

2019/20

# People & Environment Report

[www.rotork.com](http://www.rotork.com)

Keeping the world flowing  
for future generations

rotork®

# What's inside



Rotork's purpose is keeping the world flowing for future generations. Our purpose is a powerful motivator, encouraging us to make a positive difference to people's lives not just today, but also into the future. The products and services we offer help provide vital resources to those who need them whilst ensuring safety and helping reduce emissions and environmental risks.



## Introduction 2



Message from Kevin Hostetler	2
Introduction to Rotork	3
2019 at a glance	5

## Health & safety 6



## Our people 8



Diversity & inclusion	9
Employee engagement	11
Talent pipeline	13

## Helping our customers 14



## Environment 16



Energy and emissions	17
Water	19
Waste	20

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All people imagery taken prior to the COVID-19 pandemic



FTSE4Good



CDP WATER

Score B- CDP is a global disclosure system for investors and companies measuring environmental impact. We improved our D rating in 2018 to a B- in 2019 (the scale is D- to A). We aim to achieve an A rating.



MSCI ESG RATINGS AA



2020 EUROPE EXECUTIVE TEAM, SMID CAP #2 RANKED ESG COMPANY - CAPITAL GOODS  
ROTORK PLC



WES  
SUPPORTING THE ENERGY TRANSITION



30% Club  
Raising the standards of corporate ESG



## Message from Kevin Hostetler



This is the first time I have written an opening message to Rotork's People & Environment Report, or indeed anything similar, under such unusual circumstances – a global pandemic. I would like to recognise the extraordinary fortitude and determination of all our people during COVID-19. I am particularly proud of their efforts supporting our local communities.



**We are fully committed to reducing our own environmental impact**



**3,600+**  
Employees globally

**12.9%**

**Reduction in total GHG emissions year-on-year**

Rotork's purpose, the very reason we're in business, is keeping the world flowing for future generations. Our purpose is why we get up in the morning and go to work. From our early beginnings in Bath in the UK over 60 years ago, Rotork has grown into a global business that is working hard to improve our customers' environmental performance whilst also being a great place to work.

The health, safety and wellbeing of our people, partners and visitors is our number one priority. As part of our Growth Acceleration Programme we introduced continuous improvement into our Group-wide safety programme. We stepped up the monitoring of our KPIs and introduced regular 'Safety Gemba Walks' and 'Safety Spots'. It is with the greatest regret I must report that one of our employees met with a fatal accident in July 2020. Our thoughts are with the family and friends he leaves behind. This distressing event has, needless to say, served to reinforce the focus of the PLC Board and the senior leadership team on health and safety.

Rotork employs over 3,600 people globally. These colleagues are key to our success and to delivering our vision. We're committed to creating a diverse workforce and an inclusive culture, where everyone is respected and can be themselves at work. We pay fairly and competitively. We look to promote from within, but when we cannot we operate a level playing field in our hiring process for all applicants, regardless of differences such as gender, race, ethnicity, religion, disability, sexual orientation or age.

Our customers rely on our products and services to deliver reliable, energy-efficient solutions that minimise environmental impact. Rotork solutions are about accurate control which removes human error and, when needed, intervention which results in lower fugitive emissions. Our innovation and

new product development is increasingly focused on products that help reduce emissions, improve water recovery, recycling and treatment, lower energy consumption and enable customers to integrate renewable energy sources into their operations.

We are fully committed to reducing our own environmental impact by lowering our energy and water consumption, waste production and preventing pollution. We operate an assembly-only philosophy at most of our business units, meaning that the majority of our energy use is on lighting, heating, cooling and IT systems. Our site consolidation efforts contributed to excellent progress in lowering our environmental impact in the year including a 12.9% reduction in total greenhouse gas emissions.

In October 2020, Rotork's ESG Board Committee agreed to adopt the United Nations' Sustainable Development Goals framework to help guide us on sustainability matters. We are excited to be commencing the journey and will update on our progress in our Annual Report 2020.

Myself, the senior leadership team, and the PLC Board are constantly looking at ways that we can learn from the past and improve our processes. This report describes some of the positive steps we've taken over the last year. Thank you for your interest in Rotork.

**Kevin G. Hostetler**  
Chief Executive

## Introduction to Rotork

Rotork is a market-leading global provider of mission-critical flow control and instrumentation solutions for oil and gas, water and waste water, power, chemical process and industrial applications.

We help customers around the world to improve their efficiency, reduce emissions, minimise their environmental impact and assure safety.

Rotork plc has over 3,600 employees who work across a global network of local offices, service centres and manufacturing and assembly facilities. We operate 87 sites globally of which 21 are identified as manufacturing with the remainder being service workshops or sales offices. Whilst we maintain a predominantly assembly-only philosophy across the Group, in certain circumstances we have some in-house manufacturing capability to improve processes and/or reduce lead times on some of our product lines.

We expect our larger facilities and the majority of our other facilities to improve their energy efficiency and reduce their gas consumption each and every year.

We target an annual 2% saving on electricity and gas consumption, with gas consumption for heating normalised by degree days.

Rotork is fully committed to the prevention of pollution, compliance with all relevant legal and regulatory requirements and to the continuous improvement of our environmental performance. As part of our Environment & Sustainability Strategy, we are committed to ambitious goals related to greenhouse gas emissions, energy, water and waste from a 2017 baseline.

As with all businesses, there are certain risks and uncertainties that may impact Rotork's ability to achieve our objectives. We regularly review our current and emerging risks in relation to areas such as people, environment and climate change as part of our risk management process which is described on pages 32-39 of the Rotork Annual Report 2019.



**Rotork operates 87 sites globally, 21 of them for manufacturing**



**We are fully committed to the continuous improvement of our environmental performance**

## Introduction to Rotork continued

# Growth Acceleration Programme

In 2018 we announced major changes to our Company which we called our Growth Acceleration Programme ('GAP'). This multi-year programme aims to improve many aspects of our business, including our innovation and new product development, the alignment of our sales teams to the end markets we serve, our assembly operations and footprint, our global supply chain and our talent pipeline.

We are encouraged by the early results of the programme and the role that GAP is playing in improving our safety, environmental and people performance.

### Product development

We have made significant changes to how we manage our innovation and product development processes. These changes have enabled us to focus greater resources on the development and commercialisation of new products. Our development efforts are increasingly focused on products which help our customers to reduce their emissions, lower their energy consumption and harness renewable energy sources such as solar power.

### Continuous improvement

We are rolling out lean/continuous improvement training to our manufacturing teams. During 2019 we completed over 90 Rapid Improvement Events, resulting in an increase in direct labour productivity and first pass yield as well as a free-up of factory space (facilitating further site rationalisation).

### Footprint rationalisation

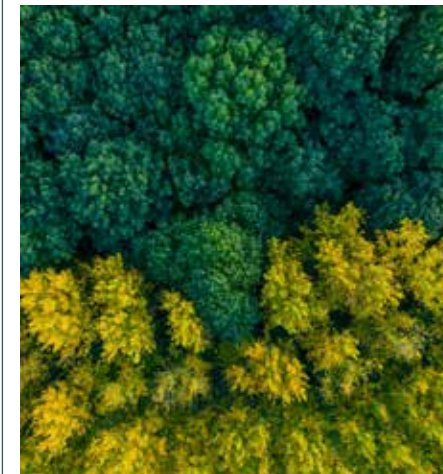
We are making significant changes to our factory footprint. During 2019 we reduced the number of assembly locations we have by 8%, and are making further reductions in 2020. The optimisation of our manufacturing footprint reduces our energy and water usage.

### Supply chain initiatives

We are working hard to improve our global supply chain. We partner closely with a smaller number of suppliers whom we have chosen, not just based on price, quality, and service but also on their values as described in our Code of Conduct.

### Environmental awareness

Our global talent review process promotes environmental awareness throughout the Group by aligning our strategy, purpose, values and behaviours with our reward systems.



### ESG Committee

Recognising the importance of Environment, Social and Governance ('ESG') and sustainability matters, we formed a Board-level ESG Committee in 2020. This committee will provide oversight, direction and coordination helping Rotork to operate responsibly, be environmentally sustainable and contribute positively to society.

It will ensure that ESG is an integral part of the Group's strategy and culture from the top down. ESG performance and other non-financial measures are also an important part of the executive directors' personal strategic objectives and feature in the annual bonus scheme for senior leaders.



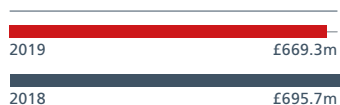
# 2019 at a glance

## Financial



# £669m

Revenue



# £151m

Adjusted\* operating profit



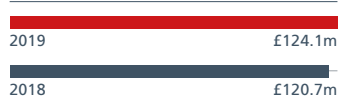
# 22.6%

Adjusted\* operating margin



# £124m

Profit before tax



\* Adjusted figures exclude the amortisation of acquired intangible assets and net restructuring costs

## Non-financial



# -22%

Lost time injury rate (YoY)

# 23%

Women in senior roles

\*\* We consider the 'engagement' question in our employee survey as extremely important. The question asks Rotork colleagues' how they rate Rotork as a place to work (0 is bad, 10 is good).

# 7.3

Engagement survey score\*\*

# -9%

Carbon emissions (YoY)



For further reading see

- Rotork at a glance: pages 2-3 of the Annual Report 2019
- Our business model: pages 22-23 of the Annual Report 2019
- Financial review: pages 44-47 of the Annual Report 2019





# Health & safety

The health, safety and wellbeing of our people and our visitors is our number one priority. We want our colleagues to go home every day in the same or better condition than when they arrived at work.



# Health & safety continued

Safety is our top priority and involves everyone and everything we do at Rotork.

We utilise a mixture of leading (proactive) and lagging (reactive) indicators to assess the health and safety performance of our organisation. We monitor and record health and safety leading indicators at a site level and hold our businesses accountable for improving their leading indicator performance. Currently we have three such KPIs. Our focus on these helped to improve our accident performance in 2019.

Our main lagging indicator is our Lost Time Injury Rate ('LTIR') and we delivered an improvement from 0.32 in 2018 to 0.25 in 2019. The number of first aid injuries also fell slightly. In 2018 we had 202 first aid injuries and in 2019 there were 198 first aid injuries.

Moving forward we will work to continuously improve our safety performance and further develop our leading indicator philosophy. We will also benchmark our safety programme against other leading internationally recognised best practice programmes.

## Leading indicators:

### Safety Gemba Walks:

Gemba is a lean term for the place where the value is created. From a safety perspective it means that we go to where the work takes place and test how our safety requirements are followed. In 2019 we completed 902 Safety Gemba Walks across all Rotork facilities.

### Safety Spots:

The Safety Spot system is part of our drive towards safety awareness, risk identification and engagement with our employees. We actively encourage our co-workers to identify potential safety issues as part of their day-to-day role. In 2019 we raised 4,370 Safety Spots across all Rotork facilities.

### Global annual audit programme:

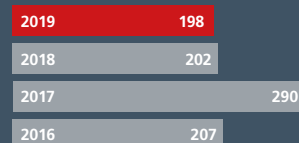
This programme provides an analysis of how each of our facilities perform against our standard Health, Safety and Environmental requirements. The programme is used as a key driver to continually improve our HSE performance. We closed out 566 improvement observations from the programme in 2019.

## Lagging indicators:

### LTIR (lost time injury rate)



### First aid injuries (number)



# 902

Safety Gemba Walks completed in 2019

## Delivering safety solutions to our customers

Rotork products have an important role to play in helping our customers with their Health & Safety performance. There are many great examples of Rotork products that have been developed with safety in mind, including:

### Remote Hand Station ('RHS')

The RHS enables the safe monitoring and control of Rotork IQ3 actuators installed in inaccessible and/or hazardous locations (for example in traditional power stations). The RHS can be installed up to 100 metres from the actuator using standard data cable.

### Skilmatic safety shut-off systems

The Skilmatic range of safety certified actuators offer a self-contained fail-safe solution for where functional safety is paramount. Thousands of Skilmatic actuators are in operation in tank farms globally, protecting them from overflow during refilling.



The Bath factory was the first in the Group to undertake Safety Spot analysis and completed 442 spots in 2019





# Our people

We put people first,  
we collaborate, inspire  
and support each other  
to win as one team.



# Diversity & inclusion

We are committed to creating a diverse workforce and an inclusive culture, where everyone is respected and can be themselves at work.



## 21.8%

Percentage of women across the business



**We embrace the challenge to create a more diverse workforce**

Our Respect at Work and Equal Opportunities policies ensure fair and objective treatment is promoted across recruitment and employment including age, race, nationality, ethnic origin, disability, gender, sexual orientation, religious belief or marital status and more broadly across background and social diversity.

All employees have a responsibility to ensure the policy is successfully implemented and our Code of Conduct reinforces this. We work with occupational health experts to overcome any obstacles for employees including those with disabilities by making appropriate adjustments. Our Board of Directors approved our new Board Diversity & Inclusion Policy in 2019.

Globally, women currently represent 21.8% of our people, a 2% increase on 2018 and a 9% increase from 2017.

We embrace the challenge to create a more diverse workforce and track this through our talent and succession reviews and within Board meetings. We continue our membership of the 30% Club, which targets a minimum of 30% women on boards, and support their aims. We are pleased to report that we have achieved this aim.

Rotork sponsors and partners with the Women in Engineering Society ('WES'). WES aims to support and inspire women to achieve as engineers, scientists and as leaders as well as encourage the teaching of engineering. WES is a charity whose mission is "Inspiring and supporting girls and women to achieve their potential as engineers, applied scientists and technical leaders".

Rotork interviews at least one female for all senior roles that go to search. We also aim for 30% of our apprentice intake to be female and the percentage of females within our apprentice population has increased from 5% in 2018 to 20% in 2019.

### Women as a % of total global workforce

2019	21.8
2018	21.4
2017	20.0

### Women as a % of apprentices

2019	20.0
2018	5.0
2017	0.0

### Women as a % of Executive Committee and Direct Reports

2019	23.1
2018	17.4
2017	14.0

### Women as a % of the Board

2019	37.5
2018	28.6
2017	33.0

In the UK, we contribute to the Hampton-Alexander Review. In the Industrial Engineering sector of the Review, Rotork placed second out of seven. Whilst we have made progress in our Women on Boards, Executive Committee and Direct Reports in relation to gender again in 2019, we still have work to do.



## Diversity & inclusion continued

We report gender pay in both our UK legal entities with over 250 employees. And 2019 saw further progress. Our Gender Pay Gap Reports are available at [www.rotork.com](http://www.rotork.com) as well as at <https://gender-pay-gap.service.gov.uk/>

We are refreshing our Diversity & Inclusion Policy in 2020 and are focusing our lens broader than gender to more inclusivity targets. We recognise the aims of the Parker Review on ethnicity and those of the 30% Club of which we are a member. Whilst we do not have specific targets for ethnicity, we monitor progress in recruitment, development and promotion processes. In our Executive Committee, ethnic diversity is 22% and at their direct reports level this is 15%. Our non-UK subsidiaries are all managed locally by nationals.

### Pay and benefits

Paying our people fairly and competitively is vital. In 2019 we rolled out a new performance and reward approach globally to drive consistency around pay. All roles are benchmarked against recognised compensation data. We have implemented a Living Wage Policy in which we commit to paying a real living wage (rather than the minimum wage) where this exists in a country. This policy was implemented with effect from 1 July 2020.



**2020 Living Wage Policy implemented**



**During the COVID-19 pandemic we have worked closely with our country managers to ensure that our people are safe and working at home or on site as appropriate**



The majority of our non-production workforce have the opportunity to control and/or vary the start and end times of their workday. Within our production facilities we also offer staggered start and end times for those working shifts to provide flexibility. During the COVID-19 pandemic we have worked closely with our country managers to ensure that our people are safe and working at home or on site as appropriate. We continue to look for ways of providing innovative work solutions to offer employees flexibility around how they work.

Our annual bonus scheme is linked to both business and personal performance with staff having the opportunity to receive enhanced bonus for exceptional personal performance within the performance year. In addition, colleagues in many of our locations receive a gift of Rotork shares each year and have the opportunity to purchase additional Rotork shares to benefit from future business performance.





# Employee engagement

Employee engagement is fundamental to our culture; motivated and engaged colleagues are vital to any successful business.



We launched our three new global Values in September 2019

**2,000+**  
of our people took part in selecting our new Values

## Internal communication

Communication is vital during periods of transition such as the Growth Acceleration Programme. We offer a range of communications channels, including team briefings, our intranet, town halls, Microsoft Teams video calls, webinars and multi-language employee films. We provide change management training locally before embarking on strategic programmes and use diagnostic tools to understand how the change is embedding.

## Employee surveys

In 2019 we replaced our annual engagement survey with quarterly pulse surveys to enable us to gather more specific, detailed and regular feedback from our people. Each pulse survey has a specific theme. In each survey, employees also rate Rotork on pace of change and as a place to work so we're able to build a continuous picture and trend across our sites.

In 2019 we conducted three global surveys:

- In a culture-focused survey we asked colleagues to propose and select our new Values, and over 2,000 of our people took part.
- In a communications survey, we asked people how they wanted to receive information. Following the feedback, we made several changes to our communications channels mix.
- We sent a follow-up survey about the Values to understand how they had landed around the world. As a direct result of this survey, we introduced our Global Recognition Programme.

In 2020 we surveyed colleagues about our response to COVID-19, and what more we could be doing. This has led to a number of changes, including the rapid introduction of Microsoft Teams to retain connectivity, an online Wellbeing site, and more regular all-colleague emails from the CEO.

## Purpose and Values

2019 saw the launch of our revised Purpose, our Values and associated behaviours, and our Code of Conduct.

Our Purpose is 'keeping the world flowing for future generations', retaining the essence of Rotork's previous strapline but adding a new element, 'for future generations'. Our Purpose reflects Rotork's commitment to sustainability, and is a powerful motivator, encouraging us to make a positive difference to people's lives not just today, but into the future.

We launched our three new global Values in September 2019. These were voted for by our employees and we held launch events in 50 sites on 'Values day', which generated a real sense of excitement across the business. The launch collateral included two employee films, guides for managers and employees, a dedicated microsite on our intranet, wallet-sized guides and manager packs, merchandise such as pens, cups, T-shirts, posters and calendars, and a photography competition to capture what our Values mean to our people across the world.

There are collective bargaining arrangements in place in several countries in which we operate.



## Employee engagement continued

Significant employee consultation went into the selection of our three Values:

### Stronger Together

echoes 'One Rotork', recognising that we and our customers benefit from us working as one team, locally and globally.

### Always Innovating

reflects the importance of having truly differentiated products and solutions, and a passion for continuous improvement.

### Trusted Partner

emphasises the seriousness with which Rotork takes its responsibilities to its stakeholders and the environment.

#### Calendar days

We celebrate a number of special events each year – our Calendar days. These range from World Wellbeing Week, where we participate in a range of wellbeing activities, to Mental Health Awareness Week and International Women in Engineering. We select globally relevant days that align with our Values and give our colleagues a shared purpose.

In 2020, with the unique challenges presented by COVID-19, and many colleagues unable to attend the office, we launched a Wellbeing site for them to participate in a range of social activities from home – from e-learning courses on Lean to online exercise classes, and a 'virtual steps challenge' visiting each Rotork site.



The Rotork team in Singapore celebrate Values day

## £98,000

Total donated in 2019 to our three major charities and the Royal United Hospital, Bath



Employee wellbeing has been a particular focus during the COVID-19 pandemic

#### Workforce engagement

Tim Cobbold is the Non-Executive Board Member responsible for workforce engagement. Tim is fully engaged in workforce matters including participating in new starter inductions, reviewing our staff engagement surveys, attending employee forums and responding to emails from colleagues.

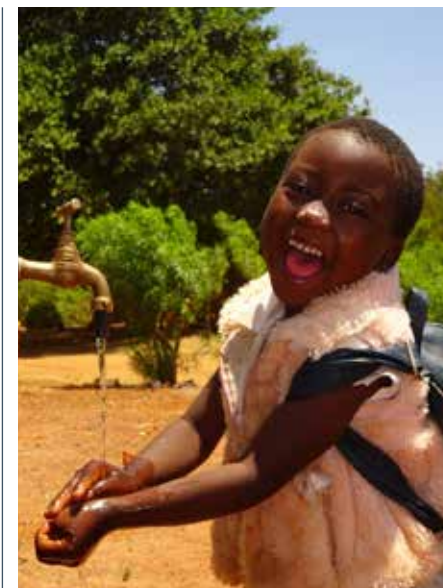
#### Charitable donations

In addition to local sponsorship programmes, Rotork partners with three global charities. Between them, these charities serve to emphasise Rotork's commitment to the environment and assist communities.

- **Renewable World** helps to alleviate poverty through the installation of community-owned renewable energy systems.
- **Pump Aid** supplies simple pumps to provide access to safe clean water, and handwashing stations.
- **The Marine Conservation Society** is a leading marine charity focusing on clean-up and survey programmes tackling the issue of water quality and marine plastic pollution.

#### Rotork Benevolent Support

In 2020, Rotork established Rotork Benevolent Support, a charity to provide short-term financial support to employees, ex-employees, and their families facing financial hardship, especially as a result of the COVID-19 crisis.



Rotork's donation to Pump Aid helps to install pumps at preschool nurseries





# Talent pipeline

We recognise the importance of attracting, recruiting and retaining talented people across all areas of Rotork. In view of our sector, this remains a particular area of focus given that fewer young people are currently choosing careers in science, technology, engineering and maths ('STEM') fields, resulting in increased competition for these skills and associated challenges of securing this key resource.

Developing all of our people remains important for our continued growth and success. Development planning is built into our annual performance management process, with all employees having regular structured performance and development conversations with their line managers. The success of this development planning was reflected in our recent promotion cycle where 3.6% of our workforce globally received a promotion.

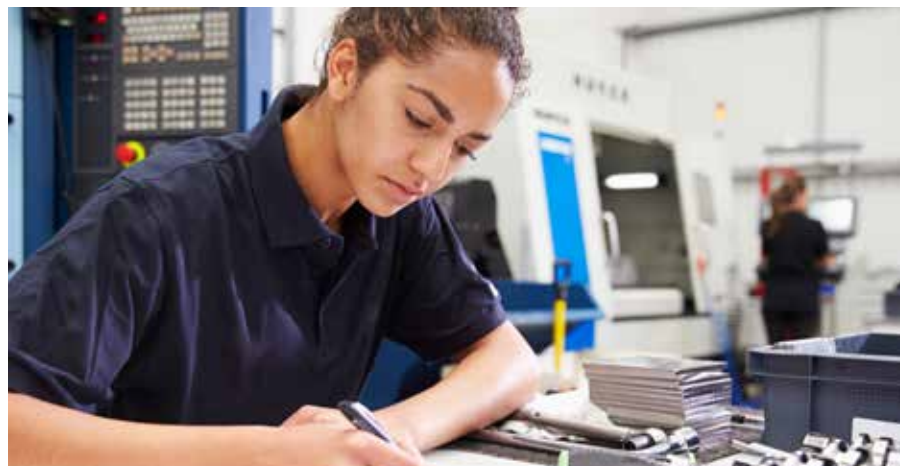
We look to fill all roles internally where possible and around half of our senior leaders have been promoted into their current roles from within Rotork. Our talent review process is now in its second year of operation. This process covers the top three levels of our structure in addition to identifying future talent from across the whole organisation. The talent review process is completed twice a year with the outputs reviewed by both our Management and PLC Board. Linked to this, each of our top 100 leaders has a specific development profile that is also reviewed by our Management and PLC Board. This process

allows us to understand our talent pipeline for senior roles and ensure the right development is in place for key individuals.

Building skills from within is an important mechanism for us to recruit and develop talent. In the UK we have an apprenticeship scheme, with apprentices typically taking up full-time permanent positions with us upon scheme completion. We have close links with local colleges and universities and colleagues based across our UK sites are studying for various levels of qualification across a range of business areas including engineering, manufacturing, IT and business support.



**Each of our top 100 leaders has a specific development profile that is reviewed by our Management**





# How we help our customers improve their environmental performance

Our comprehensive product and services portfolio and over 60 years of industry knowledge mean customers rely on us to help them deliver reliable, energy-efficient solutions that minimise their environmental impact. Everything we do at Rotork is about control and efficiency. Accurate control in the areas in which we operate takes away human error and therefore reduces negative impact on the environment. Rapid control and intervention, when needed, results in less fugitive emissions.

The innovative research and development activities across Rotork ensure cutting-edge products are available for every application across the markets we serve. Our new product development is particularly focused on products that help reduce our customers' emissions, improve their water recovery, recycling and treatment, lower their energy consumption and enable them to integrate renewable energy into their operations.

## Rotork's intelligent electric actuators...

**... are in many cases a more environmentally friendly solution than inefficient fluid power actuators.** For example, pneumatic controllers traditionally use natural gas as the power supply and may emit gas on every stroke or action, resulting in a high level of fugitive emissions.

**... control the flow of hydrogen gas in fuel cell power plants** which provide near zero emission low-carbon electricity.

**... enable advanced process control resulting in greater efficiency and reduced emissions.** Our CMA and CVA actuators are suited to applications where accurate, precise control is essential, for example controlling the air-to-fuel ratio in power plant and combustion applications.

**... operate the valves and dampers in flue gas desulphurisation systems** significantly reducing the sulphur emissions of traditional power plants.

**... do not require a separate heater to allow them to work effectively, even when operating in sub-zero conditions.** Dispensing with the requirement for a heater removes the requirement to supply additional power to the actuator, reducing the power consumption of the operating site.

**... are the control product of choice** for automated flood alleviation schemes.

**... administer the cooling on offshore high voltage direct current platforms,** and enable wind-generated electricity to be transferred over long distances safely and efficiently.

**... are used in exciting growth applications** such as biofuels, flue-gas desulphurisation, carbon capture, utilisation and storage, methane capture and hydrogen production, transportation and utilisation.

# How we help our customers improve their environmental performance continued

## Other Rotork products...

... **K-TORK pneumatic vane actuators are widely used in water filtration plants** which produce many millions of gallons of high-quality drinking water each and every day. These heavy-duty modulating quarter-turn actuators control the flow of surface water in and out of the membrane system of ultrafiltration low-pressure membrane plants, thereby removing particles.

... **our fail-safe solutions help improve environmental performance by containing process/equipment failure issues on site.** For example, the recently launched IQT Shutdown Battery provides fail-to-position functionality to an electric actuator. This prevents any potential environmental (or safety) consequences due to loss of power.

... **the Rotork Master Station is an intelligent control centre, capable of operating up to 240 actuators in an inexpensively installed single cable loop.** With its long-range signalling capabilities, it is the control system of choice for large-scale parabolic trough solar energy plants.

... **our latest low-power high-efficiency chemical dosing pumps are 40% more efficient** than competitor products and sufficiently low-power to be driven by solar panels.

... **the Electronic Line Break, or ELB, is an electronic pipeline monitoring system which operates with our actuators.** The ELB instructs the actuator to move to a defined emergency position upon detecting any break. This means that pipeline breaks are immediately identified and contained, avoiding environmental impacts.





# Environment

We are fully committed to reducing our environmental impact by reducing our energy and water consumption, waste production and preventing pollution.





# Energy & emissions

To achieve our Environmental goals, we continuously evaluate our performance at a site and global level.

## 11%

reduction in  
electricity usage  
since 2018

## 12.4%

reduction in  
electricity usage  
since 2017 baseline

Work is well underway to double the size of our Rochester, New York office and factory. The new facility, which will be complete by the end of 2020, will be more energy-efficient and utilise the latest electric forklift trucks.

Energy usage and emissions reduction form part of the operational excellence pillar of the Growth Acceleration Programme, through targeted environmental performance improvement projects and footprint optimisation.

Climate change is an increasing risk for our business and our customers. As part of our journey to achieve our Environmental goals we will continue to improve our evaluation and reduction of energy usage by conducting energy hunts at our manufacturing facilities, seeking renewable energy purchasing opportunities at local and global levels and identifying renewable infrastructure projects wherever these are practical. We already have solar panels installed at several of our plants. We are undertaking a global review of our vehicle fleet, considering necessity and the environment to frame our future policy.



## Energy & emissions continued

In 2019 Rotork achieved an 11.1% reduction in electricity usage (kWh) against the 2018 performance and a 12.4% reduction from the 2017 baseline.

We were also able to demonstrate a gas usage performance reduction of 1.5% (m<sup>3</sup>) from 2018, however this is an increase against the baseline of 1.2%.

	Unit of Measure	2019	2018	2017
<b>Energy</b>				
Electricity Used	kWh	14,391,320	16,194,145	16,438,473
Gas Used	Cubic Metres	1,147,778	1,165,313	1,134,506

In 2019 we completed a number of projects which secured a reduction in our annual energy consumption. Projects included the transfer of assembly operations from Tulsa (US) to Winston-Salem (US) and Rochester (US), and from Taunton (UK) to Manchester (UK), enabling the closure of our Tulsa and Taunton facilities. Various sites including Bath (UK) and Mexico City (Mexico) continued our programme of replacing traditional lighting with energy-efficient LED equipment.

	Unit of Measure	2019	2018	2017
<b>Emissions</b>				
Direct Scope 1	Metric tonnes CO <sub>2</sub> e	4,575	5,597	5,644
Indirect Scope 2	Metric tonnes CO <sub>2</sub> e	5,695	6,286	6,682
Other Indirect Scope 3*	Metric tonnes CO <sub>2</sub> e	43,395	49,739	50,792
GHG Total (Scope 1+2+3)	Metric tonnes CO <sub>2</sub> e	53,665	61,623	63,120

The divestment of Valvekits in the UK led to a 242,150 kWh reduction in the Group's electricity consumption year-on-year.



**2%**  
annual savings  
target electricity  
and gas consumption

**12.9%**  
reduction in total  
GHG emissions



### Direct – Scope 1

Our Scope 1 emissions fell 18.3% year-on-year in 2019. Versus the 2017 baseline this is an 18.9% decrease. A significant reduction in diesel usage contributed to this performance.

### Indirect – Scope 2

The year-on-year reduction in our Scope 2 emissions was 9.4%, slightly less than the reduction achieved under Scope 1. This is a 14.8% reduction to the 2017 baseline figure. The 11.1% reduction in our electricity usage was a significant contributor to this performance.

### Other Indirect – Scope 3\*

The Group's other indirect Scope 3 emissions were 12.7% lower year-on-year in 2019. The reduction was achieved through a reduction in indirects such as electricity, petrol and water treatment and represented a 14.5% reduction from the baseline.

### Total GHG Emissions

Our total Greenhouse Gas emissions were 12.9% lower year-on-year and 15.0% lower than the 2017 baseline year.

The Group has no other GHG emissions (such as methane, N<sub>2</sub>O, sulphur hexafluoride, HFCs or PFCs) to report.

\*Other Indirect – Scope 3 emissions do not currently include downstream transportation and distribution, employee commuting, business travel (partial), purchased goods and services and upstream transportation and distribution.



# Water

Whilst our own operations are not large users of water, Rotork plays a major part in managing this scarce resource. In fact, the most common application of Rotork’s products and services across all our end markets is the control and management of water.



Our customers are very large users of water, and use our products extensively to control their water usage whilst minimising their environmental impact. Many of our products sold to oil and gas, chemical, industrial and power generation customers are used to control the flow of their process water. Our customers are, with our help, making significant efforts to manage their environmental impact, including the recovery, recycling and treating of water.

Water consumption across the majority of our sites is relatively small, limited to domestic supply used for drinking and sanitary facilities. A few of our sites utilise water for production purposes though this is limited to oil/water mixes, water for cleaning products prior to painting and pressure testing of units. Where water discharges occur into drainage systems this is from toilets and sinks and goes into sewerage for treatment at a local facility. Where contamination could occur from cleaning processes this water is removed by licensed and authorised contractors for pre-treatment prior to disposal. Oil/water mixes are treated as hazardous waste and are disposed of in line with local regulations.

Our production facilities in Italy have been identified as being located in water-stressed areas. Our local teams in Italy are therefore particularly aware of the importance of saving water and managing water-related risks. They also take this factor into careful consideration when planning site changes.

Our water withdrawal fell by 12.5% year-on-year in 2019, equivalent to a 14.2% reduction against the 2017 baseline. The biggest driver of the reductions was the completion of environmental projects identified by the Rotork Management Operating System (‘RMOS’). All withdrawn water is sourced from domestic suppliers. There is only one exception to this: rainwater is harvested at our Chennai (India) facility.

A number of projects contributed towards the improvement in Rotork’s water withdrawal performance. In Leeds (UK), we shut down wash plants that weren’t being used efficiently and in Shanghai (China) we completed an optimisation project on a de-greasing process. The Growth Acceleration Programme’s factory footprint optimisation initiatives also contributed. As we develop our global procurement team further, there will be the opportunity to address issues relating to water supply and impact on local communities at a supplier level.



**Our customers are, with our help, making significant efforts to manage their environmental impact**

**12.5%**  
water withdrawal reduction year-on-year in 2019

	Unit of Measure	2019	2018	2017
Total water withdrawal	Cubic Metres	38,890	44,463	45,315





# Waste

We encourage all of our locations to minimise or eliminate the amount of waste that they produce and we use the RMOS system to identify projects that drive performance improvement.



**Our facilities are actively encouraged to achieve Zero Landfill status**

**69%**

**of our waste was recycled in 2019**

	Unit of Measure	2019	2018	2017
Total waste	Metric tonnes	2,273	3,592	2,982
Waste recycled	Metric tonnes	1,579	2,471	2,304
Sent to landfill	Metric tonnes	592	820	678
<i>Of which hazardous</i>	<i>Metric tonnes</i>	<i>264</i>	<i>360</i>	<i>389</i>
Sent to energy recovery	Metric tonnes	102	301	-

In 2019 we achieved a total reduction in waste production of 1,319 metric tonnes year-on-year, a 24% reduction versus the 2017 baseline year. Our factory footprint optimisation initiatives contributed to the improved performance.

We recycled 69% of our waste production in 2019, unchanged from the previous year. Wood and steel represented just over two-thirds of our recycled waste production in 2019 (by weight).

Whilst the percentage of waste produced that is sent to landfill increased year-on-year (from 23% to 26%), in absolute terms waste sent to landfill was significantly lower year-on-year.

Our facilities are actively encouraged to achieve Zero Landfill status. We congratulate our team at our facility in Falun (Sweden) for achieving this in 2019. Our Bath facility has held this status for several years.

Rotork's regular operations do not emit any NOx, SOx or any particulate matter. In several locations we have emergency generators whose sole function is to provide back-up power when electric power for the local utility is interrupted. In some cases these have the potential to emit NOx, SOx or particulate matter. However, in most cases they are operated very infrequently.

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