

# GOVERNANCE

## Ethics Governance

### Our Core Value of "Integrity" is essential to our success

Senior remains committed to the highest standards of ethics, promoting the culture of zero tolerance towards bribery and corruption. Employees can give honest feedback, express concerns if there are any practices that they feel uncomfortable with allowing us to take corrective actions when mistakes happen. Our ethics and business conduct programme commits us to conducting business fairly, impartially and in compliance with local laws and regulations and to acting with integrity and honesty in our business relationships. The programme is underpinned by the Code of Conduct, which provides a clear framework on which to base decisions when conducting day-to-day business. It does this by:

- clearly setting out the behaviour expected of all employees;
- providing guidelines which help employees to apply our Values; and
- enabling employees to raise a concern or ask a question if in doubt.

Acting ethically is fundamental to our business success; it enables us to strengthen long-term relationships and protect the Group's reputation.

We use various forms of communication and training materials, both in person and through electronic media, to embed the ethics and integrity requirement across the Group. We investigate any alleged violations or complaints and take the necessary action. A register of reported whistle-blowing incidents is maintained by the Group Company Secretary and the Board receives regular updates.

In July 2021, all employees were issued with a personal copy of the Group's updated Code of Conduct booklet and provided with training on the revised Code of Conduct. All new joiners are issued with a copy of the booklet and provided with training on the Code. In 2022, all employees received refresher training on Senior's Code of Conduct. The completion rates typically run at around 94% allowing for new starters who have not completed their training immediately on joining.

The Code of Conduct booklet is available in all languages applicable to the Group's employees.

Any fraud issues that have come to the attention of the Director of Risk and Assurance (formerly the Head of Risk & Compliance) are discussed by the Audit Committee, noting the cause, the action taken and any improvements to internal controls implemented as a result.

### Gifts and hospitality

The Group's Code of Conduct contains specific provisions on Gifts and Hospitality. Employees must declare any gift or hospitality provided or received with the individual or annual aggregate value in excess of £200 (or lower amount) as specified in the Group Gifts and Hospitality Policy.

## Anti-bribery & Corruption

The Group recognises that the use of third-party intermediaries can increase potential bribery and corruption risks within the markets in which we operate. The Company conducts appropriate due diligence and ongoing monitoring of third parties with which it works, including regular screening, risk assessments, and compliance health checks. The Company also subscribes to third-party rating organisations to support its due diligence process, particularly when appointing agents and distributors. The Company has a Responsible Sourcing Policy which includes a structured approval process for all key suppliers and those with additional risks.

The Group's Code of Conduct clearly states that Senior will follow all applicable laws and regulations, including the UK Bribery Act, etc. Other Group policies, such as The Use of Agents, reinforce this.

### Insider dealings

The Company has a Dealing Code (the "Code"), aimed at ensuring that the Directors of the Company, and employees identified as persons discharging managerial responsibilities ("PDMRs") of the Company and its subsidiaries, do not abuse, and do not place themselves under suspicion of abusing, Inside Information and comply with their obligations under the Market Abuse Regulation. The Code contains the dealing clearance procedures which must be observed by the Company's PDMRs and those employees who have been told that the clearance procedures apply to them. This means that there will be certain times when these employees cannot deal in the Company's securities. The Code also contains certain additional obligations which only apply to PDMRs. Failure to observe and comply with the requirements of the Code may result in disciplinary action.

### Compliance risk assessments and audits

The Company conducts annual Control Self Assessments at all of the Group's operating businesses, which include questions related to the Code of Conduct. The Company also conducts Internal Audits which include testing on areas of governance, including the Code and the prominent display of the Group's whistle-blowing procedures at all of the Group's sites. Risk assessments are conducted at operating business and Group level. Risks related to areas contained in the Code of Conduct are considered, with follow up actions where residual risk is deemed high. A more detailed fraud risk assessment is also performed.

## Whistle-blowing

As part of our internal control procedures, the Group has a Whistle-blowing Policy that is communicated across all our operations. This Policy provides employees with the opportunity to report suspected unethical or illegal corporate conduct confidentially and anonymously.

The third-party whistle-blowing free, secure reporting service, which is externally hosted, is available in all languages appropriate to our global locations.

The Group Company Secretary provides information on any reported whistle-blowing cases in monthly Secretarial reports to the Board of Directors. This is a standing agenda item at every Board meeting. In addition, the Group HR Director summarises the total cases and assesses if any patterns or trends are emerging. This is included in every Group Chief Executive Officer's report to the Board.

## Information Security update and our plans for 2023

In 2022, Information Security training continued to be delivered to all employees. Further details of the training courses provided during 2022 can be found on page 37. Training courses planned to be rolled out in 2023 include: Secure Use of Email and Instant Messaging; Using Mobile Computing Securely; and Working Securely in Public Places.

## Board

### Board gender diversity

The Board is supportive of the aim to improve diversity in public companies. In 2022, five of the nine Directors were female (55%).

### Board succession & Board effectiveness

Please see the Nominations Committee Report on pages 97 to 99 in the Annual Report & Accounts 2022 for details of the Board's succession planning and the annual review of Board effectiveness.

### Independence of Directors

Six of the Board members out of a total of nine at the 2022 year-end were independent. These were Celia Baxter, Susan Brennan, Barbara Jeremiah, Giles Kerr, Rajiv Sharma and Mary Waldner.

## Shareholder Democracy

### Restriction on Voting Rights

The Company has only one class of shares; these are ordinary shares which carry no right to fixed income and have equal voting rights. The Company does not apply any voting rights ceilings.

### Size of shareholding necessary to introduce a new Resolution

Threshold requirements to introduce a new Resolution at the forthcoming AGM are stated in the Notes to the 2023 AGM Notice of Meeting, which can be found on the Company's website.

### Facilitation of shareholder participation

At the 2023 AGM, shareholders will be able to vote in person, or by proxy, on resolutions by post or electronically by visiting [www.sharevote.co.uk](http://www.sharevote.co.uk). Further details can be found in the Notes to the 2023 AGM Notice of Meeting.

### Internal Audit

The Internal Audit Manager reports to the Director of Risk and Assurance (formerly the Head of Risk and Compliance). In 2022, the Internal Audit Manager undertook four Information Security audits, 10 Internal Control audits, one Trade Compliance audit and three Thematic audits.

### Risk process

Please see the Risks and Uncertainties section of the Annual Report & Accounts 2022 on pages 60 to 71.

### Data Protection and Information Security

Information security risk assessments are routinely conducted across the Group, an example of which includes assessing third-party suppliers to ensure systems are secure by design. Where a system is unable to comply fully with Senior's security policy or minimum standards, the risk is identified by subject matter experts, reviewed with applicable risk owners and steps agreed to manage any risks identified.

In 2022, information security continued to be a key area of focus to safeguard the Group's assets, with some of the Group's employees continuing to work from home in environments that could not be directly controlled by the Group's Head of Information Security. Working from home was facilitated by secure remote access to the operating businesses' computer networks. During the year, all staff received training and regular reminders about the risks related to information security and the importance of awareness of matters such as fraud, scammers and ransomware, proper use of the internet and smart downloading.

The Group's Head of Information Security provides regular updates to the Board and attended the September 2022 Board meeting to formally present a report on information security issues identified during the year, the improvements to security made and the plans for the future.

## Targets and Objectives

In 2019, the Group implemented a three-year rolling Information Security plan, which documented its mission to improve security maturity and reduce business risk across the Group. As capabilities were introduced, metrics were developed and routinely reported (including to the Executive Committee) which measured effectiveness and provided a feedback loop to the ongoing plan. In July 2022, the Executive Committee approved a new Information Security strategy, with the objective of further maturing the Group's cyber defences for the next three years.

### Physical and Technical Safeguards

The new three-year Information Security strategy builds on existing physical and technical safeguards already in place by creating a more mature security infrastructure with growing capability, using a risk-based approach.

### Certification

The Group's Information Security policy is based upon a number of recognised, international standards, including ISO 27001, NIST CSF and the CIS top 20 controls, which all the Group operating businesses are required to follow.

### Procedures for Outsourced Data Processing

Where third-party data processing is utilised, the Group follows its internal data protection policies and risk assessment procedures, including reviewing contractual provisions for both existing and new providers.

### Sustainability Governance

Internal governance of the Group's Sustainability factors is reviewed at both Executive Committee and Board level and the factors are externally verified, where applicable. Further details can be found on page 25 of the Annual Report & Accounts 2022.

### Product Safety

Product quality is absolutely core in all of Senior's businesses and activities. All of Senior's businesses have ISO 9001 accreditation for manufacturing. The operating businesses have additional aerospace and automotive accreditations, dependent upon their intended markets. Ultimate responsibility for product quality and safety lies with the senior manager of each business unit.

All products undergo service/safety risk assessments, as required in Senior's demanding markets. Employees receive regular training on product and service safety. All the Group's operating businesses have in place incident investigation and corrective action policies and procedures and quality testing programmes.

Product/service objectives or targets are set by the operating businesses to meet customer requirements and regular external product/service safety audits are conducted, where standards require.

### Tax Transparency

Senior's 'Approach to Tax' document can be found on the Company's website.

## ADDITIONAL RESOURCES

- Read more about Technology on [pages 44 to 49](#)
- Read more about Our Technology and Product Development on the Road to Net Zero on [pages 20 and 21](#)
- Read more about Stakeholder Engagement on [page 50 to 55](#)