

rotork

group environmental report



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compiled by jeff harris
environmental coordinator
rotork plc
april 2006

Rotork Environmental Report 2006

Welcome to this the fourth annual Rotork Environmental Report.

This year's report details activities and performance during the 2005 financial year ending 31st December 2005 for Rotork PLC, and includes, for the first time, performance data from all Rotork's major sales, warehouse and service facilities around the world. It also presents quantitative information about the environmental improvement programmes, achievements and initiatives undertaken during the past year.

2005 saw a major milestone in the development of the Environment Management System (EMS) at the main Bath site when it achieved independent verification of compliance with ISO14001: 2004. The benefits of the management system itself are equally remarkable. With new environmental legislation being introduced on a regular basis, having proper mechanisms in place to address the new requirements has proven invaluable. There have also been significant cost benefits, mainly from reducing waste to landfill by 49% during 2005. As one of the most significant environmental impacts of the site, waste stream management has proved a focal point of the EMS. The reduction in waste to landfill was achieved both by minimising waste generation and by increased recycling, especially of wood and cardboard.

While exempt from the provisions of the WEEE and RoHS Directives, Rotork is making every effort to reduce the environmental impact of its products. Wherever possible, new products and components are marked with the appropriate standard EU recycling symbols or labels. Information has also been included in the product handbooks regarding the materials the units contain and any specific advice regarding disposal.

Rotork remains committed to meeting the requirements for inclusion in the FTSE4Good Index and is a signatory to the Global Compact. Rotork is very conscious of the need for improved awareness of environmental issues and the need to minimise the Group's environmental impact. During 2005 a project was launched to improve the Group's reporting of environmental performance data. This project is now well advanced and the number of subsidiaries reporting their environmental data has increased significantly from 10 to 29. The performance data gathering process has been overseen and audited by Envolve Partnership for Sustainability. Where possible, over the next two years actions to reduce Rotork's operational impacts will be taken.

company overview

Company overview

Rotork Actuation

In the 49 years since founded, Rotork has become the world leader in the field of heavy-duty actuators, systems and services, for motorisation and manual operation of adaptations, industrial valves and dampers.

Actuated valves are major control elements in refineries, pipelines and water distribution systems, sewage and effluent treatment plants and in all industries in which liquids or gases are transported through pipes. This includes compact manually operated gearboxes, large highly specified actuators for use in extreme temperature and hazardous environments.

Through the global service network Rotork are able to respond quickly and efficiently at both local and international level. With the back up of 76 Rotork offices and representatives located throughout Europe, North and South America, the Far East, Africa, Asia, Australasia and the Middle East our customer support is second to none in our field.

Rotork adheres to an in-house assembly only philosophy of manufacturing that relies on a highly experienced and quality supply base for all components. The main electric actuator assembly plant is in the UK in Bath with satellite assembly plants in Rochester N.Y., India and Malaysia.

Other Group subsidiaries that provide significant contributions include:

Rotork Gears Rotork Gears Leeds manufactures higher torque gearboxes for specialised applications for use with electric actuators.

This division has 25 years experience in the design and manufacture of gearboxes (bevel, spur and worm) for all types of valve and damper actuation and instrumentation, used in water, waste treatment, oil, petrochemical, international power generation, Sub Sea, gas and steel and other industries.

Accompanying Rotork Gears Leeds in the Group is Rotork Gears BV, based in Holland, manufacturing low torque gearboxes for manual applications and Rotork Valve kits, based in Nottingham, manufacturing valve adaptations.

Skilmatic This division specialises in providing compact fail-safe electric and electro - hydraulic actuators including linear actuators and two-position control to suit a wide range of applications and environments. These actuators were originally developed over 20 years ago for offshore production platforms where they were used on critical applications especially when it is essential to open and close a valve for safety reasons, in the event of a power failure or interruption to the operation of a process plant.

Fluid Systems With its principal assembly plant based in Lucca, Italy and with products also assembled in Rochester N.Y. this division specialises in the design, manufacture and supply of pneumatic, hydraulic and other electro - hydraulic systems. The products are predominantly used with oil and gas markets for emergency shut down, process control and modulating duties.

Jordan Controls Based in Milwaukee USA, specialise in process control actuators predominantly for the power generation market for emergency shut down, process control and modulating duties.

Our fourth environmental report

During 2005 a project to extend Rotork's reporting of environmental performance data to include the majority of their operation was undertaken. This project reviewed all of the groups subsidiary companies, including sales offices with warehouse and / or service facilities, to establish the practicalities of them supplying environmental data. This project is now well advanced and we are now able report the environmental data for 29 sales offices, warehouses, service and manufacturing facilities world wide.

The project highlighted a number of reporting difficulties such as non-metered use of water in Thailand, water extraction from a river in the UK and an underground source in Italy. There were also shared facilities and many variations, country to country, in the way that waste is removed and disposed of.

For a number of the smaller subsidiaries it was necessary to estimate the amount of waste that they had generated for the year. Such estimations were made based on known data, for example, the type of waste generated, the size of the waste container, and the number of lifts per year. The type and mix of waste, being virtually the same for all Group's operations, gave confidence to reasonable accuracy of the estimations given in this report.

All the snags and issues identified during the data gathering process will continue to be reviewed in order to make the data gathering process as robust and accurate as possible for future reports.

Environmental key performance indicators

The Environmental Key Performance Indicators (EKPIs) were selected as being relevant to the groups operations and that would best reflect the groups operational performance. The selection of EKPI's was also important especially with regards to the limitations of some of the smaller sales offices, warehouse and service facilities.

The selection of an already established source of data, such as utility invoices, ensured that consistency and accuracy of data was maintained throughout including the smaller subsidiaries.

Data gathering process

An electronic data entry form was sent to all Rotork subsidiary companies to complete, the same method used successfully for previous reports. The reporting period was set for the financial year in line with accounts reporting structures 1st January to 31st December.

The performance data received was transcribed onto a single spread sheet that sorted the data into six world zones as previous Rotork reports.

The following table lists the worlds zones and the countries include in each zone from which Rotork subsidiaries operate.

| Zone | Subsidiaries in |
|---------|--|
| America | Canada & USA |
| Asia | China, India, Japan, Korea, Malaysia, Thailand & Singapore |
| Africa | South Africa |
| Europe | France, Germany, Italy, Netherlands & Spain |
| Oceania | Australia |
| UK | Bath, Leeds & Nottingham |

comparison with previous reports

Comparison with our last report

For the year ending 31st December 2005 the number of Rotork subsidiaries reporting environmental data has increased from 10 to 29. Previous annual reports have only included environmental data from Rotork 10 assembly facilities. To maintain comparisons with previous years, the performance data for the 10 assembly facilities has also been reported separately in this report.

This report does not contain information regarding sales offices, warehouses and service facilities that are not under direct Rotork control.

Our report is in line with the Reporting Environmental Key Performance Indicator-Reporting Guidelines for UK Business published by DEFRA in January 2006. This is a change from previous reports, which have been based on the Global Reporting Initiative (GRI) reporting structure. The change has been made to accommodate the Accounts Modernisation Directive, to which Rotork must comply by 2007, and to best reflect the environmental impacts as a direct result of the groups operations.

To satisfy the DEFRA EKPI Reporting Guidelines for UK Businesses, and to separate Rotork's direct and indirect impacts, Carbon Dioxide emissions for electricity and gas have been reported separately in this report.

Previous reports have shown performance data on the consumption of hydrocarbons, volatile organic compounds and solvents. Data on these materials has been left out of this report to concentrate on Rotork's most significant impacts. This is in line with the DEFRA EKPI Reporting Guideline for UK Businesses. However their usage will continue be monitored for internal information purposes.

Rotork products and services requires no development of land or the need to carry out any construction work to install or incorporate its product. Therefore the reporting on landscape and biodiversity has also been dropped from our environmental report.

The following table identifies the environmental key performance indicators included in this report, their measurement, the source that provided the data and where an estimation was used in establishing the performance data.

| Subject | Measurement | Source of information |
|---|----------------|---|
| Gas Consumed | Kilowatt Hours | Utility Invoices |
| Electricity used | Kilowatt Hours | Utility Invoices |
| CO2 (Direct through consumption of Natural Gas) | Tonnes | Calculation using kWh used x conversion for natural gas |
| CO2 (Indirect via electricity generation) | Tonnes | Calculations using kWh used x general conversion factor |
| Water Consumption | Cubic Metres | Utility Invoice |
| Waste Generation | Tonnes | Waste Invoices and estimations |
| Hazardous Wastes | Tonnes | Waste Invoice and Consignment Notes |
| Recycled Waste | Tonnes | Weigh Bridge Notes and Invoices |

Environmental Management System

Aim and scope

The aim and scope of Rotork’s environmental systems is to ensure compliance with all legal, regulatory and other requirements both on a local and international basis, and to minimise, and where possible, reduce the Group’s operational impacts.

The Group Environmental Policy applies to all of its sales offices, warehouse and services facilities and manufacturing sites worldwide.

Environmental Management System

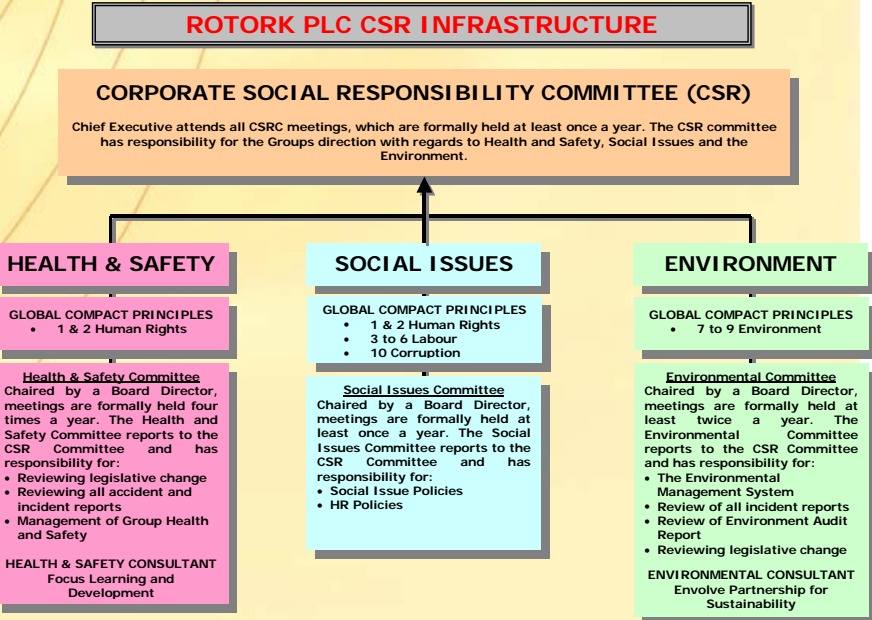
An Environmental Management System installed at the Bath site was verified compliant with ISO14001: 2004 in August 2005. Independent verification was carried out by Envolve Partnerships for Sustainability. The assessment was carried out through a 2 stage audit process. Stage 1 took the form of an off site document review and site visit. Stage 2 focused on the implementation of the management system and involved a detailed on-site review of key documentation and records, a site tour focusing on physical areas of environmental impacts and staff interviews to test their understanding of the environmental system.

The environmental system will be subjected to regular reviews by Envolve Partnerships for Sustainability. Internal audits are undertaken to a schedule and the results of all audits, assessments and incidents are reviewed by the Environmental Committee.

The Bath site is the largest within the Rotork Group and it has always been the plan to concentrate efforts to install an Environment Management System there before any other Rotork manufacturing sites. Rotork’s Environmental Committee has set out and issued minimum environmental operational standards to all Rotork subsidiary sites.

An environmental audit checklist has been drawn up for Company Auditors to use when auditing these subsidiary sites against these minimum standards. A project to work with the subsidiary sites has already started and will continue over the next two years to bring the assembly sites in line with the Bath site. The status of environmental systems within the group is given in the section on significant project milestones.

The following chart identifies the CSR infrastructure for Rotork and the responsibilities for the overall direction of the Environmental Committee.



Rotork PLC Environmental Policy

ROTORK PLC ENVIRONMENTAL POLICY

PL02
Issue 5

The principal activities of Rotork PLC are the design, manufacture and support of valve actuators, systems and related products and services worldwide. Our products are used extensively in projects that greatly enhance or protect the environment. We do, however, recognise that in our day-to-day activities and operations we inevitably impact upon the environment through the consumption of natural resources.

As a FTSE company listed in the FTSE4Good Index and having also signed up to the Global Compact, Rotork is committed to the principles laid down for subscribers. Specifically, Rotork is committed to the prevention of pollution, to compliance with all relevant legal and other regulatory requirements and to continuous improvement. In this way we are contributing to the protection of the environment. Accordingly, this Policy has been developed to outline Rotork's intentions and expectation in managing our environmental impacts. In general terms, Rotork will:

- Meet or exceed the requirements of all relevant legislation in all areas of its operations.
- Maintain our independently verified ISO 14001: 2004 Environmental Management System at the Bath manufacturing facility.
- Extend the Environmental Management System to other Rotork UK Companies and set minimum environmental standards for all other Rotork facilities.
- Build on the significant waste recycling initiative developed at the Bath manufacturing site to other Rotork manufacturing facilities.
- Demonstrate transparency through publishing on the Rotork Web Site policies, standards and guideline that embrace the 10 principles of the Global Compact.
- Continue to adopt good environmental practice in new product development by designing energy efficiency into new products, which can also be re-used, recycled or disposed of safely.
- Continue to review our operational impacts on the local environment, manage energy wisely in all our operations and minimise our consumption of water .
- Continue to work with our suppliers to reduce packaging waste, our most significant impact, and to encourage them to improve their own environmental performance.
- Build on the environmental awareness training to our employees to manage and reduce our operational impacts.
- Expand the reporting of Rotork's environmental key performance data to include all significant worldwide facilities.

This Policy has been reviewed and endorsed by the Board of Directors who take responsibility for its execution and require that it is communication to all employees. Copies of this Policy are freely available to the general public, regulatory authorities, customers, stakeholders and other interested parties.

W H Whiteley
Chief Executive

Significant environmental milestones

The following table identifies the environmental projects undertaken by Rotork and the progress of these projects at the time of writing this report. The table also defines a new activity for 2006.

| Item | 2005 | Progress | 2006 |
|--|---|--|---|
| Environmental Management System Bath site | Close out non-conformities for system verification | All non-conformities closed out, verification that system is compliant with ISO14001 achieved | Maintain compliance |
| Environmental management of subsidiary sites | Set minimum standard for all Rotork Subsidiary sales offices, warehouses and service work shops worldwide | Complete | Overcome local difficulties regarding waste disposal and recycling and where appropriate ensure correct storage of hydrocarbon and volatile organic compounds for the prevention of pollution |
| Environmental performance data | Expand Rotork reporting of environmental performance data to include all relevant subsidiary offices, warehouses and service facilities worldwide | Project to extend Rotork subsidiaries reporting structure well advanced. Report for 2005 performance data now includes 29 Rotork subsidiary offices, warehouses and service facilities worldwide | Resolve reporting issues as a result of local traditional arrangements and practices |
| Environmental impacts | | | New for 2006 Rotork manufacturing sites to undertake aspects and impact assessment of their operations |

Significant progress on environmental projects has been achieved since our last report. Verification that the environmental management system installed at the Bath site complies with ISO14001 was received in August 2005 and projects to introduce similar environmental systems to Rotork's main assembly facilities are underway. Recycling of waste, in particular packaging waste saw substantial increases in 2005 and we are confident this trend will continue.

environmental score cards

Environmental score cards

Score card 1.

The performance data contained in this score card represents data from all Rotork subsidiary companies worldwide that have a minimum of service, warehouse or manufacturing facilities. Due to the increased number of subsidiaries reporting in 2005 the performance data shown is for information purposes only, we are however pleased to show that our recycling performance is in the green.

| | | 2004 | | 2005 | | | |
|-------------------|----------------|-----------------------|---------|-----------------------|---------|------------------|---------------------------|
| Subject | Measurement | No of sites reporting | Data | No of sites reporting | Data | Movement on 2004 | Movement against turnover |
| Gas Consumed | Kilowatt Hours | 10 | 3415622 | 29 | 4576737 | 34% | 13% |
| Electricity used | Kilowatt Hours | 10 | 3224683 | 29 | 4435992 | 38% | 16% |
| CO2 (Natural Gas) | Tonnes | 10 | 649 | 29 | 870 | 34% | 13% |
| CO2 (Electricity) | Tonnes | 10 | 1387 | 29 | 1907 | 38% | 16% |
| Water Consumption | Cubic Metres | 10 | 11351 | 29 | 15828 | 39% | 17% |
| Waste Generation | Tonnes | 10 | 967 | 29 | 1218 | 26% | 6% |
| Hazardous Wastes | Tonnes | 10 | 10 | 29 | 35 | 257% | 200% |
| Recycled Waste | Tonnes | 10 | 260 | 29 | 466 | 79% | 51% |

Score card 2.

The performance data contained in this score card represents the 10 Rotork manufacturing facilities sites featured in previous environmental reports and has been included to give comparisons with the previous years data. There were slight increases in gas use, carbon emissions through the use of gas and hazardous waste generation in 2005 however there was a significant increase in recycling in 2005 and a reduction in waste generation against 2004 data.

| | | 2004 | | 2005 | | | |
|-------------------|----------------|-----------------------|---------|-----------------------|---------|------------------|---------------------------|
| Subject | Measurement | No of sites reporting | Data | No of sites reporting | Data | Movement on 2004 | Movement against turnover |
| Gas Consumed | Kilowatt Hours | 10 | 3415622 | 10 | 3697167 | 8% | -10% |
| Electricity used | Kilowatt Hours | 10 | 3224683 | 10 | 3219401 | 0% | -19% |
| CO2 (Natural Gas) | Tonnes | 10 | 649 | 10 | 702 | 8% | -10% |
| CO2 (Electricity) | Tonnes | 10 | 1387 | 10 | 1378 | -1% | -20% |
| Water Consumption | Cubic Metres | 10 | 11351 | 10 | 11695 | 3% | -15% |
| Waste Generation | Tonnes | 10 | 967 | 10 | 920 | -5% | -20% |
| Hazardous Wastes | Tonnes | 10 | 10 | 10 | 24 | 148% | 109% |
| Recycled Waste | Tonnes | 10 | 260 | 10 | 366 | 41% | 18% |

- Data relating to energy consumption and carbon dioxide emission does not include data in respect to the manufacture of components by suppliers to Rotork.
- Carbon dioxide emissions as a result of electricity power generation, at the power generation plant, is an indirect KPI and has been reported separately in this report.
- Water consumption at our Lucca site in Italy (extraction not metered), our sales and service sites in Thailand and Mississauga (Shared facilities with other tenants) are the only exclusions.
- Waste generation includes packaging waste, waste from obsolete or defective product/components and general waste.
- Hazardous waste includes paint waste from paint booths and used oil from our service functions.
- Recycled waste includes wood, card, plastics, paper, metals and electronics.

Rotork direct impacts on the environment

The principal activities of Rotork PLC are the design, manufacture and support of valve actuators, systems and related products and services worldwide.

Our products are used all over the world and extensively in projects that greatly enhance or protect the environment. We do, however, recognise that in our day-to-day activities and operations we inevitably impact upon the environment through the consumption of natural resources and the generation of waste.

Rotork adheres to an in-house assembly only philosophy of manufacturing in which we rely on high quality vendors for all of our components. Therefore the use of energy throughout the Rotork operation will vary country to country depending on product demand and climatic temperature fluctuations, for example in Malaysia cooling will account for much of the electricity used. The in-house assembly only philosophy means the vast majority of energy used is for lighting, heating or cooling only. An energy consumption survey carried out in 2004 at the Bath site in the UK, our largest assembly site, identified lighting as the main user of electricity and heating the main user of gas.

With the exception of small in-house paint facilities at our assembly plants in Chennai-India, Melle-Germany, Losser-The Netherlands, Leeds and Bath England, Rotork undertake no controlled processes. In-house painting of the product is for non-standard colour variations required by a few Rotork customers and small quantities of non-main stream product ranges.

Rotork's consumption of natural resources, such as hydrocarbons and volatile organic compounds, is very dependent on customer demand for our product. For these reasons these two materials have been omitted from our EKPI's to concentrate on our most

significant impacts, however they will continue to be monitored internally to review trends.

With the exception of paint booths, the cleaning of assembled units prior to painting and routine pressure testing of components, Rotork's use of water is for sanitation and refreshment only. Routine pressure testing is a requirement of our products type certification for hazardous area applications.

Of the direct impacts stated in this report, packaging waste is Rotork's most significant environmental impact that is common with all our operations. Packaging is necessary in our operations for the protection and transit of new products to the customer and the protection and transit of components to Rotork from our suppliers.

Rotork has made every effort to ensure the packaging used to send the product to our customers is minimal, whilst still protecting the product. We are also confident that all the packaging we use is completely recyclable.

Where practicable, especially for suppliers local to assembly sites, kanban systems are in operation. Kanban systems require a number of bins that are used to transit parts from suppliers direct to assembly lines and when emptied the bins are returned to the supplier to be reused.

Over the past few years Rotork has increased the procurement of components from overseas suppliers, resulting in significant increases in packaging waste. We recognise the impact this has had on landfill and have and will continue to install recycling systems to reduce this impact. We are working with our suppliers to ensure packaging, used to protect components during transit to our assembly sites, is minimal and can be recycled.

positive impacts

The following are a few examples of Rotork's products having a direct and positive impact on the environment.

Emissions reduction programme introduces Jordan actuators at Drax Power Station

Jordan Controls (USA) electric modulating valve actuators have been introduced at the 4000MW Drax Power Station during the latest part of the station's environmental upgrade programme. Drax is the largest fossil fuel power station in the UK and is also the cleanest and most efficient.

The actuators have replaced old hydraulic units that have presented a potential fire hazard to surrounding plant from leaking hydraulic fluid. The new units will provide improved boiler control in advance of the large combustion plant directive (LCPD) legislation that comes into force in 2008. The electric actuators are specially designed for continuous, high speed modulating control in very high ambient temperature environments and have been introduced to improve the combustion process.

Pipeline shutdown actuator is largest to-date

The largest pneumatic actuator ever, designed to close a 42-inch ball valve in 30 seconds has been built by Rotork Fluid Systems for a pipeline project in Thailand. The Thailand Oil and Gas Authority project involves a third main pipeline from Rayong to Bang Pakong to facilitate and secure higher gas distribution capacity in the future.

The actuator will provide mainline shutdown duty on the third transmission pipeline onshore project where reliable valve operation is essential for this vitally important function.

Rotork actuators help SWW make the most of renewable energy

Rotork electric valve actuators are contributing to a noteworthy renewable energy refurbishment programme at a power station owned by South West Water. Opened in 1932, the plant at Mary Tavy is still England's largest hydroelectric power station, working with smaller stations at nearby Morwellham and Chagford to produce a total of 3,340 kW of electricity from the water resources of Dartmoor.

Nine Rotork electric actuators are being retrofitted at Mary Tavy, replacing manually operated equipment to control and govern the flow rate of water into the three Pelton Wheel and three Francis Wheel Turbines on the site, an operation that used to require constant manual attention.

Rotork actuators facilitate environmental upgrade

Jordan Controls electric linear actuators have been selected for the operation of specialised dampers at the centre of an environmental upgrade project at the EdF West Burton power station at Retford in Yorkshire.

West Burton is already equipped with a flue gas desulphurisation (FGD) plant that removes 90% of sulphur dioxide (SO₂) emissions from boiler gases in accordance with forthcoming legislation and is now reducing its emissions of nitrogen oxides (NO_x) ahead of the EU Large Combustion Plant Directive (LCPD) that comes into force in 2008. The introduction of Jordan Controls actuators will remove this expensive and unpredictable maintenance cost as well as improving the operation of the Secondary Air Damper Control, which is critical for successful emissions reduction.

Validation Statement by Envolve Partnerships for Sustainability

Scope

Rotork PLC engaged Envolve Partnerships for Sustainability to carry out an independent assessment of its Environmental Report 2006, specifically covering data generation processes, data consistency and accuracy. The verification covered environmental key performance indicator (EKPI) data for 29 global sites for the calendar year 1st January – 31st December 2005. The EKPI's assessed were:

- Electricity consumption (Kilowatt hours Kwh)
- Gas consumption (Kilowatt hours Kwh)
- Carbon dioxide emissions related to electricity use (Tonnes)
- Carbon dioxide emissions related to gas use (Tonnes)
- Water consumption (Cubic Metres)
- Total waste generation (Tonnes)
- Hazardous waste produced (Tonnes)
- Recycled waste (Tonnes)

Methodology

The assessment of data generation processes was completed through site visits (Bath), interviews with the Rotork PLC Environmental Co-ordinator and telephone interviews with senior managers reporting on behalf of sites in China, India and The Netherlands. It should be noted that this approach does present limitations in terms of access to original data and documentary evidence of data collection and collation systems used at reporting sites other than Bath. Envolve reviewed all the data forms submitted by the 29 global sites and checked that these had been correctly transcribed to the aggregated global data spreadsheet. The assessment also included checking all embedded calculations within the spreadsheet. The basis of various conversion factors and calculation methods were checked back to reputable references.

Aggregated data for the groups of America, Asia, Africa, Oceania, Europe and UK was checked and the validity of the comparison with 2004 data.

The Environmental Report has been assessed against best practice principles set down in 'Environmental Key Performance Indicators – Reporting Guidelines for UK Business', DEFRA January 2006 and associated technical guidance including Guidelines for 'Company Reporting on Greenhouse Gas Emissions (Annexes to Guidelines for Company Reporting on Greenhouse Gas Emissions)', DEFRA July 2005, 'Environmental Reporting Guidelines for Company Reporting on Waste', DEFRA June 2000. In addition the assessor has drawn upon the guidance provided in 'Environmental Data Management': for emissions trading and other purposes, IEMA Oct 05.

Our opinion

The move to introduce an independent assessment of the Rotork PLC Environmental Report is a very positive step towards demonstrating greater accountability and transparency. Envolve commends the decision to extend the scope of the report, from 10 sites to 29. Although this does not cover the full extent of Rotork PLCs operations, the company has chosen to focus on the most significant sites (manufacturing/assembly units service and warehouses facilities). The sites that have been excluded are largely small sales offices (often sole workers based at home).

The assessment of the process has highlighted opportunities to increase its robustness and transparency mainly in terms of defining methods of generating, collecting and reporting Environmental Key Performance Indicators at a site level. In particular there is a need to ensure any estimation methods and conversion factors used are clearly defined.

validation statement

It was noted that the "global data table" spreadsheet used to collate data from reporting sites was very robust, easy to follow and that all the embedded calculations used were found to be correct.

In our opinion the data presented in the data table and consequently presented in this report is an accurate and true representation of the data submissions of the 29 sites. A very small number of errors/queries were highlighted but have now been closed out and corrected. Without access to source data used by the reporting sites it is not possible to conclude whether or not the data they have actually reported is accurate.

Recommendations

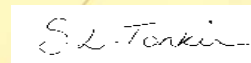
Rotork PLC has demonstrated a willingness to respond promptly and effectively to the challenges that have been raised during the assessment process. Recommendations/challenges for the 2007 reporting process are:

- Extend the scope of this report to cover wider sustainability issues and performance such as health and safety and employee terms and conditions.
- Establish systems to enable all sites within the Rotork PLC group to participate in the environmental reporting regardless of size.
- Strengthen the reporting process by defining and documenting environmental key performance data measurement procedures for sites; incorporating best practices. In particular ensure estimation methods and conversion factors are defined and are traceable to reputable references.
- Provide training to reporting sites on importance of the reporting process and the new strengthened data measurement procedures.

- Set quantifiable targets for improvement in actual environmental performance, in particular in terms of improving energy efficiency and reducing waste.
- Ensure all reporting sites have water meters or a robust method for estimating water use to enable them provide information on water consumption.
- Investigate the opportunity for sites to define, segregate and quantify hazardous waste, especially where local legislation and practices may not require this.

Envolve Partnerships for Sustainability has not checked any performance data for 2003, which is included in the graphs that follow in this report. The performance data in these graphs has been included for the purpose of comparing data with previous years.

Envolve Partnerships for Sustainability is a registered charity and our aim is to contribute to Sustainable Development through our practical projects with schools, community groups, individuals and businesses. Between 2003 and 2005 Envolve worked with Rotork Controls Ltd to establish an Environmental Management System at the Bath Site. This has not affected our ability to provide an independent, objective assessment of the Environmental Report 2006.



Sally L. Tonkin
Principal Environmental Consultant
Envolve Partnerships for Sustainability

Introduction

The following pages concentrate on Rotork's environmental performance data for 2005. This our fourth environmental report, includes the performance data from 29 Rotork manufacturing, warehouses, service and sales facilities worldwide. Previous to this report, performance data from 10 assembly sites has been reported. One significant inclusion for 2005 is PCI Germany, the Group's acquisition announced in 2004 financial report. The additions affect trends with other reports, therefore, to enable comparisons to data of previous reports, additional charts containing performance data from the 10 manufacturing sites have been included.

The performance data gathered from Rotork subsidiary companies has been divided into world zone as previous reports; Africa and Oceania have now been added to the initial four zones. Data from the UK based companies has again been reported separately as they represent the majority of the performance data in this report.

Gas Consumption

Gas consumption by the group, with the inclusion of 19 additional sites, increased 34% in the period ending 31st December 2005 against the same period in 2004. Data source energy supplier Utility Invoices.

For comparison gas consumption for the 10 assembly sites, featured in previous reports, also showed an overall increase of 8.2% over the same period.

Gas consumption increased by 9% throughout the UK operation, which accounts for 51% of the total gas used by the group. In India consumption increase by 33% however India accounts for less than 1% of Rotork's total gas consumption.

Table 1a shows, in terms of kilowatt-hours, the Group's total consumption of gas and in table 1b gas consumption by the 10 assembly sites featured in previous reports.

Table 1a: Group-Total kWh of Gas consumed

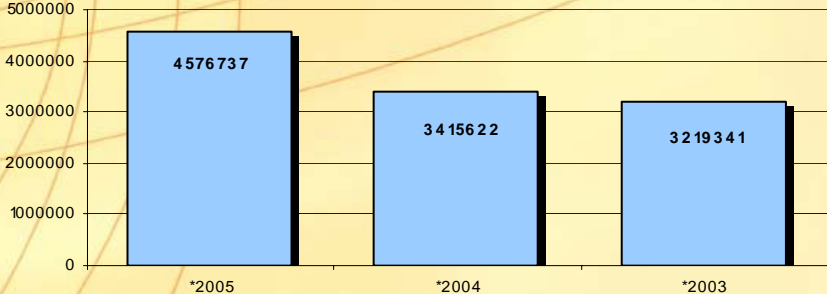
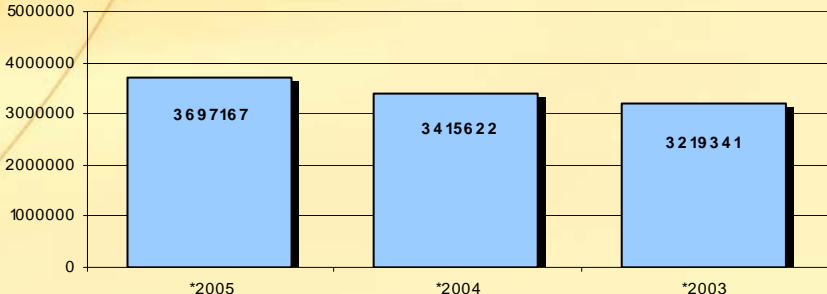


Table 1b: 10 Site-kWh of Gas consumed



performance data

Gas consumption continued

Table 1c shows the kilowatt-hour consumption per Million pounds of turnover, up 13% on previous year. Comparison data for the 10 manufacturing sites saw a 10% reduction for the same period.

Table 1c: Group-Gas kWh per £M of turnover

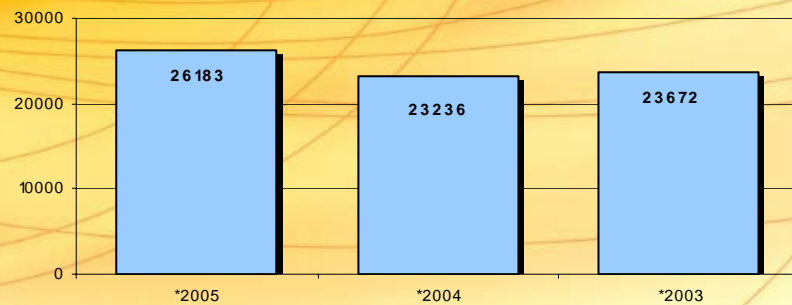
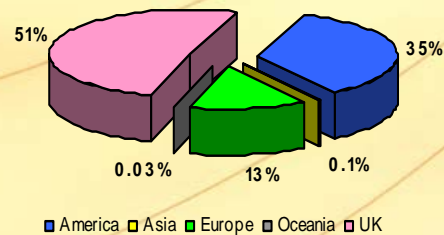


Table 1d shows the share of gas consumption across the group. The UK has been reported separately from Europe to identify where Rotork largest manufacturing sites are located.

Table 1d: Group share of gas consumption



Electricity usage

Electricity use by the group, with the inclusion of 19 additional sites, increased 37% in the period ending 31st December 2005 against the same period in 2004. Data source energy supplier Utility Invoices.

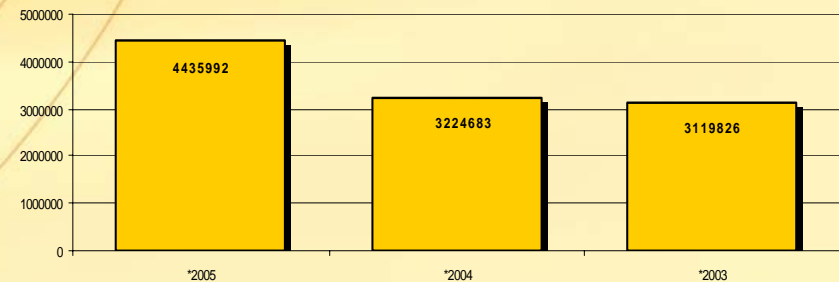
For comparison electricity used by the 10 sites, as featured in previous reports, showed a very slight reduction of less than 0.5% over the same period.

Movement:

USA, which accounts for 21% of total, consumption is down 25%; UK, which accounts for 43% of total, consumption is down 2%, India, which accounts for 3% of total, consumption is down 5%. Malaysia, which accounts for 2% of total, consumption has increased 55%. This increase was expected as production at the site increased.

Table 1a shows the total group's use of Electricity in terms of Kilowatt-hours.

Table 2a: Group-Total kWh of Electric



Electricity usage continued

Table 2b shows comparison data for the 10 manufacturing sites in previous reports. Table 2c shows the kilowatt-hour of electricity consumption per £Million of turnover, up 16% on the previous year. Comparison data for the 10 manufacturing sites saw a reduction of 19% for the same period.

Table 2b: 10 Sites-kWh of Electric

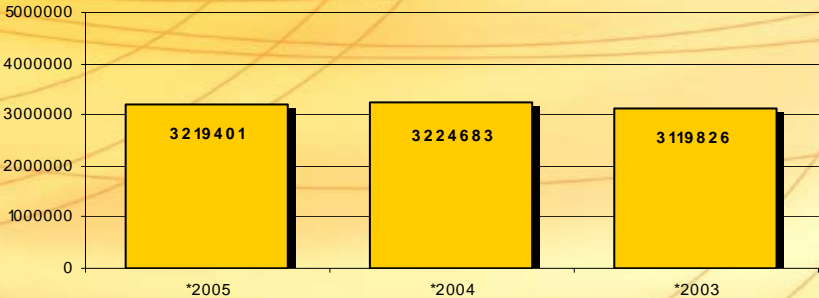


Table 2c: Group-Elctric kWh per £M of turnover

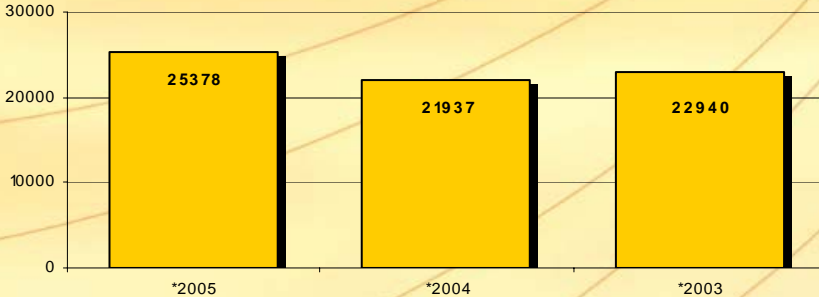
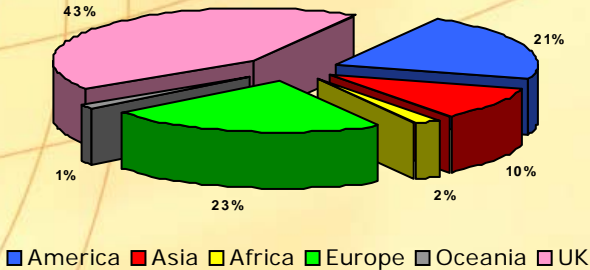


Table 2d shows the share of electricity used across the group. The UK has been reported separately from Europe to identify where Rotork’s largest manufacturing sites are located.

Table 2d Group-share of Electricity used



Carbon dioxide

Carbon dioxide emissions through the use of Gas and Electricity is reported separately to identify Rotork’s direct and indirect impacts.

Direct carbon emissions is through the consumption of gas that is mainly used for heating, a small amount however, is used in production processes. Indirect carbon emissions is through the use of electricity, where the emissions of carbon dioxide is produced the power generation plants.

The conversion factor used to calculate carbon dioxide emissions is:

- Kilowatt-hours x 0.19 for natural gas.
- Kilowatt hours x 0.43 for electricity.

Data source for kWh used is the energy supplier utility invoices.

performance data

Carbon dioxide continued

With the inclusion of the 19 additional sites the Groups carbon dioxide emissions, through the consumption of Natural Gas, increased by 34% and 38% for the use of electricity in the period ending 31st December 2005 against the same period in 2004. For comparison carbon emissions for the 10 assembly sites, featured in previous reports, increased 8%, over the same period. The following chart shows the movement for these 10 Rotork sites.

| Movement for 10 sites | Gas | Electric | Combined | % of Total |
|-----------------------|------|----------|----------|------------|
| America | 0% | -20% | -13% | 22% |
| Asia | 25% | 20% | 20% | 5% |
| Europe | 157% | 33% | 39% | 13% |
| UK | 9% | -2% | 1.6% | 60% |

Tables 3a through to 3d show carbon dioxide emissions for the Group and for the 10 manufacturing sites, featured in previous reports, respectively.

Table 3a: Group-CO2 Emission-use of Gas

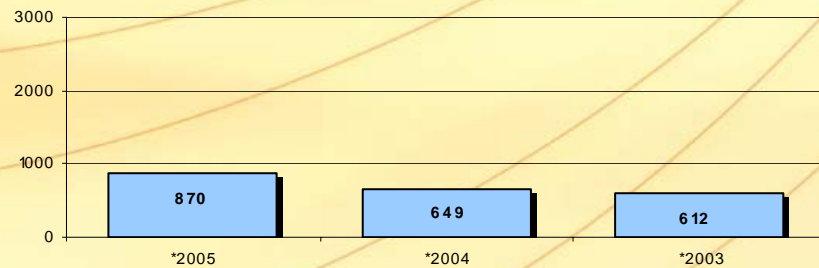


Table 3b: 10 Sites-CO2 Emissions-use of Gas

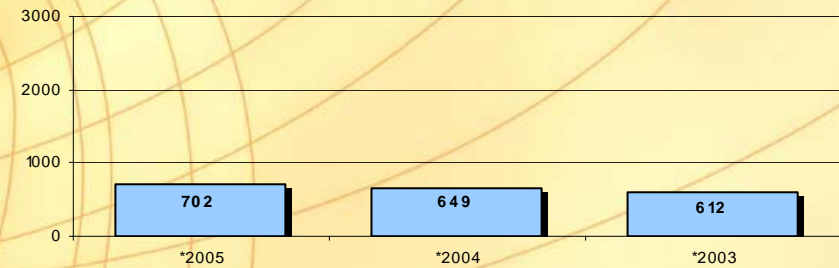


Table 3c: Group-CO2 Emissions-use of Electricity

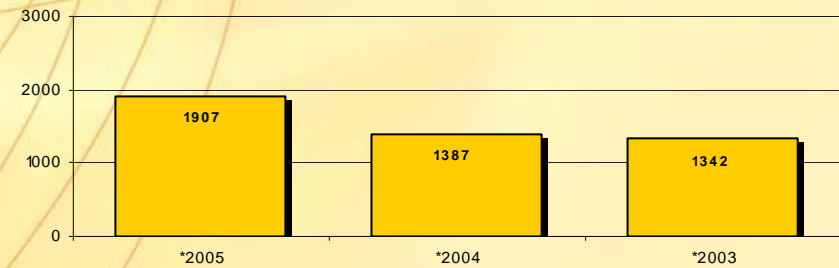
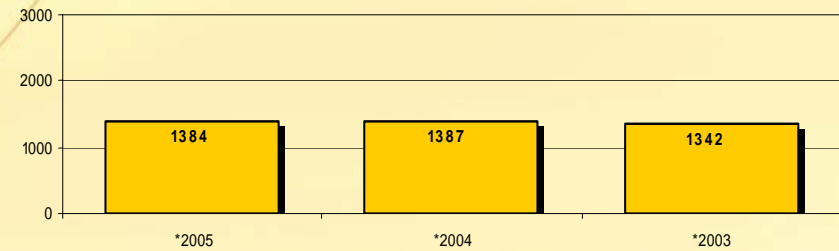


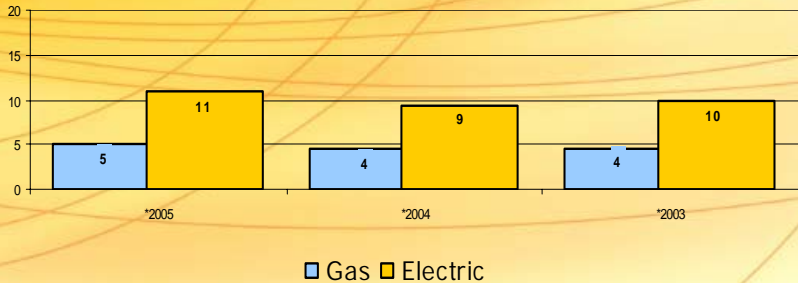
Table 3d: 10 Sites-CO2 Emissions-use of Electricity



Carbon dioxide continued

Table 3e shows the emissions generated through the use of gas and electric in the terms of Tonnes of carbon dioxide per £Million of turnover.

Table 3e: Emissions - Tonnes per £M of turnover



Water consumption

The use of water at all of our facilities is mainly for sanitation and refreshment.

Water extraction by Rotork companies takes place in India, where water is taken from a bore hole, this extraction of water is metered. In Italy, water is extracted from an underground source, this water is not metered, no records of the amount extracted from this source are available. This extraction of water is the subject of a internal review that will look at possibilities of metering this source.

Water is also extracted from the River Avon by our site located in Bath, UK, for fire fighting purposes and involves taking an estimated

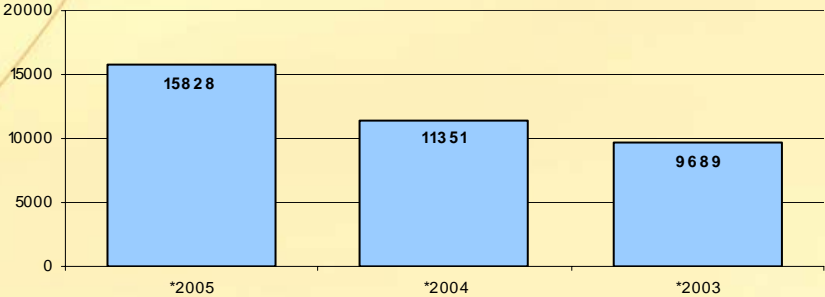
462,800 litres of water from the River Avon to test the site fire sprinkler system at the rate of 8,900 litres per test. The water is returned to the river with no loss and is therefore not included in the following data on water consumption.

With the inclusion of the 19 additional sites water consumption by the Group increased by 39%. For comparison water consumption by the 10 manufacturing sites, featured in previous reports, showed an overall increased of 3% in the period ending 31st December 2005 against the same period in 2004. Source of data was water invoices: The following chart shows the movement for these sites.

| Sector | Movement | % of total water consumption |
|---------|----------|------------------------------|
| America | -18% | 7% |
| Asia | 9% | 24% |
| UK | 2% | 41% |

Tables 4a and 4b show the water consumption for the Group and for the 10 assembly sites in terms of cubic metres.

Table 4a: Group-Cubic Meters of water consumed



performance data

Water consumption continued

Table 4b: 10 Sites-Cubic Metres of water

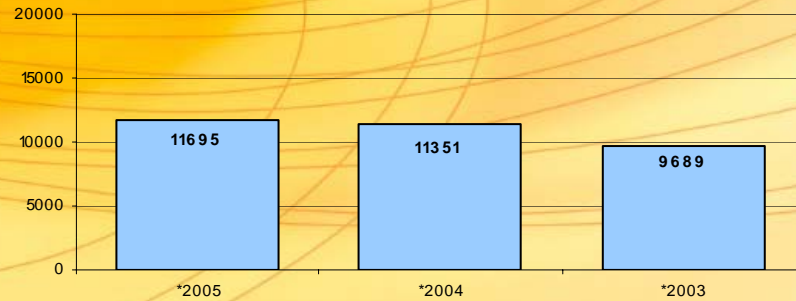


Table 4c shows the share of water consumption across the group.

Table 4c: Water consumption across Group

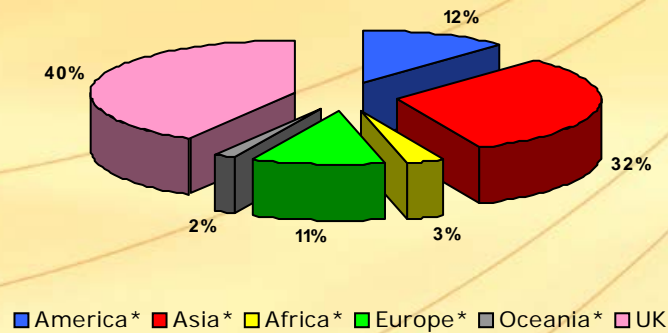
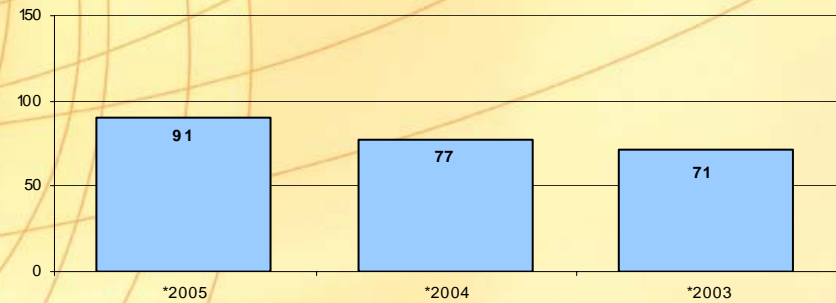


Table 4d presents water consumption in the terms of Cubic Metres per Million pounds of turnover:

Table 4d: Cubic Meters of Water per £M of turnover



Waste

In this report waste has been divided into the following three categories each reported separately.

| Descriptions | Comments |
|-----------------|--|
| Waste | Covers total waste generated including hazardous and recycled waste. |
| Hazardous waste | Covers all types of waste that requires special treatment before disposal. |
| Recycling | Covers all materials recycled or reused. |

Waste continued

Waste is by far Rotork's most significant environmental impact. In changing markets in which the needs of organisations to follow a suitable and adequate component supply base, waste inevitably will become an issue. Overseas sourcing of components has increased substantially over the past five years and will continue at least into the foreseeable future.

Components sourced from overseas need to be protected from damage and the environment during their journey to the assembly lines. Such protection, packaging, must be fit for this purpose and can as a result vary considerable. In many countries and particularly in the UK disposal of waste has become a major concern and the importance that the issue has been given over the past decade has still to show fruits. However it remains one of the UK governments objectives to make the polluter pay which has resulted in increased landfill costs.

This in itself has placed demands on Rotork both financially and in terms of manpower to dispose of this waste responsibly. Recycling systems are being installed at a number of Rotork sites and is reducing the cost for waste disposal. Rotork is also working with suppliers to ensure packaging from them is minimal and can be recycled. Where practical, for the local supply base, Kanban systems have been in place for many years. These systems involve reusable component containers which are supplied by Rotork to suppliers free of charge. Empty containers are picked up by the suppliers when they deliver new components to the assembly lines.

Rotork products also require suitable and adequate packaging to ensure the products reach the customers in good condition. Here Rotork complies with the requirement for packaging in regards to minimal packaging and in addition most of the packaging supplied is recyclable.

In gathering data for this report it became evident that systems for waste disposal varied from country to country. In many instances it was necessary to estimate data for many of the Rotork subsidiaries because weights were not supplied by the waste carriers. Where this was the case the size of container and the content of waste generated was established. It was found that the type and content of the waste generated by the subsidiaries matched that produced at our Bath site to which records of waste weight were maintained. These records were used to establish a base figure to estimate weights.

Waste generation

Waste generation covers all types of waste generated including metals, electronics and waste materials subsequently recycled. Waste generated by the Group increased by 26% in the period ending 31st December 2005 against the same period in 2004. For comparison waste generated by the 10 assembly site, featured in previous reports, fell by 5%. Source of data waste invoices and estimations. The following table shows the movement for these 10 sites.

| Sector | Movement | % of total waste generated |
|---------|----------|----------------------------|
| America | -2% | 24% |
| Asia | -16% | 3% |
| Europe | -59% | 11% |
| UK | 12% | 37% |

Tables 5a and 5b, on the following page, show waste generation for the Group and for the 10 manufacturing sites, featured in previous reports, respectively.

performance data

Waste continued

Table 5a: Group-Tonnes of waste generated

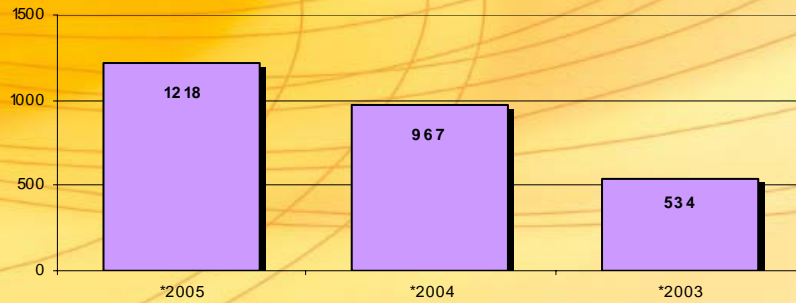


Table 5b: 10 Sites-Tonnes of waste generated

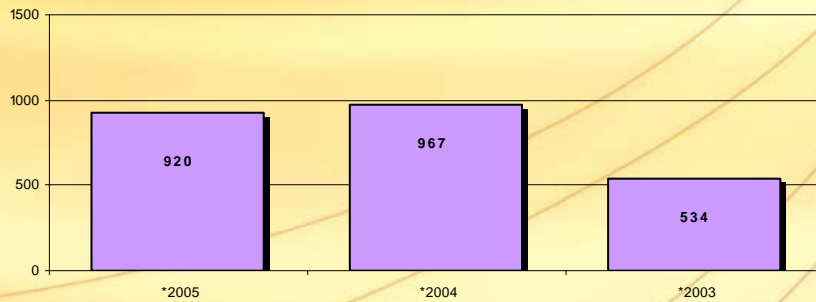


Table 5c show the share of waste generation across the group.

Table 5c: Waste generation-Share across group

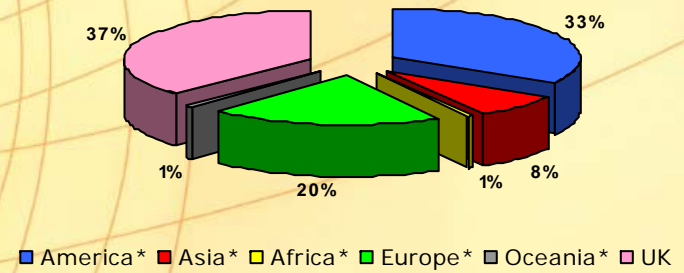
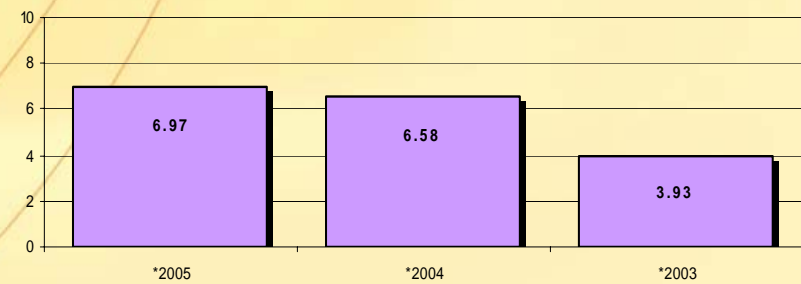


Table 5d show waste generation per million of turnover.

Table 5d: Group-Tonnes of waste per £million of turnover



Waste continued

Hazardous Waste

The following table contains all hazardous waste produced as a result of the Rotork's operations, the process that produces the waste and the method of disposal.

| Description of Waste | Process | Disposal |
|---------------------------------------|--|------------------------------------|
| Cutting Oil. | Machining gears. | Recycled. |
| Lubricating oil. | Servicing of the product. | Recycled. |
| Paint Sludge. | Paint spraying customers special requirements. | Special treatment. |
| Paint that has expired it shelf life. | Paint for customer special requirements. | Recycled into furnace fuels. |
| Others. | These are one off disposal of materials that arise from the maintenance of Rotork sites and plant. | Special treatment before disposal. |

This section refers to the hazardous waste generated by Rotork through its assembly operations, which accounts for less than 3% of the group's total generated waste. The majority of the waste comes from painting processes. The exception is 1.5 tonnes of oil waste from machining processes at the Rotork manufacturing facility in The Netherlands where gears are cut. This amount of oil waste accounts for less than 5% of the total hazardous waste generated.

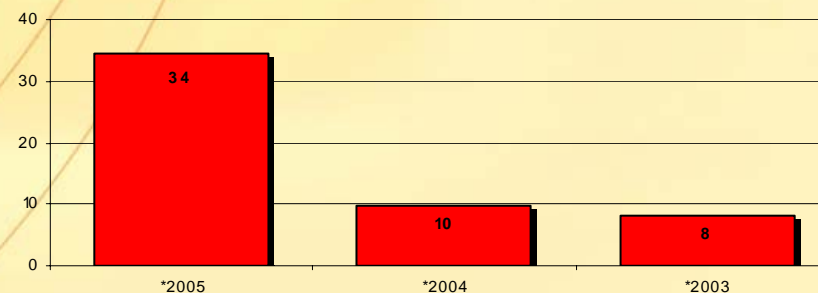
New UK legislation introduced in 2005, which expanded the European Waste List has resulted in increased reporting of hazardous waste.

The following table shows the movement of hazardous waste generated by our 10 assembly sites, against data reported in 2004, and the sectors share of the total amount of hazardous waste generated by the Group in the year ending 31st December 2005. Tables 6a shows the total amount of hazardous waste for the group.

| Sector | Movement | % of total hazardous waste generated |
|---------|----------|--------------------------------------|
| America | 119% | 9% |
| Asia | 238% | 2% |
| Europe | -115% | 4% |
| UK | 295% | 55% |

Tables 6b show the total amounts of hazardous waste for the

Table 6a: Group-Tonnes to Hazardous waste generated



groups and for the 10 sites previously reported.

performance data

Waste continued

Table 6b: Comparable data with previous years

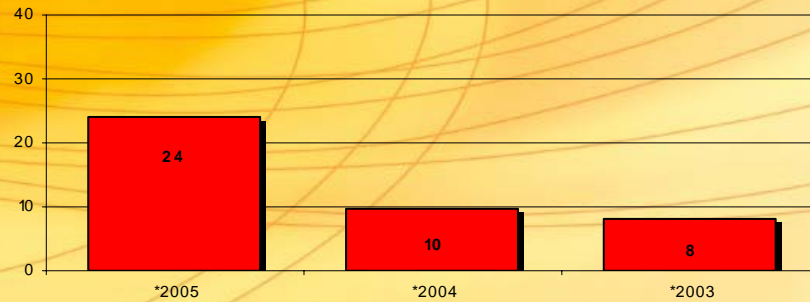


Table 6c show tonnes of hazardous waste generated per million of turnover.

Table 6c: Tonnes of Hazardous Waste per £M of turnover

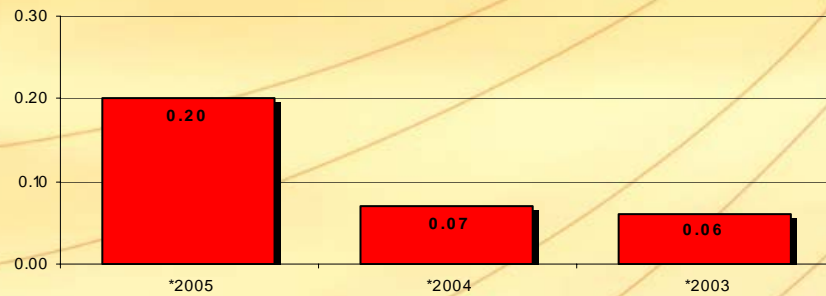
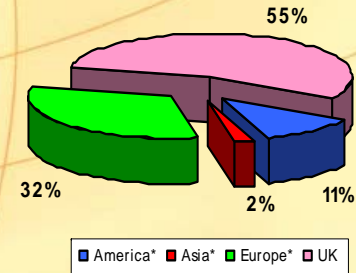


Table 6d show the share of hazardous waste generated across the group.

Table 6d: Hazardous waste generated- Share across Group



Recycling

Recycling has become Rotork's main objective in reducing waste, its most significant environmental impact, as well as waste disposal costs.

The amount of waste recycled by the group has almost doubled up 238 tonnes to over 466 tonnes against the same period in 2004. Materials being recycled include card, office paper, wood, plastic, scrap metals, electronic printed circuit boards, toner cartridges and IT equipment.

Only 8 out of the 29 subsidiaries are not undertaking recycling activities. Of these, 7 subsidiaries are reporting their environment performance data for the first time and account for less than 7% of the total waste generated by the group.

Recycling continued

The following chart shows the significant milestone made in recycling waste by the Group.

NDR = No data recorded.

| Operating Zone | Tonnes Recycled in 2004 | Tonnes Recycled in 2005 | % of movement on 2004 | % of total waste generated by the group in the Zone |
|----------------|-------------------------|-------------------------|-----------------------|---|
| America | 58 | 86 | 48% | >33% |
| Asia | 32 | 21 | -33% | <8% |
| Africa | NR | 0 | - | <1% |
| Europe | 44 | 133 | 203% | >20% |
| Oceania | NR | 2.5 | - | <1% |
| UK | 125.5 | 223.5 | 78% | >37% |

Rotork will continue to work with its subsidiaries to improve their recycling performance. However it should be noted that recycling facilities taken for granted in most countries are not yet fully available in some parts of the world, here efforts will be made to find suitable recycling facilities.

Table 7a; 7b and 7c show the recycling performance since 2003 for the group and the 8 sites that reported in previous reports and tonne of waste recycled per £Million of turnover.

Table 7a: Group- Tonnes of waste recycled

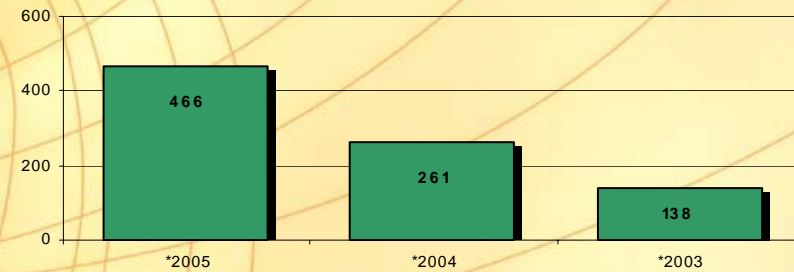


Table 7b: 10 Sites- Tonnes of waste recycled

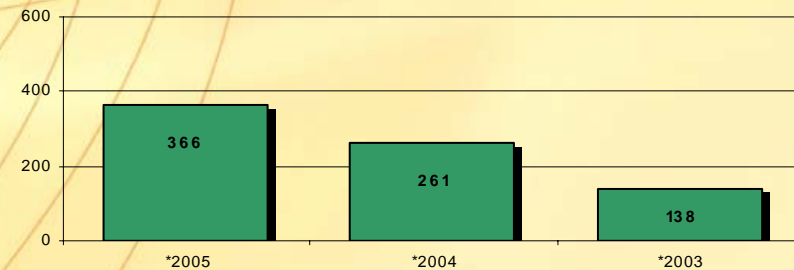
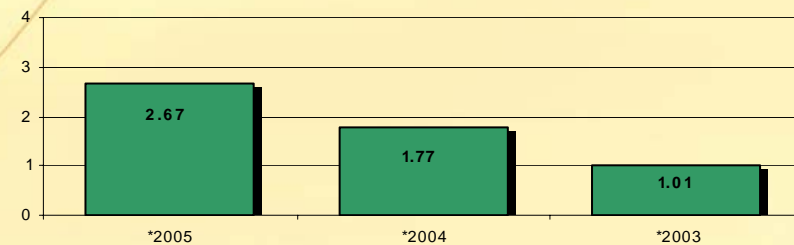


Table 7c Group-Tonnes of waste recycled per £M of turnover



legal compliance & external organisations

Legal compliance

Rotork is committed to complying with Health and Safety and Environmental Legislation wherever we operate. All Rotork facilities are audited, by trained auditors, against a schedule and checklist compiled to ensure legal compliance and that the minimum standards imposed by the group for Health and Safety and Environmental issues are being followed or acted upon.

No prosecutions or notes were issued against the Company in the financial year ending 31st December 2005. Rotork use the services of external consultants for Health and Safety and Environmental advise including inspections and auditing of works and systems. Rotork subscribes to the Environmental Legislation Update Service ELUS, which is part of Groundwork Blackburn Trading Ltd.

Producer Obligations (Packaging Waste) Regulations

In accordance with the Producer Obligation (Packaging Waste) Regulations, Rotork is a member of Recycle 1st Compliance Scheme and has been so since 2004. Previous to that Rotork was a member of Valpak.

External environmental initiatives

Global Compact

Rotork is a signatory to the United Nations Global Compact initiative and the 10 Universal Principles based around human rights, labour, environment, bribery and corruption. These Principles are derived from the Universal Declaration of Human Rights and the International Labour Organisation's Declaration of Fundamental Principles and Rights at Work. In particular, Rotork supports all United Nations efforts to ensure the abolition of child forced compulsory labour.

FTSE4Good

FTSE4Good is the SRI index series designed by the global index provider FTSE. Its selection criteria covers three main areas:

- Working towards environmental sustainability.
- Developing positive relationships with stakeholders.
- Upholding and supporting universal human rights.

As a FTSE company listed in the FTSE4Good Index, Rotork is committed to the principles laid down for subscribers.

Engage Partnerships for Sustainability



Engage believes there is a real and urgent need to change the way we live, to protect the environment and the quality of life of people all over the world.

Engage is an innovative organisation, pioneering new approaches to help people live in more sustainable ways. This means using natural resources only at the rate that they can be replenished and leaving the world in a fit state for future generations. Our work ranges from supporting local food co-ops to providing business consultancy.

Engage Business

Our business team delivers specialist consultancy to inspire, educate and enable businesses in the West of England to become more sustainable. We have significant experience and success in working with clients from sectors including manufacturing, engineering, local authority, facilities management and charities.

All profits are put back into supporting Envolve's charitable objectives, helping to create a more sustainable future.

Envolve Education

Envolve works in schools, colleges, universities and the wider community to promote knowledge and understanding of the relationships between people and the planet. Our education programmes provide opportunities for young people and adults to learn how they can help to shape a world based on principles of social justice and care for the environment. Our education projects include : Food for Life , Our Farms our Future, Global Education and Safer Routes to School.

Envolve Community

Communities are integral to all that we do at Envolve. We work with individuals and groups enabling them to make a significant and lasting difference to their community and environment. We do this by the providing tools, training and advice to enable them to realise their dreams. Our projects vary from working with one neighbourhood on safety, participation and green spaces to pioneering Car Free Days in Bath and across Europe. We have partnerships with communities across Europe.

Envolve is a registered charity and is a membership organisation. The members elect trustees who drive the strategic direction in consultation with members and all those who work for the organisation, including paid staff and volunteers.

We are based at Green Park Station in Bath, a UN Global Compact City, a UNESCO World Heritage City and Fair Trade Zone. Since 1992 our partners and funders have included Bath City Council (now Bath & North East Somerset council), Marks & Spencer, NatWest Bank, the EU, the Dti, DfID, DEFRA, Wessex Water, National Lottery.

Envolve Partnerships for Sustainability
Green Park Station
Green Park Road
Bath
BA1 1JB

[Wwww.envolve.co.uk](http://www.envolve.co.uk)

Registered charity No. 1039848

Last Words

Rotork would like to express their full and hearty thanks to Envolve Partnerships for Sustainability for the support and guidance they have afforded us over the past three years. The professionalism of their team of consultants and auditors have put us in good shape to deal with the ever changing face of environmental legislation, and in identifying and reducing our main environmental impacts. We fully appreciate the work Envolve have done for us and look forward to continuing our work with them in the future.

Jeff Harris
Environmental Coordinator
Rotork

The logo for Rotork, featuring the word "rotork" in a bold, red, sans-serif font. The letter 'k' is stylized with a horizontal bar that extends to the left and ends in a small arrowhead pointing towards the left.

rotork

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