORD CERT GmbH, February 2024.

In 2023, excluding 2022 acquisitions, our water consumption decreased by 20% compared to 2022 to 163,778m³. This has been due to the cumulative effects of the work we have been doing since 2021 to improve efficiencies in our processes and on sites. The installation of monitoring and metering has meant that we have been able to find and fix leaks that would otherwise have gone undetected, for example at our Watson-Marlow site in Falmouth, UK. It is estimated that fixing a previously unknown leak accounted for a 37% reduction in this site's water use compared to 2022.

Against our 2019 baseline, absolute water use excluding acquisitions decreased by ten percent. On an intensity basis, water use decreased by 23% compared with 2022, with an overall reduction in intensity of 34% compared to our 2019 baseline.

➕ For progress against our **One Planet: Engineering with Purpose** Sustainability Strategy targets, see pages 70-71.

Including Vulcanic and Durex Industries for the first time in 2023, water use in 2023 was 177,469m³ (2022: 203,796m³) and has reduced 13% since 2022 and 3% since 2019.

Waste

Excluding Vulcanic and Durex Industries, our global operations generated 6,116 tonnes of waste in 2023, which is a decrease of 11% from the previous year. On an intensity basis, we saw a 15% decrease in waste generated at 3.6 tonnes per million pounds of reported revenue.

As part of our data quality and continual improvement processes, we have made adjustments to reported waste since 2019, ensuring that we are capturing all waste streams at all sites possible. This means we are restating our historic waste data, in line with our restatement threshold of two percent, but are not rebaselining to include proportional waste for 2022 acquisition companies.

The proportion of waste that is diverted from landfill globally in our legacy sites has remained static, with 90% of our waste recovered, recycled or used to generate electricity in 2023 (2022: 90%). Including acquisitions, 86% of waste was diverted from landfill in 2023.

Including Vulcanic and Durex Industries for the first time in 2023, waste production in 2023 was 6,781 tonnes (2022: 6,888 tonnes) and has increased 3% since 2019.

Solvent-based paint

Our internal cross-Business working group continues to evolve and has recently developed transition roadmaps for each Business that details our working plans to transition away from solvent-based paints. This group has also started to develop an internal standard which defines the allowable percentage of volatile organic compounds (VOCs) we use in our paints.

The roadmaps are periodically reviewed by senior leadership to ensure full alignment and proper planning. Each of the Businesses has partnered with its primary paint suppliers for additional technical support in this journey and to ensure we are updated on the most current technology.

An exercise has been started to understand which of our recently acquired sites are using solvent-based paints and the associated volumes. Roadmaps will be developed to drive the elimination of these paints and a successful transition to aqueous-based paints, although this is not expected to be started before 2025 for these new businesses.

Focus for 2024

- Implement planned water improvement projects
- Install digital monitoring and metering at the largest of our recently acquired sites, as well as sub-metering and finding improvements from this data
- Complete end-to-end sustainability reviews of Vulcanic sites
- Strengthen internal community of practice, empowering, educating and developing leaders within the sustainability space

Sustainable products

Key strategic targets

- Quantify the sustainability benefits and whole life cycle carbon footprint of some existing product groups and all new products
- Grow sales of products with quantifiable sustainability benefits to customers
- Eliminate all single-use plastic (SUP) and non-recyclable packaging by 2025, unless specified by customer requirements such as sterile applications

We have been working on understanding the environmental attributes of our products across their whole life cycle. We are also implementing systems to embed eco-design improvements into our processes. Our goal is to design new products and, where appropriate, refresh existing products, in order to reduce our own environmental impacts as well as that of our customers and suppliers.

Alignment with UN SDGs

| 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 17 PARTNERSHIPS FOR THE GOALS |

Progress

In 2023 we started developing sustainability product passports in Watson-Marlow that identify all the sustainability metrics of our products to provide clarity for our customers. The passports will be adapted to adopt new metrics in line with customer questions highlighted in our Voice of the Customer programmes.

Across the Group, we conducted eight life cycle assessments (LCAs) in 2023. LCAs support new product development by giving our engineers key metrics to set targets for improvements. A recent LCA conducted on one of our soon-to-be-released BioPure products has proven to show significant reductions. The assessment, covering all stages of the life cycle, revealed an estimated 22% reduction in CO_2e emissions, with expected significant reductions in manufacturing and upstream emissions, benchmarked against a previous LCA conducted in 2021.

Our digital monitoring capabilities are helping customers to optimise industrial processes and energy use worldwide, reducing energy consumption and operational spend. For example, Cotopaxi and Spirax Sarco worked with a multinational food company in 2023 to deliver real time analysis of water, air, gas, energy and steam (WAGES) through our monitoring system. They identified evaporation and heat losses and then implemented a heat recovery system.

Spirax Sarco, part of STS, has introduced the Customer Sustainability Journey (CSJ). The programme provides optimisation of customers' steam systems measured against energy, CO_2e, water and financial savings. These can then be managed via a new digital platform. A CSJ for a customer from the dairy industry focusing on recovery of energy from the surface blowdown in the steam system yielded a saving of 6,529GJ of energy, 2,482 m^3 of water and 366 tonnes CO_2e per year.

Our progress in 2023

8

Life cycle assessments completed

Decarbonising our customers' industrial processes is a major part of Spirax Group's offering. Working with staff at a university campus, Chromalox's DirectConnect Medium Voltage electric steam generators were installed to replace gas powered heating and distribution systems. The steam generators are highly efficient and have low installation costs and quick response times compared to traditional low voltage steam generators.

Customer environment benefits

Annual estimated customer CO_2 energy and water savings from a select range of 20 product categories sold in 2023.

16.6m
tonnes of CO_2 per year

226m
GJ per year of energy

87.1m
m^3 per year of water

To put these savings into context, that is the equivalent of:

675m
mature trees absorbing CO_2

2.08m
people's annual average energy consumption (UK)

34,900m
Olympic-sized swimming pools of water

Focus for 2024

- Develop and implement a purpose-built eco-design tool that will standardise environmental assessment across the Group
- Further develop product sustainability passports for some of our product families highlighting materials, due diligence, responsible production, efficient design, circularity and responsible packaging

Sustainability Report: Strategic initiatives continued

Sustainable supply chains

Key strategic target

- 80% of strategic and high risk suppliers assessed and meeting or exceeding our sustainability standards by 2025

Our progress in 2023 (cumulative)

931

Suppliers in the Supplier Sustainability Portal

76%

Suppliers signed the Supplier Sustainability Code

Castings project

As part of our scope 3 quantification, we identified that metal castings are the single largest commodity for greenhouse gas (GHG) emissions in our supply chain. In 2023, we launched a project to work with casting suppliers and investigate opportunities to reduce GHG emissions from these products, including recycled materials, circular economy opportunities and investment in induction furnaces. The partnerships from this project will mean stronger working relationships as we collaborate to reduce our impact on the environment.

As a responsible manufacturer, we understand the importance of our supply chain in meeting our sustainability goals for people and the planet. We actively develop and educate our suppliers, to further raise standards and build long-term partnerships that are mutually beneficial.

By encouraging our suppliers to reduce their environmental footprint, as well as requiring them to meet our expectations relating to human rights, we are ensuring that we meet both our own high standards and the growing expectations of our stakeholders. This increased monitoring combined with continuous improvement methodologies will deliver a robust, high performing supply chain capable of meeting our future needs, which also delivers for the needs of the planet.

Following on from the launch of our Supplier Sustainability Portal (Portal) in 2022, we have now successfully onboarded 931 suppliers, in line with our rollout plan. These strategic or higher risk suppliers have been providing qualitative and quantitative data and evidence regarding a wide range of sustainability topics, including resource use, climate impact and human rights. In these suppliers we are seeing a month-on-month improvement in response rates against all topics, with response rates up to 59% of respondees for a questionnaire on product stewardship by the end of February 2024. As the newer suppliers continue to engage and phase one suppliers, who were part of the initial rollout, further embed, we expect to see these results continue to improve. We are on track to meet our 80% target by 2025. Suppliers of our 2022 acquisitions are not included in these targets yet.

As well as direct monitoring of these strategic and higher risk suppliers, the Portal also allows for indirect monitoring of a larger range of suppliers, such as monitoring alerts on potential compliance issues or areas of concern in news articles, media outlets and other sources of communication. We are now monitoring 1,973 additional suppliers indirectly in this way, with all potential flags being reviewed and assessed internally. In 2023, we had 308 flags from this system,

however, many of these are duplicates or related to historic issues. None of these flags have required immediate intervention. Reviewing these flags is being incorporated into our supplier management risk-assessment process.

Signing the Code

In 2022, we reported an expected drop in the percentage of suppliers having signed the Supplier Sustainability Code (Code) as we transitioned to a new system of the Code being signed through the Portal. By the end of 2023, this percentage had increased to 76% (2022: 30%), demonstrating that our suppliers are familiarised with the new process. Our in-house monitoring systems are enabling us to focus on and effectively target unsigned Codes.

In 2023, we analysed our supply chain and exited some suppliers, particularly those who were unwilling to sign the Code or where standards fell short of those required, as part of this larger review across the Group.

Alignment with UN SDGs

Focus for 2024

- Incorporate the next phase of suppliers into our Supplier Sustainability Portal

- Work with suppliers to improve response rates and begin to assess results

Supporting our communities

Key strategic targets

- Deliver 150,000+ hours (cumulative) of colleague volunteering globally by 2025
- £2 million of cash or in-kind donations (cumulative) made by our Group Companies by 2025
- Establish the Group Education Fund and donate up to £15 million by 2030

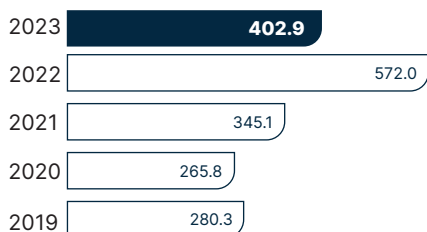## Our progress in 2023*

25,697
Volunteering hours delivered

£1,158,284
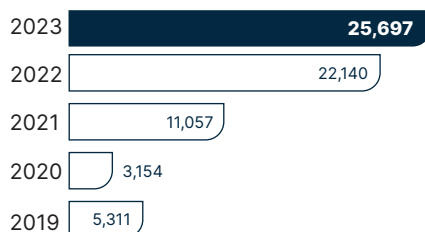Donated by the Spirax Group Education Fund

* Includes recent acquisitions

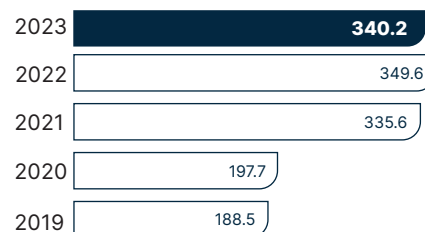### Group Charitable Fund donations
£'000

£402,900

Year	£'000
2023	402.9
2022	572.0
2021	345.1
2020	265.8
2019	280.3

Volunteering hours
hours (including acquisitions)

25,697 hours

Year	hours
2023	25,697
2022	22,140
2021	11,057
2020	3,154
2019	5,311

Operating company cash/in-kind donations £'000
(including acquisitions)

£340,200

Year	£'000
2023	340.2
2022	349.6
2021	335.6
2020	197.7
2019	188.5

As a Group, we have committed to increasing the wellbeing of people in our communities, while addressing global sustainability challenges such as access to education, climate change and biodiversity loss.

In the 66 countries in which we operate globally, we want to make life better for the people in our communities. Through charitable donations and colleague volunteering we share our resources and expertise to meet local needs, improve access to education and support longer-term economic wellbeing so that our communities are stronger and more resilient now as well as in the future.

Alignment with UN SDGs

Progress
Spirax Group Education Fund

In 2023, we continued to invest in local educational needs as identified by our operating companies in the communities in which they operate. Since inception, the Spirax Group Education Fund has approved a total of 100 projects in 38 countries, paying out over £2 million to date. Some of the projects approved across the Group in 2023 include the funding of educational resources for hospitalised children in France; the funding of academic scholarships for underprivileged young people in children's homes and young people with disabilities in Taiwan; and funding university tuition fees for five students from an orphanage in Vietnam.

In 2022, we commenced funding towards the construction of a new school in Egypt with further funds donated in 2023. This school was completed and opened in October 2023, providing initial places for 96 young students who previously had no access to education in their local area and either had to walk long distances to school or did not attend.

Group charitable donations

The Spirax Group Charitable Fund donated over £409,200 to charitable causes. Some of these donations include: £8,000 to Young Lives vs Cancer, £30,000 to National Star College and £40,000 to WaterAid.

Colleague volunteering hours increased by 16% in 2023 compared to 2022, totalling 25,697 hours of Company time spent volunteering, with 58,894 hours cumulatively since 2021. Our operating companies donated £340,200 to charitable causes, in cash or in-kind (non-cash) donations during 2023.

For our International Day of Charity in September, we supported Sustainable Development Goal 2 – 'Zero Hunger'. Against this objective, 27 activities were reported by 19 operating companies, delivering 382 volunteering hours.

Matched-giving

A number of earthquakes with devastating effects occurred in 2023. In February, we launched a match-giving appeal resulting in over £100,000 donated by colleagues and the Spirax Group Charitable Fund to help those affected by the earthquake in Turkey and Syria. In addition, in September the Group made a £25,000 donation to support the British Red Cross Morocco Earthquake Appeal.

Focus for 2024

- Support SDG 15 - 'Life on Land' for the International Day of Charity in September
- Continue to develop and refine impact measurements for the Spirax Group Education Fund
- Embed community engagement culture in recently acquired companies
- Ensure we continue to have a diverse range of applicants for the Spirax Group Education Fund, from a wide geographical and operating company spread

Our communities

Enabling future generations

Building the foundations for a brighter future

The Spirax Group Education Fund (the Fund) is our commitment to supporting the future of engineering at a grass roots level. It was established at the end of 2021 to improve access to education, tackle poverty through education, remove barriers and inequality, and improve diversity in engineering. The Spirax Group Education Fund is a central source of funding that our operating companies can apply to, to request money to meet a locally identified educational need and build a brighter future together.

By the end of 2023 the Fund has paid out more than £2 million to over 100 projects, with a further £600,000 committed for payment in future years. What's special about the Fund is that each project supported has been nominated by a colleague to improve the lives of people in their local communities. Each grant awarded is managed by a local operating company which means that right across our Group, we're working together to provide help where it is needed most in our local communities.

We are also particularly proud of projects that can become self-sustaining as a result of our support, such as the creation of a digital learning hub at an elementary school serving a remote and under-privileged community, in Quezon, Philippines.

Joel Flores is Process Industries Leader for Watson-Marlow based in Southeast Asia. He explains why he applied for a grant from the Spirax Group Education Fund.

Number of projects supported by the Spirax Group Education Fund so far

100+

Total amount paid or committed since launch

£2.8 million

Funds to be donated by 2030

£15 million

"

"The impact of this investment in the early education and digital skills of future generations of engineers will be seen in years to come, as they embark on their careers. By equipping and inspiring young people in the province of Quezon, we are enabling them to find their role in delivering a more efficient, safer and sustainable world in the future."

Joel Flores
Process Industries Leader,
Watson-Marlow Fluid Technology Solutions

Digital skills powering sustainable futures

Dunong Cacawayan Elementary School is located in Infanta Quezon – an under-privileged area in the province of Quezon, Philippines, with a population of around 600 people. The school is several miles from the town, via challenging roads, and despite being established in 1972 only recently secured an electricity supply. As the school just has two functional classrooms, the Rotary Club of Infanta was looking for support in constructing a Learning Hub for the students.

"I applied to the Spirax Group Education Fund for £12,500 to cover the construction costs of the project and was delighted when I found out my application had been successful," said Joel Flores, Process Industries Leader.

The Learning Hub features a mini library and computer bank. It is designed to inspire its 83 students and spark an interest in engineering, but it also gives them access to online information and digital educational resources they wouldn't have had previously, to help improve their reading, IT and science-based learning skills.

Digital technology and skills have revolutionised nearly every part of our daily lives, and will continue to have a major role to play in our future, so giving this community the skills they will need to be a part of this future is vital.

Longer term, the initiative, along with the wider curriculum of the school, aims to provide free access to education regardless of background, helping to tackle poverty in the community and improve access to education now and for years to come.

After receiving the funds in August 2023, clearing of the site began in September and construction of the 30m^3 Dunong Cacawayan Learning Hub began in January 2024 and will complete by the end of March. The local government will provide ongoing funding to the facility and it will be monitored by a community representative from the Department of Education and the Rotary Club of Infanta Quezon.

TCFD and Climate-related Financial Disclosure (CFD)

Task Force on Climate-related Financial Disclosures (TCFD)

In accordance with Listing Rule 9.8.6R(8) we confirm that the following table contains disclosures consistent with the Task Force on Climate-related Financial Disclosures' recommendations and recommended disclosures.

Our approach is fully aligned with ten of the 11 TCFD recommendations and partially aligned with one, which is: Metrics and targets b) disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks. Throughout 2022, we used a third-party carbon accounting specialist to help us establish our scope 3 emissions for a baseline year of 2021. In 2023, we calculated our scope 3 emissions for the 2022 financial year and improved our methodology to increase accuracy of these data. Scope 3 emissions for 2021 and 2022 can be found on page 74. Scope 3 is highly complex and requires significant levels of estimations where data are not available. As we are still developing our data collection processes for scope 3, reliant on external support, it was not possible to calculate full scope 3 emissions for 2023 ahead of the reporting deadline. We have disclosed a partial scope 3 figure (category 3, B and C) for 2023, which can be found on page 74 and full scope 3 emissions for 2022. In 2024, we will be working to increase the speed of these calculations, with a view to publishing a full scope 3 analysis in the coming years.

We will review our disclosures against the recommendations of TCFD on an annual basis.

Governance

Describe the Board's oversight of climate-related risks and opportunities
The Board is responsible for the overall stewardship of strategic risk management and internal control. The Audit Committee is also directly involved in the detailed review of risks, including those detailed in these disclosures, and reports back to the Board on its findings. During 2023, the Audit Committee received four risk management updates from the Risk Management Committee's Chair, and also reviewed the Principal Risks, as well as the position of climate change on the Group Risk Register.

Our **One Planet: Engineering with Purpose** Sustainability Strategy is an important mechanism by which we seek to mitigate climate-related risks and maximise climate-related opportunities. The Board received six updates and the Audit Committee received two updates from Group Director of Sustainability during 2023. This included updates on the Group's progress against **One Planet Sustainability Strategy** targets, TCFD, upcoming changes to regulatory reporting requirements and information about scope 3 data calculations.

Supporting customers on their decarbonisation journey is an important element of both our Steam Thermal Solutions (STS) and Electric Thermal Solutions (ETS) Business strategies. The Board also provides strategic oversight of these Business strategies, ensuring that we are mitigating any market-based risks that could arise as a result of climate change.

Where sustainability, including carbon reduction investments, is part of a large Capex proposal, these investments are directly approved by the Board. Climate impact is considered as one of the factors when making Capex decisions and in mergers, acquisitions and other business plans.

Describe management's role in assessing and managing climate-related risks and opportunities
The Risk Management Committee has responsibility for managing climate-related risks. Sarah Peers, Group Director of Sustainability, had specific delegated responsibility for overseeing climate-related risks and mitigation activities in 2023. Through her role as a member of the Group Executive Committee she ensures that climate-related risks and opportunities are appropriately considered in management's day-to-day operational practices.

During 2023, we reviewed the Group's exposure to risk using a bottom-up approach, where the Committee sought views of the Group operating companies on the risks that they considered may affect their activities to ensure new or emerging risks are not missed. Following this process, the Committee reviewed and confirmed the robustness of the countermeasures that Group operating companies have in place to mitigate the Principal Risks in the Group Risk Register.

During 2023, management of the Group's climate change mitigation activities was overseen by the Board, the Group Executive Committee and the Group Sustainability Management Committee (GSMC) utilising the management structure outlined on page 69. The GSMC comprises the Group Director of Sustainability, the Business Heads of Sustainability, Strategic Initiative and Strategic Project Leads and other relevant individuals. Governance structures for risk management can be found on page 100.
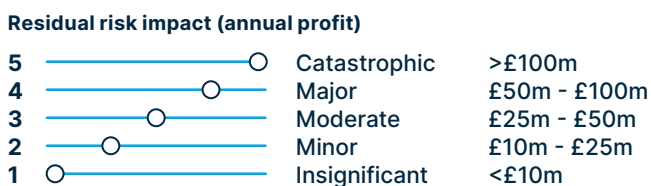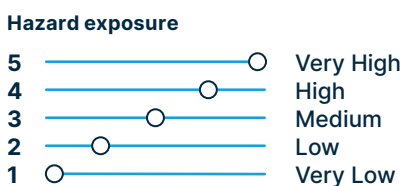
Management oversight of climate-related risks and opportunities is embedded within the **One Planet Sustainability Strategy** and within our core Business strategies. Through those strategies, the Group Executive Committee and Business Executive Committees consider climate-related risks, opportunities, strategic implementation and progress against targets.

Strategy – Acute physical risks
Acute physical risks are event driven, specific episodes that have the potential to inflict significant physical damage

Risk/opportunity	Description	How we manage and mitigate this risk	Estimated financial impact	Link to metrics and targets
Flooding – river and flash flooding from precipitation	17% of the Group's operations by total insured value (TIV), 42 of 239 locations, are currently exposed to risk of river flooding, with 28 sites (13% of TIV value) having 1% likelihood of river flooding in a year. TIV at risk is expected to increase to 19% by 2030, and then remain stable at 19% to 2050 under a high (4°C) warming scenario. The Group has some exposure to heavy rainfall and potential flash floods with 43% of the TIV today located in areas exposed to high levels of precipitation, which is forecast to increase slightly to 44% by 2050 under a high warming scenario. The Steam Thermal Solutions site in Shanghai, China, is the highest value asset at the highest level of risk. Although a number of sites have exposure to this flooding, the risk and potential impact are still insignificant, with likelihood of flooding tending towards a 1-in-100-year-type event under high-warming scenario, RCP8.5 (see page 90). Under RCP 8.5, it is predicted that by 2050, 5% of the operations have a 10% likelihood of flooding in a given decade.	These risks are managed through our Principal Risks 5 (loss of manufacturing output at any Group factory) and 7 (loss of a critical supplier). To mitigate risk, annual risk assessments are conducted by our insurance partner and we have appropriate insurance cover. Business continuity planning and capacity planning are in place to ensure we have spare capacity at alternative sites and stock is held locally in sales companies. For key commodities, where possible, we seek to maintain dual sourcing to negate the risk from the loss of a critical supplier. In 2024, findings of the climate risk assessment will be circulated, particularly with manufacturing facilities, so that adequate mitigation measures can be considered and embedded in their business continuity plans at a site level.	**Low carbon economy** (RCP 2.6 – 2030) Hazard exposure Residual risk profit impact **Hothouse world** (RCP 8.5 – 2050) Hazard exposure Residual risk impact	Minor residual risk impact means that the we have not identified this as a risk that requires a specific metric or target. The Risk Management Committee reviews risks on an annual basis so a future change in the residual risk impact could lead to the implementation of a specific metric or target.
Windstorm	91 locations (mostly in Europe) are in regions exposed to strong winds (accounting for 51% of TIV), with a 1% annual chance of having severe wind gusts of over 121km/h, with 4 sites having a risk of winds of 161–200km/h. The highest value asset currently at risk from windstorm is Watson-Marlow's site in Falmouth (UK). TIV at risk from windstorms is expected to remain stable to 2050 under a high warming scenario, but the frequency of windstorms is likely to increase over time. Even under a hothouse world scenario, the average annual modelled impact may increase slightly; however, it would still be in the insignificant range as per the Group Enterprise Risk Management (ERM) scale.	This risk is managed through our Principal Risks 5 (loss of manufacturing output at any Group factory) and 7 (loss of a critical supplier). To mitigate risk, annual risk assessments are conducted by our insurance partner and we have appropriate insurance cover. Business continuity planning and capacity planning are in place to ensure we have spare capacity at alternative sites and stock is held locally in sales companies. For key commodities, where possible, we seek to maintain dual sourcing to negate the risk from the loss of a critical supplier. In 2024, findings of the climate risk assessment will be circulated, particularly with manufacturing facilities, so that adequate mitigation measures can be considered and embedded in business continuity plans at a site level.	**Low carbon economy** (RCP 2.6 – 2030) Hazard exposure Residual risk profit impact **Hothouse world** (RCP 8.5 – 2050) Hazard exposure Residual risk impact	Minor residual risk impact means that the we have not identified this as a risk that requires a specific metric or target. The Risk Management Committee reviews risks on an annual basis so a future change in the residual risk impact could lead to the implementation of a specific metric or target.

Hazard exposure

5	Very High
4	High
3	Medium
2	Low
1	Very Low

Residual risk impact (annual profit)

5	Catastrophic	>£100m
4	Major	£50m - £100m
3	Moderate	£25m - £50m
2	Minor	£10m - £25m
1	Insignificant	<£10m

TCFD and CFD continued

Strategy – Acute physical risks continued

Risk/opportunity	Description	How we manage and mitigate this risk	Estimated financial impact	Link to metrics and targets
Fire	12% of the Group's TIV is today exposed to at least 20 days per year of fire weather, with Chromalox's Ogden, Utah (USA), site the highest value asset with some level of risk, and Chromalox's Nuevo Laredo, Mexico, site having the highest level of risk but a lower TIV. As global temperatures increase, the likelihood of fire risk is expected to increase with 19% of TIV at risk by 2050 under a high-warming scenario.	This risk is managed through our principal risks 5 (loss of manufacturing output at any Group factory) and 7 (loss of a critical supplier). To mitigate risk, annual risk assessments are conducted by our insurance partner and we have appropriate insurance cover. We also conduct occasional inspections by local fire officers. Business continuity planning and capacity planning are in place to ensure we have spare capacity at alternative sites and stock is held locally in sales companies. For key commodities, where possible, we seek to maintain dual sourcing to negate the risk from the loss of a critical supplier.	**Low carbon economy** (RCP 2.6 – 2030) **Hazard exposure** **Residual risk impact** **Hothouse world** (RCP 8.5 – 2050) **Hazard exposure** **Residual risk impact**	Minor residual risk impact means that the we have not identified this as a risk that requires a specific metric or target. The Risk Management Committee reviews risks on an annual basis so a future change in the residual risk impact could lead to the implementation of a specific metric or target.

Under current conditions, the likelihood of an acute physical risk impacting the Group's direct operations in a given year is deemed Unlikely, and the residual impact (post-mitigation) has been assessed as Insignificant (<£10 million).

To mitigate risk, annual risk assessments are conducted by our insurance partner and we have appropriate insurance cover. Business continuity planning and capacity planning are in place to ensure we have spare capacity at alternative sites and stock is held locally in sales companies. For key commodities, where possible, we seek to maintain dual sourcing to negate the risk from the loss of a critical supplier.

In 2024, findings of the climate risk assessment will be circulated, particularly to manufacturing facilities, so that adequate mitigation measures can be considered and embedded in their business continuity plans at a site level.
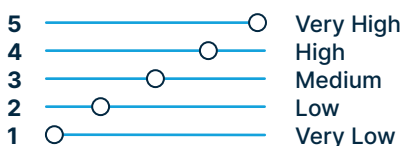
Strategy – Chronic physical risks
Chronic risks arise from longer-term changes in climate pattern, notably drought, heat stress and sea level rise.

Risk/opportunity	Description	How we manage and mitigate this risk	Estimated financial impact	Link to metrics and targets
Heat stress	Currently 45% of the TIV of the Group's operations (112 locations) is exposed to heat stress, seeing an average of >20 heatwave days in a given year with temperatures in excess of 30˚C. This is expected to increase to 55% of TIV at risk from heat stress by 2050, under a high warming scenario. Examples of high TIV sites currently at risk from heat stress include Chromalox Nuevo Laredo, Mexico; Steam Thermal Solutions Mexico; and Chromalox Tennessee (USA). Risks from heat stress include increased costs of running HVAC equipment and potential decrease in productivity of employees.	Many of the operations currently exposed to heat stress are in locations where this environment is expected and well adapted for. Changing weather location patterns mean that more sites may move into areas of heat stress that are not currently and these sites may be less prepared. Operations of Electric Thermal Solutions, Steam Thermal Solutions and Watson-Marlow are exposed. This trend could mean that increased cooling of buildings and machinery might be required to reduce the risk of operational disruption and also to improve working conditions for colleagues. As part of continual asset management, energy audit and facilities update processes, systems will be assessed and upgraded where necessary.	**Low carbon economy** (RCP 2.6 – 2030) **Hazard exposure** **Residual risk impact** **Hothouse world** (RCP 8.5 – 2050) **Hazard exposure** **Residual risk impact**	Minor residual risk impact means that the we have not identified this as a risk that requires a specific metric or target. The Risk Committee reviews risks on an annual basis so a future change in the residual risk impact could lead to the implementation of a specific metric or target.

Risk/opportunity	Description	How we manage and mitigate this risk	Estimated financial impact	Link to metrics and targets
Drought	Currently 12% of the TIV of the Group's operations (54 locations) is exposed to drought stress with three or more drought months per year. This is expected to increase under a high warming scenario, reaching 31% by 2050. An example of a high value asset with a high exposure to drought risk today is Chromalox Nuevo Laredo, Mexico. Drought may impact the availability and quality of water, which could impact manufacturing processes including product testing. Drought has the potential to impact the supply of raw materials where inland waterways are used for transportation, impact electricity availability in locations with a higher reliance on hydropower and increase the risk of wildfires.	The operations of the Group are not generally considered water intensive and therefore the potential impacts may be addressed through adaptation and risk management. Supply of raw materials and electricity are managed through Principal Risk 7, loss of a critical supplier. Mitigation activities under this risk include dual sourcing, managing stock levels for high-risk commodities and in-sourcing production where appropriate.	**Low carbon economy** (RCP 2.6 – 2030) **Hazard exposure** **Residual risk impact** **Hothouse world** (RCP 8.5 – 2050) **Hazard exposure** **Residual risk impact**	Minor residual risk impact means that the we have not identified this as a risk that requires a specific metric or target. The Risk Committee reviews risks on an annual basis so a future change in the residual risk impact could lead to the implementation of a specific metric or target.
Sea level rise	Risk of exposure from sea level rise is 10% of assets by value, with no change expected to 2050. The Steam Thermal Solutions site in Shanghai, China, is the highest value asset at risk.	Our exposure under this risk is no expected to change under a hothouse world scenario. This risk is managed under Principal Risk 5, loss if a manufacturing output at any Group facility. To mitigate risk, annual risk assessments are conducted by our insurance partner and we have appropriate insurance cover. In 2024, findings of the climate risk assessment will be circulated, particularly with manufacturing facilities, so that adequate mitigation measures can be considered and embedded in their business continuity plans at a site level.	**Low carbon economy** (RCP 2.6 – 2030) **Hazard exposure** **Residual risk impact** **Hothouse world** (RCP 8.5 – 2050) **Hazard exposure** **Residual risk impact**	Minor residual risk impact means that the we have not identified this as a risk that requires a specific metric or target. The Risk Committee reviews risks on an annual basis so a future change in the residual risk impact could lead to the implementation of a specific metric or target.

The impacts of chronic risks are likely to differ by location, with some countries already experiencing and managing high levels of heat stress or drought, with the ability to adapt to those conditions. For other locations, historically less used to drought or heat stress, the impacts could potentially be more disruptive. However, as we are not a highly intensive user of water and chronic risks can largely be mitigated or adapted, the residual impact (post-mitigation) of chronic physical risks has been assessed as Insignificant (<£10 million).

Hazard exposure

5	Very High
4	High
3	Medium
2	Low
1	Very Low

Residual risk impact (annual profit)

5	Catastrophic	>£100m
4	Major	£50m - £100m
3	Moderate	£25m - £50m
2	Minor	£10m - £25m
1	Insignificant	<£10m

TCFD and CFD continued

Transition risks/opportunities
Transition risks arise from changes required to facilitate a low carbon economy.

Risk/opportunity	Description	How we manage and mitigate this risk	Estimated financial impact	Link to metrics and targets
Market transition	Increasing availability of green energy could enable electric heating solutions to replace fossil fuel-derived steam generation where carbon emission concerns override cost differences in the medium to long term (5+ years). This will provide opportunities across all geographical regions and most customer sectors for our Electric Thermal Solutions and Steam Thermal Solutions Businesses as these Businesses combine to electrify the generation of steam. Increased cost of electricity provision and raw materials provides some risk, as the introduction of carbon taxes could be passed on in raw material spend.	As market leaders in the provision of thermal energy solutions, mitigating this risk and maximising the opportunity is deeply embedded in the core business strategies of both our Steam Thermal Solutions and Electric Thermal Solutions Businesses. This risk is mitigated through Principal Risk 6 (inability to identify and respond to changes in customer needs). Mitigation includes regular voice of customer research and research and development/new product innovation to lead the way in providing innovative solutions to customers. For more information about the management of this Principal Risk, see page 104.	**Risk** 2025, 2030 **Opportunity** 2025, 2030	Net zero carbon, Sustainable products
Technology transition	Costs of upgrading and installing infrastructure to support an electric vehicle fleet, or costs to transition away from fossil fuel dependent production equipment.	The transition to low carbon technology across our operations is embedded in our net zero roadmaps developed by all manufacturing sites and at a Group level. Fossil fuel-dependent systems and processes have been identified and investment plans developed, through annual and medium-term financial planning cycles, to phase the cost of decarbonisation activities over time, reducing risk.	**Risk** 2025, 2030 **Opportunity** 2025 N/A, 2030 N/A	Net zero carbon, Environment improvements
Reputation	Risk of reputational loss of Spirax Group as a top performing, environmentally sustainable business due to association with fossil fuel-reliant systems over the medium to long term (5+ years).	This very low risk is mitigated by our strong reputation, our innovative product developments, the introduction of our Natural Technology marketing strategy, which correctly positions steam as a sustainable technology and our own leading net zero commitments and progress against them.	**Risk** 2025, 2030 **Opportunity** 2025, 2030	Net zero carbon, Sustainable products

Estimated financial impact (annual profit)

5	Significant	>£100m
4	Major	£100m - £50m
3	Moderate	£50m - £25m
2	Minor	£25m - £10m
1	Insignificant	<£10m

Risk/opportunity	Description	How we manage and mitigate this risk	Estimated financial impact	Link to metrics and targets
Policy and legal transition	Carbon taxation: In country or at borders, could lead to increased operational costs. For example, the EU's Carbon Border Adjustment Mechanism (CBAM) became effective in October 2023, with a two-year transition period now in operation before carbon taxation commences on high carbon imports (such as steel, iron or aluminium) into the EU.

Building code regulations: Policy makers may promote a switch to low carbon buildings, for new builds or retrofitting old buildings, which could lead to increased costs, such as implementing Minimum Energy Efficiency Standards.

Climate change litigation: Risk arising from the increasing activism of shareholders or the public against companies for failure to adapt to climate change, greenwashing by overstating positive environmental impacts, or understating risks or insufficient disclosure around material financial risks. (Risk is deemed very low for our Group).

Waste-related laws and regulation: Driven by an aim to increase circularity of the economy, new regulations could impact how we manage waste on our own sites and, potentially, impact end of life treatment of products we sell. | This risk is mitigated through our **One Planet Sustainability Strategy**, which includes net zero targets, energy reduction commitments, major decarbonisation projects and conversion to an electric vehicle fleet.

We manage and monitor existing and upcoming legislation from a range of sources to ensure that we are able to pro-actively respond to upcoming legislating risks.

Climate change litigation risk is mitigated by our innovative product developments, the introduction of our Natural Technology marketing strategy, which correctly positions steam as a sustainable technology and our own leading net zero commitments and progress against them. | **Risk**
2025

2030

Opportunity
2025 N/A
2030 N/A | Net zero carbon

Environment improvements

Sustainable products

Sustainable supply chain |

Estimated financial impact (annual profit)

5	——————◯	Significant	>£100m
4	—————◯—	Major	£100m - £50m
3	————◯——	Moderate	£50m - £25m
2	——◯————	Minor	£25m - £10m
1	◯———————	Insignificant	<£10m

TCFD and CFD continued

Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Growing awareness of climate change and customer sustainability targets will continue to provide an impetus for business growth as we provide products, services and solutions that increase efficiency and reduce customers' energy use and carbon emissions. To mitigate the risks outlined above, our **One Planet Sustainability Strategy** underpins our Business strategies, which in conjugation with the voice of the customer and understanding customer needs, allows us to develop products and services that help our customers achieve their own carbon reduction targets. This, in turn, helps us to manage reputational risk by ensuring we're driving down our own emissions, in line with our commitments to the Science Based Targets initiative (SBTi) and the UN Global Compact.

Each of our three Businesses incorporate sustainability in their Business strategy, Customer first[2], Engineering Premium Solutions and Strategy25. This has resulted in the creation of TargetZero solutions to decarbonise the raising of steam, which was a collaboration between Steam Thermal Solutions and Electric Thermal Solutions.

As part of our financial planning process, we have an annual financial plan for sustainability. When considering sustainability investments, we prioritise initiatives that deliver the best value of £/tCO$_2$e saved. In 2022, we developed and commenced implementation of net zero roadmaps across our manufacturing sites. For more information about our net zero roadmap, see page 73.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

With customers in almost all industries worldwide and across 164 countries, steam remains the world's most efficient heat transfer medium for a wide range of applications, with multiple onsite uses from the production of foods, beverages and medicines, to the generation of power. Our Steam Thermal Solutions are complemented by our Electric Thermal Solutions product and service offering. We thus have a highly resilient business that will remain relevant across different climate-related scenarios.

As part of our annual viability assessment, we annually undertake scenario risk modelling focusing on stress testing the Income Statement and cash flow projections to determine the resulting impact on the Group's debt covenants and liquidity headroom, to ascertain the potential revenue or adjusted operating profit impacts that could arise from one, or a combination, of the Group's Principal Risks. The key risks associated with climate change would be mitigated by management processes for three of our Principal Risks (5, 6 and 7). Modelling completed as part of our viability assessment suggests that our Principal Risks do not pose a significant threat to the viability of our Group; therefore, management believes that this also applies to climate risk. For more information see pages 42 to 43, 144 and 154.

As well as these ongoing risk management and Principal Risk Management processes, during 2023 we worked with Willis Towers Watson to complete quantified scenario analysis for a range of warming scenarios (a below 2°C scenario (1.5°C scenario), a 2–3°C scenario and a 4°C scenario), over multiple timeframes. Physical risks were assessed under current conditions and projected impact in the medium term (2030) and long term (2050). These timeframes align with our **One Planet Sustainability Strategy** targets and SBTi approved net zero targets.

The chosen scenarios were in line with the Intergovernmental Panel on Climate Change (IPCC) representative concentration and shared social economic pathways (RCPs mapped to SSPs) RCP 2.6 (SSP1), RCP 4.5 (SSP2) and RCP 8.5 (SSP5) respectively. The two extreme scenarios were chosen in order to 'stress-test' the impact to the Group under cases of maximum physical risk impact and maximum transition risk impact. RCP 4.5 was assessed as a middle scenario.

Physical risks were identified through asset 'exposure diagnostic' analysis for 239 operating locations (comprising sales and manufacturing companies and sites). The climate risks were derived from a number of data sources including Willis Towers Watson's Global Peril Diagnostic and Climate Diagnostic tools, data from Munich Re hazard databases and research in line with the IPCC reports. The findings were then validated in workshops.

Transition risks were identified and assessed through multiple workshops, drawing on relevant expertise from colleagues from across the Group. For this assessment, one scenario of RCP 2.6 (1.5°C scenario) was considered, as it is under these conditions that transition risks would be most relevant. Transition risk exposure was assessed on a short-term horizon of 2025 and a medium-term time horizon of 2030 with impacts being assessed as an annualised amount. Transition risks were not quantified in the longer term due to the difficulty in building assumptions around the direction of policy out to 2050 or beyond; physical risks are anticipated to be more relevant on those timeframes.

In addition, physical risk exposure diagnostic analysis was completed for 45 of the Group's suppliers (selected on the basis of spend, strategic importance, geographic location o business coverage).

Risk management

Describe the organisation's processes for identifying and assessing climate-related risks

The Risk Management Committee holds annual top-down or bottom-up reviews that provide information and evaluations that the Committee uses alongside our risk impact, likelihood, appetite and velocity ratings to create an effective system for assessing materiality, monitoring, planning and developing our Group-wide approach and culture regarding risk.

The Risk Management Committee performs a scoring exercise each year against all our documented risks, assessing impact, likelihood, control, velocity and appetite for each risk. Each member of the Committee scores each risk and the scores are reviewed, discussed and assessed compared to the other risks. This process is used to assign the Principal Risks and position of each risk on the Register. Existing and emerging regulatory requirements related to climate change are considered as part of this review.

Risk velocity was deliberated and approved as a further measure in our Group risk management framework in 2022. Risk velocity ratings were assigned and validated for all Principal Risks in 2023, as set out on pages 101 to 105, and other risks on the Risk Register, including climate change.

Describe the organisation's processes for managing climate-related risks

Materiality for climate change risks is based on the enterprise risk management scales used to determine materiality across all of our risk management processes. Climate change-related risks are currently deemed to be low for the Group (based on assessment of likelihood, velocity, impact and control) and climate change is not identified as a Principal Risk on the Group's Risk Register. However, a number of the key risks associated with climate change, e.g. physical risks – notably the impact of a climate-related event on our direct operations, specifically the loss of a manufacturing site, or on a critical supplier – and transition risks, such as failure to meet changing market needs, are already managed through other Principal Risks on the Group Risk Register. We therefore believe that our risk management processes are adequate and appropriate for the level of risk as applicable to our Group.

⊕ For more information about how we manage risk, see the Risk Management Committee Report on pages 150 to 154

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

During 2023, we reviewed the Group's exposure to risk using a bottom-up approach, where the Committee sought views of the Group operating companies on the risks that they considered may affect their activities to ensure new or emerging risks are not missed. Following this process, the Committee reviewed and confirmed the robustness of the countermeasures that Group operating companies have in place to mitigate the Principal Risks in the Group Risk Register.

Climate change is a risk factor that influences other risks, so control of climate risk is embedded in and managed through other Principal Risks, particularly risk 5 (loss of manufacturing output at any Group facility), risk 6 (inability to identify and respond to changes in customer needs) and risk 7 (loss of a critical supplier).

Climate change has risen in position in the Risk Register over the last few years to position 10. It is considered a serious, emerging risk though not currently one of the Group's Principal Risks.

See the following pages for targets related to:

⊕ Net zero carbon and energy use – 72

⊕ Environmental improvements in our own operations – 77

⊕ Sustainable products – 79

⊕ Sustainable supply chain – 80

Metrics and targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

We have disclosed cross-industry TCFD metrics used to manage our climate-related risks and opportunities. Managing our GHG emissions to meet our net zero targets and helping our customers to do the same mitigates climate risk by working towards realising a low carbon future.

- Scope 1, 2 and 3 GHG emissions – 74
- Energy use – 75
- Proportion of company vehicles that are EV – 72
- Waste and water – 78
- Climate-related executive management remuneration – 35
- Customer environmental benefits – 79

Group greenhouse gas emissions (scope 1 and 2) are monitored as a Group key performance indicator (KPI) to measure successful progress against our strategy. See pages 34 to 35 for more information on our KPIs. Given the strong engagement with, and investments in, net zero initiatives across the Group, an internal carbon price is not needed. In addition, internally we monitor a number of opportunity metrics, for example the customer decarbonisation opportunities pipeline in the Electric Thermal Solutions Business and metrics related to the launch of our **TargetZero** solutions. These metrics are not disclosed externally as they are commercially sensitive.

In December 2023, we received approval from the SBTi for our near-term and long-term targets, and net zero target for 2050 in line with a 1.5°C trajectory.

Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions and the related risks

⊕ Scope 1, scope 2 and scope 3 disclosures can be found on pages 73 to 74

During 2022, we used a third-party to help us quantify a full scope 3 baseline figure for 2021. This figure was calculated using GHG Protocol-aligned scope 3 methodologies, but is heavily reliant on estimates and assumptions. In 2023 we further calculated our scope 3 emissions for the 2022 financial year and improved our methodology to increase accuracy of this data, restating 2021 as data availability and accuracy improved.

⊕ For more information about the methodology we use to calculate our scope 1, 2 and 3 emissions and customer savings metrics, see page 75 and a more detailed methodology statement on our website: spiraxgroup.com/sustainability-downloads

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Reflecting the central importance of the Group-wide **One Planet Sustainability Strategy** to all of our forward-looking plans, the measures for the 2022 Performance Share Plan (PSP) changed to include a sustainability measure accounting for 20% of the PSP opportunity, dependent on reduction of greenhouse gas emissions (scope 1 and 2) over three-year periods. For more detail see page 160.

Our environment

The future of sustainable steam

How our **TargetZero** solutions will play an essential role in enabling industrial decarbonisation for the raising of steam.

The decarbonisation of steam generation is one of the main challenges facing all industries. Our customers are looking for solutions to maintain their critical steam systems while still achieving their stated sustainability goals. That's why we are excited about the potential of our **TargetZero** solutions, which decarbonise the use of steam through electrification of the heating source, removing the need to burn fossil fuels.

As a Group, we are committed to eliminating our scope 1 and 2 greenhouse gas (GHG) emissions by 2030 and achieving net zero (scope 1, 2 and 3) by 2050 as part of our **One Planet Sustainability Strategy**.

'Project ClearSky' is our initiative to decarbonise the generation of steam through the elimination of fossil fuels at our UK manufacturing facility for Spirax Sarco, part of Spirax Group's Steam Thermal Solutions Business. The 60,000sqm facility consumes around 37GW of energy every hour. And, when the decarbonisation project is complete, the annual GHGs emitted from the raising of steam at this facility will reduce from 6,000 tonnes of CO_2 (reducing Spirax Group's global emissions by over 15%).

Zero
GHG emissions from the raising of steam at the site upon completion

Emissions saved at the site equivalent to driving an average internal combustion engine car

138 million miles

15%+
Reduction in Spirax Group's CO_2e

> "Our goal is to quite literally 'clear the skies' of the emissions associated with steam generation and other industrial heat applications creating a better world for future generations by facilitating the switch to a greener technology."

Allison Lappe
Associate Manager, Research & Development Engineering,
Chromalox, Electric Thermal Solutions

> Project ClearSky is a transformational project that marks a step change in how we understand our customers' decarbonisation challenges and support them in future proofing their operations."

Mark Sadler
Head of Strategic Projects, Spirax Sarco,
Steam Thermal Solutions

Project ClearSky

There are many processes and operations across industry which rely on steam. To demonstrate how customers can maintain their steam systems and meet their net zero goals, the technology implemented at our manufacturing site in Cheltenham (UK) demonstrates what is possible in the decarbonisation of steam generation.

The practical insights gained throughout this project put us in a unique position to not only understand the challenges our customers face as they strive for net zero emissions, but also present them with a robust, tried and tested solution so they can understand how this technology will help future proof their own sites.

This project is also a good example of collaboration across the Group. Firstly, most of the products that make up this solution are our own innovations, developed from proprietary technologies we have in the Group. Secondly, the delivery of the project has meant synchronising with numerous functions including Health and Safety, Supply Chain and Legal.

We began the project in May 2022 by decommissioning our Combined Heat and Power unit, halving the site's GHG emissions. We then installed a 9MW power supply in preparation for the installation of a new 9MW electrical substation and associated infrastructure. This will power the Medium Voltage (MV) heating technology from Chromalox (part of Electric Thermal Solutions), which forms the basis of our **TargetZero** portfolio of solutions for decarbonising the raising of steam and sits at the heart of the site's new steam generation capabilities.

The first of our three **TargetZero** solutions to be powered up will be the **SteamBattery**, a thermal energy storage system capable of generating steam from renewable or off-peak electricity. Following this, our second solution, **SteamVolt** a first-fit boiler solution that uses electric heat and control technology, will go online. It is at this point that we will have decarbonised the generation of steam at our site. However, we will also be deploying our third solution, **ElectroFit**, a retrofit boiler solution that converts fossil fuel fired boilers to electric. This solution will become our back up boiler.

This holistic approach means we are able to achieve the emissions reduction fundamental to our targets as outlined by our **One Planet Sustainability Strategy** and demonstrate the impact of our solutions for customers.

Non-financial and sustainability information statement 2023

This Annual Report and in particular the Sustainability Report, contains the information required to comply with the Companies, Partnerships and Groups (and Non-Financial Reporting) Regulations 2016, as contained in Sections 414CA and 414CB of the Companies Act 2006. The table below provides key references to information that, in conjunction with the Sustainability Report, comprises the Non-Financial and Sustainability Information Statement for 2023.*

Reporting requirement	Group policies that guide our approach	Information and risk management, with page references
Environmental matters	• Group Sustainability Policy • Group Environmental and Energy Policy • Group Management Code • Supplier Sustainability Code	⊕ Sustainability Report, pages 70-80 ⊕ Principal Risks, pages 104-105 ⊕ TCFD and CFD Disclosures, pages 84-91 ⊕ Our business model, pages 18-19 ⊕ Section 172 Statement, pages 121-123 ⊕ Company Purpose, page 107
Employees	• Group Diversity and Inclusion Policy • Group Management Code • Group Human Rights Policy • Group Sustainability Policy • Group Health and Safety Policy – Statement of Intent	⊕ Sustainability Report, pages 62-68 ⊕ Our business model, pages 18-19 ⊕ Colleague Engagement Committee Report, pages 128-131 ⊕ Section 172 Statement, pages 121-123 ⊕ Company Purpose, page 107
Social matters	• Group Human Rights Policy • Group Charitable Donations Policy • Group Employee Volunteering Policy • Supplier Sustainability Code • Group Sustainability Policy	⊕ Sustainability Report, pages 63-69, 81-83 ⊕ Our business model, pages 18-19 ⊕ Section 172 Statement, pages 121-123 ⊕ Company Purpose, page 107
Respect for human rights	• Group Human Rights Policy • Modern Slavery Statement • Supplier Sustainability Code	⊕ Sustainability Report, pages 80 ⊕ Principal Risks, page 105 ⊕ Risk Management Committee Report, page 152
Anti-corruption and anti-bribery matters	• Group Anti-Bribery and Corruption Policy • Group Gifts, Entertainment and Hospitality Policy • Group Competition Law Compliance Policy • Group Whistle-Blowing Policy • Supplier Sustainability Code	⊕ Sustainability Report, pages 69 ⊕ Principal Risks, page 105 ⊕ Risk Management Committee Report, page 105
Description of the business model		⊕ Our business model, pages 18-19
Description of the Principal Risks in relation to the above matters, including business relationships, products and services likely to affect those areas of risk, and how the Company manages the risks		⊕ Risk Management, pages 101-105 ⊕ Risk Management Committee Report, page 151-154 ⊕ TCFD and CFD Disclosures, page 84-91
Non-financial key performance indicators		⊕ Sustainability Report, pages 62, 67-68, 70-81 ⊕ Key Performance Indicators, pages 34-35

* The policies listed above can be found on our website: spiraxgroup.com/governance-documents. Compliance with our policies is monitored through the implementation of our Sustainability Strategy, through our Internal Audit function and, locally, by our General Managers.

We have disclosed, to the fullest extent possible, against the requirements of the Industrial Machinery & Goods Standard of the Sustainability Accounting Standards Board (SASB), in respect of 2023, which can be found on our website spiraxgroup.com/sustainability-downloads.

In line with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, we have disclosed fully against these requirements, which can be found in our TCFD report on pages 84-91.

Our policies

Group Governance Policies	
Group Management Code	This Code sets out the Group's policy on the operation of its Businesses and the procedures, controls and senior manager certification that provide the means to achieve compliance with the Code throughout the Group and to achieve continuous improvement in the Group's performance.
Anti-Bribery and Corruption Policy	It is Group policy to conduct its business free of any bribery or corruption. The Group will not enter into contractual relationships with third parties that are known to engage in corrupt practices and will not engage in the giving or receiving of bribes or favours that create a conflict of interest. Anti-bribery and corruption training forms part of our Group Essentials Training and must be completed by all new employees and annually thereafter.
Group Whistle-blowing Policy	We are committed to conducting our business with honesty and integrity and we expect all colleagues to maintain high standards in accordance with our Group Management Code and our core Values. A culture of openness and accountability is essential to prevent any situations occurring and to address them when they do occur. This policy aims to encourage colleagues to report suspected wrongdoing as soon as possible, in the knowledge that their concerns will be taken seriously and investigated as appropriate and that their confidentiality will be respected.
Competition Law Compliance Policy	It is Group policy to conduct business in accordance with the competition laws of all the countries in which we operate. This policy outlines standards of conduct and integrity we expect from all colleagues and the potential consequences of breaching competition laws.
Gifts, Hospitality and Entertainment Policy	This policy sets out the Group's position on the giving and receiving of gifts, hospitality and entertainment, and our colleagues' responsibilities under this policy.
Charitable Donations Policy	This policy sets out the principles to be adopted in relation to charitable donations, both cash and in-kind, and applies to all charitable donations and community engagement activities across the Group.

Environmental Policies	
Group Sustainability Policy	This policy outlines the standards and commitments by which we guide operations at our Group Functions, operating companies and colleagues of Spirax Group in a socially and environmentally responsible manner. While these standards and commitments guide our own operations, we also encourage suppliers and partners to abide by the standards outlined in this Policy.
Group Environmental and Energy Policy	This policy underlines the commitments made in our **One Planet: Engineering with Purpose** Sustainability Strategy with regard to protection of the environment, climate change and the efficient use of resources, including water, waste management and biodiversity enhancement.
Supplier Sustainability Code	The Code represents the minimum standards that we ask our suppliers and their sub-tier suppliers to adhere to when conducting business with Spirax Group. It covers expectations relating to human rights, health and safety, quality management, environmental sustainability and ethics.

Colleague and Human Rights Policies	
Employee Volunteering Policy	All Group colleagues are entitled to up to three days of volunteering leave per year. This policy is intended to help and support colleagues wishing to volunteer and provides a framework for good practice.
Group Health and Safety Policy – Statement of Intent	This statement outlines the commitments of intent that our Group Functions and operating companies must adhere to, in order to ensure that Health and Safety remains a core Value and our first consideration.

Our suppliers

Embedding sustainability into our future

Working together to achieve a more sustainable future

We only work with suppliers who align with our Values and agree to comply with our Supplier Sustainability Code (the Code). This ensures we are always working with suppliers who want to go beyond our minimum standards, doing all that we can together to ensure our supply chain operates ethically and upholds the standards we believe in.

In 2022, as part of a wider initiative to use digital enhancement to deliver resilient business operations, we launched our Supplier Sustainability Portal (the Portal). This has several key benefits:

- It enables us to assess supplier sustainability performance and risk
- It provides direct suppliers with a platform through which they can sign and commit to the Code
- It is an online resource centre designed to help develop their knowledge around sustainability

Overall, we plan to onboard 1,600 direct suppliers into the Portal, through a strategic phased approach, and we have achieved over 50% of that target to date.

Suppliers are required to complete a series of surveys including climate impact, human rights, human trafficking and slavery and a Spirax Group bespoke survey covering biodiversity, community engagement and inclusion, as well as diversity in the supply chain. In addition, the data gathered through the climate impacts survey in particular helps us develop a clearer picture of our scope 3 greenhouse gas emissions and understand where our suppliers are on their sustainability journey to identify improvements.

Through the Portal, suppliers have quick access to definitions of terms in eight languages, as well as links to more information should they need it. They can participate in training modules and tutorials through the Portal's virtual library and live webinars on how to use the Portal, the surveys and regulatory updates.

It is not just our suppliers who have access to training materials in our Portal. Our buyers also have access to over 40 training modules to enable them to develop a better understanding of where sustainability improvements can be made within our supply chain. Educating our purchasing teams not only helps them to make more sustainable decisions but also equips them to advise and guide our suppliers when they need it.

Our commitment to make a positive contribution for a better world is enshrined in our **One Planet Sustainability Strategy** and our supply chain collaboration is one of the key ways in which we can unite across industry to leave a lasting legacy for future generations.

1,841

direct suppliers signed the Supplier Sustainability Code