

Corporate Social Responsibility

Introduction

This report describes the policies and procedures that the Board has put in place to ensure that Aggreko operates in a safe, ethical and responsible manner, which protects the environment as well as safeguarding the health and safety of its employees, its customers, and the communities in which it operates. The process for identifying, evaluating and managing the risks that are considered significant is summarised under the heading of Internal Control on page 50.

The nature of our business is that we work in many different countries, often in remote and difficult environments, with equipment and substances which, if improperly handled, are potentially dangerous to people and harmful to property and the environment. We frequently operate in response to natural or man-made disasters, where the infrastructure has been badly damaged and where operating conditions are far from ideal. Over time, therefore, we have developed a comprehensive range of operating procedures and processes to ensure that we minimise any risk of harm to people or to the environment.

Health and Safety

Aggreko puts health and safety at the very heart of its operations. Most of our equipment is heavy, electro-mechanical equipment which is moved around frequently. Compressors and generators respectively produce high-pressure compressed air and high voltages, either of which can be harmful to people if mishandled.

Aggreko's policy is to implement common health and safety operating procedures worldwide. Whether operating in the Australian bush, the Saudi Arabian desert or in downtown Manhattan, our operating procedures are the same high standard.

Among the key features of Aggreko's worldwide Health and Safety Policy are:

- ensuring that health and safety issues are at the forefront of considerations when we design our equipment;
- ensuring that our equipment is built and maintained to the highest standards;
- training and educating our staff worldwide in the safe operation of our equipment; and
- ensuring that health and safety issues have the appropriate level of focus throughout the management chain.

Aggreko has created its own Global Environmental Health and Safety Management System (GEMS) which has been implemented throughout the business. At the core of GEMS is a Best Operating Practice document that is published in 8 languages (English, French, German, Dutch, Spanish, Italian, Norwegian and Singhalese) and made available to every Aggreko employee worldwide. The Best Operating Practice is updated in the light of experience and incidents.

GEMS incorporates a comprehensive reporting system which is designed to ensure that the Company knows of every incident, and can learn from it. A uniform accident and incident data collection procedure is implemented worldwide, and from this we can measure our performance and benchmark our operations. Performance measures are reported at a business unit level on a monthly basis. Any serious incident is immediately reported to the Executive Director responsible for the business unit concerned.

Meetings of the senior management of each region are held regularly; at each of these an Executive Director will normally chair the meeting, and incidents reported under GEMS are discussed. On a quarterly basis, the Executive Director responsible for Health and Safety, George Walker, reports to the Board.

We measure our safety performance using a metric called 'Frequency Accident Rating' (FAR), which is a measurement of lost-time accidents in relation to the number of hours worked. The usefulness of this measure is that we can benchmark our performance against other businesses. It is calculated as the number of lost-time accidents multiplied by 200,000 hours (being the base for 100 full time employees working 40 hours per week, 50 weeks per year), divided by the number of man-hours worked. The benchmark is the 2007 level reported for the US rental and leasing industries by the US Department of Labor of 1.1. Aggreko's FAR performance is much better than the benchmark and has also seen considerable improvement over the last three years with 0.46 in 2008, 0.50 in 2007 and 0.75 in 2006. A FAR score of 0.36 has been set by the Group as a target for 2009. This measure is also included under Key Performance Indicators on page 28.

Employees and Equal Opportunities

Aggreko is committed to promoting equal opportunities for all, irrespective of disability, ethnic origin, gender or any other considerations that do not affect a person's ability to perform their job.

The Group's policies for recruitment, training, career development and promotion of employees are based on the suitability of the individual and give those who are disabled equal treatment with the able bodied. Where appropriate, employees disabled after joining the Group are given suitable training for alternative employment with the Group or elsewhere.

The Group continues to operate team briefings throughout its business to keep employees informed of developments and plans, both in their own operations and in the Group as a whole. Employees have access to the 'Aggreko Resource Centre', an intranet based system, which provides them with a wide range of information on the activities of the Group around the world. The annual and interim results are publicised extensively throughout the business and are made available to all employees.

The Environment

Set out below is an explanation of the terms and abbreviations used in this section.

- CO₂** Carbon Dioxide.
- EPA** Environmental Protection Agency
- SCR** Selective Catalytic Reduction
- g/kWhr** Emissions in grams per kilowatt hour.
- kVA** A thousand volt amperes.
- LWA** Sound power level at source.
- MW** A million watts.
- NO_x** Oxides of Nitrogen.
- Particulate** In general this term relates to visible smoke.
- Tier 1, Tier 2, Tier 3, Tier 4** US Federal Government target emission reduction levels.

Environmental Policy

Aggreko's equipment is designed to function in all continents and all types of terrain. By careful design and use of the most suitable technology, we also aim to minimise the environmental impact of that equipment. Aggreko makes available to its customers equipment and solutions that are designed to comply with applicable laws, regulations and industry standards wherever we operate in the world. In effect, this means they comply with the laws, regulations and standards of some of the most stringent jurisdictions in which we operate and, therefore, far exceed the levels required in many others.

The two major environmental issues we deal with in our business are emissions-to-air from our equipment – the vast majority of which is diesel powered, and the safe handling and disposal of fuel and oil.

Corporate Social Responsibility continued

Our Environmental Policies are managed in a similar way to safety. They comprise:

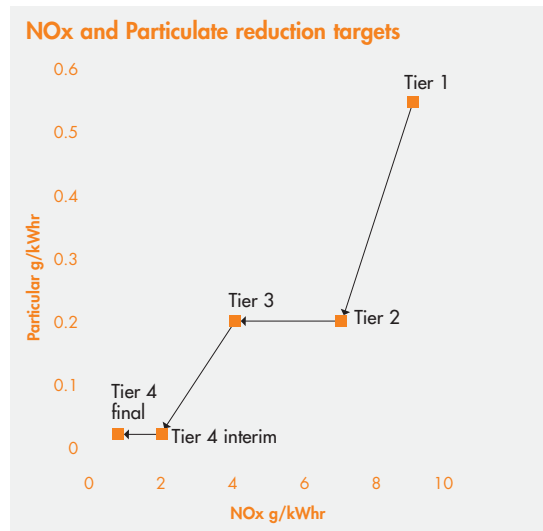
- ensuring that environmental issues are at the forefront of considerations when we design our fleet;
- ensuring that our equipment is built and maintained to the highest standards;
- training and educating our staff worldwide in the safe operation of our equipment; and
- ensuring that environmental issues have the appropriate level of focus throughout the management chain.

Emissions-to-air: exhaust gases and particulates

Emissions-to-air are an inevitable by-product of hydrocarbon fuelled engines. Over the years, as engines have become more efficient and legislation to limit emissions around the world has become stricter, emissions have reduced sharply. Aggreko works in co-operation with the manufacturers of diesel engines in order to meet new emission requirements in a timely manner.

The principal contribution we can make to reducing emissions to air is in maintaining our equipment in good order, and introducing engines into the fleet with good emissions performance.

In an increasing number of countries, air quality regulations stipulate emission standards with which new equipment being sold must comply. Generally countries allow equipment already operating to continue to do so for its useful life. This is called 'grandfathering'. The US EPA has introduced the earliest and most stringent regulation in this area, introducing reduction targets for emissions of NOx and particulate by Tier, starting with Tier 1 in 2000, moving to Tier 4 final around 2014. The EPA requirements have therefore been the main driver of new generator development. The following graph illustrates the reduction targets for emissions under the EPA regime.



Subject to manufacturers' ability to introduce the necessary technology into volume production, we expect that by 2010 the majority of engines we build will be certified to at least Tier 2 and we will have Tier 3 engines available in certain sizes for the US market.

Tier 4 Emissions

Development is underway of diesel generators to meet up coming Tier 4 standards for mobile generators. In 2008 a significant project was undertaken in Chile to deliver the lowest level of NO_x yet stipulated by a standard. Seventy of Aggreko's project machines were fitted with an advanced SCR that reduced NO_x by 90%. Similar technology will probably be required to meet EPA Tier 4 requirements in the US and in Europe shortly after. We are currently working closely with engine manufacturers to develop appropriate solutions for these requirements.

Aggreko Natural Gas Generator Development

We are constantly exploring new ways of reducing emissions, and have completed the development of a new gas-fuelled temporary power solution, which has significantly lower levels of emissions (see below).

	Tier 1 Engine	Gas engine	Reduction
NO _x	6.9 g/(bhp-hr)	1.0 g/(bhp-hr)	87%
Particulates	0.4 g/(bhp-hr)	0.1 g/(bhp-hr)	75%

Natural gas presents a competitive advantage over other energy sources. It is seen as economically more efficient because only about 10% of the natural gas produced is wasted before it gets to final consumption. In addition, technological advances are constantly improving efficiencies in extraction, transportation and storage techniques as well as in equipment that uses natural gas.

Natural gas is considered an environmentally-friendly clean fuel, offering important environmental benefits when compared with other fossil fuels. The superior environmental qualities over coal or oil are that emissions of sulphur dioxide are negligible and that the level of NO_x and CO₂ emissions is significantly lower. Where the gas fuel is essentially a stranded resource or is derived from a biological source, a CO₂ and greenhouse gas reduction is realised. This helps to reduce problems of acid rain, ozone or greenhouse gases.

In many of Aggreko's target markets natural gas is effectively a stranded revenue. Aggreko's service allows for generation of power from this valuable resource on a more flexible and scalable basis than existing solutions.

Alternative Energy Sources

In addition to the work we have undertaken developing natural gas-powered generators, we are constantly reviewing product technologies, looking for advances that we can adopt within our product portfolio. These include:

- Bio-fuels – Across many of our markets we have seen the emergence of Bio-diesel as an alternative energy source. These fuels are compatible with most of our generator fleet, either in a blended or pure format. Bio-fuel can reduce CO₂ emissions, given that the crop that derived the fuel has absorbed CO₂ from the atmosphere. While we will continue to support customers who wish to run our equipment on Bio-fuels, our main concern with this energy source is sustainability of the sources of production, and the environmental impact of certain production methods. Consequently, we are not actively promoting Bio-fuel use in our business.
- Fuel Cells – Whilst we keep a close watch on the development of Fuel Cell technology, we do not currently see any commercial application in our business. This may change as technology improves and costs reduce.
- Renewables – At present, it is hard to envisage the application of renewable energy sources to large temporary power generation projects. While we have, for example, reviewed the application of battery technology in combination with a diesel generator to provide hybrid power, which can improve efficiency and reduce fuel consumption, technology is not yet advanced enough to enable us to pursue a hybrid renewable option. We do however foresee a role for our products in supporting systems and grids which rely upon renewables, where seasonal restrictions can occur.

Corporate Social Responsibility continued

Emissions-to-air: carbon dioxide

All of Aggreko's core activities release CO₂ into the atmosphere to a greater or lesser extent. The most significant impact arises from power generation in Aggreko International owing to the intensiveness of our activities in providing temporary power stations. Any generation of electricity using hydrocarbon fuels inevitably causes the release of CO₂ and the performance of Aggreko's equipment is comparable to other equivalent power sources. Aggreko is actively researching the availability of alternative mobile power sources that will reduce the level of CO₂ emissions; until an economically viable alternative becomes available, the level of emissions will mirror the level of our business activity. The actual amount of CO₂ released by our engines is driven by the usage our customers make of our equipment on rent; an engine running 24 hours/day will emit much more CO₂ than an engine used for a few hours a day. These patterns of usage can vary widely from country to country and from year to year. We estimate that customers using Aggreko engines produced an average CO₂ emission rate of 0.65 tonnes of CO₂ per megawatt hour.

Petroleum Spills and the Safe Disposal of Waste Fluids

Aggreko and its customers handle a considerable quantity of diesel fuel and the occurrence of fuel spills is an area that the Group monitors very closely. The measure used by management to measure the performance of the Group in handling fuel is the 'Petroleum Release Rating' (PRR). This is calculated as litres released to ground, divided by the cumulative average MW on rent. The PRR performance over the past three years has been: 2008 – a rating of 0.75, 2007 – a rating of 0.13 and 2006 – a rating of 0.60. Our equipment has been specifically designed to minimise the risk of fluid spillage through features such as a 'save-all base', double-walled storage tanks and fail-safe valves. A PRR score of 0.09 has been set by the Group as a target for 2009.

Another potential source of environmental damage is in the disposal of consumables such as engine oil and filters. In our Local business, these are normally returned to our service centres where they are safely disposed of. In our International Power Projects business, site-specific arrangements are made to ensure the safe handling of these items.

Reporting of fuel spills is handled in a similar way to safety incidents, with monthly reporting at regional level, and quarterly reporting to the Board.

Noise

Aggreko has built a competitive advantage through an equipment fleet that minimises external noise. This is done by the use of custom-built acoustic enclosures as well as high performance isolation and attenuation systems. Aggreko continues to work closely with its suppliers and local university research departments in order to develop its expertise in this field. As a result, our equipment is able to achieve the following performance standards that are well below the maximum levels permitted by current European legislation.

Size of Generator	Certified Noise Level (Sound Power LWA)		
	Maximum EU Limit	Aggreko Standard Product	Aggreko Premium Product
Prime Power			
30kVA	96.47	92.0	78.0
60kVA	96.77	93.0	80.0
125kVA	97.10	94.0	83.0
200kVA	97.30	94.0	91.0
350kVA	97.55	92.0	90.0

Note: A reduction of 3 LWA in the certified noise level equates to an audible noise level that is approximately 50% lower.

Refrigerant

In accordance with the timelines and accords set out by the Montreal protocol Aggreko has phased out CFC plant from its temperature control rental fleet and is in the process of phasing out HCFC plant; we have introduced HFC replacement prototypes and production models in all areas.

Social Responsibility Policy

Aggreko has a policy of encouraging local teams to engage with the communities in which they work, and each year they undertake innumerable initiatives to help the disadvantaged or those affected by natural disasters.

One such initiative is Book Aid International, a charity promoting literacy in developing countries, with which we signed a funding agreement in 2006. We have undertaken to provide them with £40,000 each year, to enable them to provide books and other educational material to schools and libraries in Africa.

The wide variety and diversity of the books supplied is of enormous value to Book Aid International partners, who can reach out to many communities and meet the information needs of key target groups, including the poorest people. Whenever possible, partners undertake activities to promote books and reading within their networks. These can include major initiatives, such as the East Africa reading tents project, or smaller bespoke activities for the visually impaired, or reading awareness days. All activities are aimed at ensuring the target groups are aware and able to access the books made available, and that a culture of reading begins to develop.

Building on our donations in 2006 and 2007, in 2008 Aggreko contributions to Book Aid International funded the purchase of just over 26,000 books. These were distributed in Cameroon, Kenya, Namibia, Tanzania and Uganda, which all rank in the bottom third of the world's poorest countries and where adult literacy rates are generally in the range of 66-69%. In most classrooms it is common for books to be shared between 10 pupils and frequently more. Beyond the classroom, access to books is often limited to an elite few, and when available – the average cost of a book is often up to one month's wage, putting them far beyond the reach of most people.

Donations

During the financial year the Group contributed £163,148 (2007: £118,924) in terms of cash, employees' time and other services to a range of charitable, community and disaster relief organisations. Of this total £76,014 (2007: £58,981) was donated to registered UK charities.

No political donations were made during the financial year (2007: nil).

Business Ethics

Ethics Policy

Aggreko has a reputation for delivering innovation, performance and solutions. Also at the heart of our long-term success is something less tangible and less easily illustrated with figures or case studies. This key element is integrity and honesty in our business dealings, a factor that contributes to our long-term relationships with customers. All Aggreko employees, as well as consultants and agents who we work with, are expected to behave ethically in their work, and our expectations of them are set out in a Corporate Ethics Policy. The objective of the Policy is to make Aggreko a good company to work for; to maintain our reputation for exceptional customer service and ethical business dealings; to compete ethically; and to ensure the business is managed to a consistently high standard. Further discussion of our policies for handling ethical risks is set out under Principal Risks and Uncertainties on page 25.

Employees who suspect any breaches of the Corporate Ethics Policy are encouraged to speak up, and their confidentiality and position is protected if they do so.

See our Corporate Responsibility Website

Further information and copies of the Environmental, Health and Safety Policy and Corporate Ethics Policy are available at www.aggreko.com/about_aggreko.aspx