



MODERN SLAVERY STATEMENT

This statement has been published in accordance with the Modern Slavery Act 2015. It sets out the steps taken by Melrose Industries plc and other relevant group companies (the “Group”) during the year ending 31 December 2020 to prevent modern slavery and human trafficking in its businesses and their respective supply chains. We published our fourth Modern Slavery Statement in June 2020 and over the past year we have continued to review our policies in this area, and to support our businesses in their efforts to reduce potential risks of modern slavery and human rights abuses in their respective businesses.

Melrose maintains high levels of ethical conduct and takes a zero-tolerance approach to any form of modern slavery or human trafficking. We are committed to investing in and working with our businesses to create effective systems and controls to safeguard against any form of modern slavery taking place within them or their respective supply chains. We are also committed to acting in an ethical manner with integrity and transparency in all business dealings, and to create effective systems and controls across the Group to safeguard against adverse human rights impacts. The Group has a strong culture of ethics and integrity and works to ensure adherence to the Melrose Code of Ethics, which encompasses key human rights considerations. The Group supports the principles set out in the UN Declaration of Human Rights.

Our commitment

As set out in our 2020 Sustainability Report, which can be found on pages 58 to 87 of our 2020 Annual Report (<https://www.melroseplc.net/media/2615/melrose-annual-report-and-accounts-2020.pdf>), Melrose strives to have a good track record on matters relating to sustainability, which includes modern slavery and other human rights issues. The Melrose board of directors (the “**Board**”), with direct support from the Melrose senior management team, operates a decentralised stewardship model that equips the Group’s businesses with the management expertise, operational investment, and robust governance practices to implement modern slavery and human trafficking improvements, as enshrined in the Melrose [Code of Ethics](#), Group compliance policies and procedures.

The Melrose senior management team applies close oversight and challenge to continually encourage the adoption of better practices and behaviours within each business whilst owned by Melrose, and advises the Board in reviewing, challenging and approving the Modern Slavery and Human Trafficking Policy and this statement. An in-depth review of the Melrose Code of Ethics and Group compliance policies (including our anti-slavery and human trafficking policy) was undertaken in 2020, and the updated Group compliance policies have been rolled out to our businesses, supported by guidance in respect of conducting risk assessments, and relevant training and updates. The Board gave particular thought to the Code of Ethics, and this was refreshed to ensure that it reflects the Company’s expectations of its business, employees and certain other parties in doing business.

Melrose is committed to addressing the potential risks of modern slavery and human rights abuses. We are committed to acting in an ethical manner with integrity and transparency in all business

dealings, and to investing in the creation of effective systems and controls across the Group to safeguard against adverse human rights impacts. The Group has also taken steps to encourage and support the business divisions to implement effective and proportionate measures to identify, assess, monitor and mitigate any risks of modern slavery within their operations or supply chains, including through implementation of refreshed policies, training, audits, and risk assessment guidance.

The Melrose Code of Ethics

We are committed to conducting business with the highest standards of integrity, honesty and transparency and in compliance with all relevant laws and regulations, wherever we do business. All of our businesses must ensure that the Code of Ethics is communicated and embedded into their business operations, as well as ensuring that there is a mechanism in place for anyone to whom the Code of Ethics applies to seek guidance on interpreting the Code of Ethics, where required.

Our Code of Ethics, as well as all Group compliance policies, were refreshed and approved by the Board in 2020 to ensure that they reflect current statutory requirements and stakeholder expectations. The Code of Ethics applies to all directors, officers and employees of the Group, including those of any entities over which Melrose has effective control. "Employees" includes permanent and temporary staff, interns, secondees and staff provided by staffing agencies. Everyone to whom the Code of Ethics applies must take time to read the Code of Ethics and understand how it applies to them. If Melrose has an investment in an entity over which it does not exercise effective control, it shall use its influence to encourage the entity to adopt standards that are substantially equivalent to those set out in the Code of Ethics. Melrose also expects its suppliers and other business partners to conduct themselves in a manner consistent with the Code of Ethics.

1. Organisation structure and supply chains

Through its "Buy, Improve, Sell" strategy, Melrose acquires good quality manufacturing businesses that are underperforming their potential, and invests heavily to improve performance and productivity as they become stronger, better businesses under our responsible stewardship.

As further detailed in our 2020 Annual Report, the Group operates on a decentralised basis, and the Board has established an organisational structure with clear reporting procedures, lines of responsibility and delegated authority between it and each of its business units. Under this decentralised group structure, each division, where applicable, is responsible for publishing its own tailored Modern Slavery Statement in accordance with the requirements under the Modern Slavery Act 2015, and is fully supported by Melrose where needed. This approach ensures that those senior managers closest to the business operations devise appropriate measures with a view to identifying and eradicating slavery from their supply chains. Where applicable, each business's statement is available from their respective website, and contains detail on the specific steps taken by the businesses during the year to ensure compliance with their obligations in this area, by reference to the requirements of the Modern Slavery Act 2015. For 2020, this includes details on the specific mitigation actions that have been taken by the businesses in their respective supply chains in response to the pandemic.

This statement, in contrast, is intended to provide a high level overview of the actions taken by Melrose at a group level, and of the oversight and guidance provided by the Board in this area to the

business units. The Board have determined this approach to be the most appropriate for Melrose and its businesses (and their respective stakeholders), in light of the Group's structure.

A list of our Group companies as at 31 December 2020 by jurisdiction can be found on pages 194 to 202 of our 2020 Annual Report, who are covered by this statement.

2. Policies in relation to slavery and human trafficking

Melrose operates a number of internal group-wide policies to ensure that we and our businesses are conducting business in an ethical and transparent manner. Melrose itself is a very lean, managerial organisation without global supply chains or employees in high risk jurisdictions at the holding company level, reducing the risk of modern slavery and other human rights issues at this level.

Even though the Board considers Melrose itself to be low risk, we take these issues very seriously. We fully appreciate that some of our businesses do operate in sectors where there are complex global supply chains and have employees in higher risk jurisdictions, and therefore may have an increased risk of modern slavery and human rights issues. Each business unit is responsible for ensuring that this risk is adequately addressed and is provided with all reasonably necessary recourses to make them commercially effective.

Melrose has a group-wide policy on the prevention of modern slavery and human trafficking, the recently revised version of which has been rolled out by the businesses to their respective employees, along with an online compliance training module (see section 6 below).

Our businesses also implement effective and proportionate measures to identify, assess and mitigate potential labour and human rights abuses across their operations or supply chains, including training, modern slavery policies, employee handbooks and business-specific policies. All business-specific employee policies are reviewed locally within each business in order to ensure compliance with local laws and standards as a minimum.

3. Due diligence processes

As a key part of the "Improve" limb of the Melrose model, whilst under our ownership, we look to empower and resource our businesses to improve their performance with respect to risks of modern slavery and human rights abuses, to enable them to make better contributions to industry, society and the environment for the long-term.

We recognise that there may be a risk of human rights issues in some of the businesses that we buy. In order to address the potential risks, Melrose firstly seeks to undertake appropriate due diligence on businesses it looks to acquire, to the extent possible, to ensure that the supply chains are adequately assessed and any material issues are understood prior to acquisition. Post-acquisition, Melrose looks to quickly embed its group-wide internal policies, as described above, which include the Anti-Slavery and Human Trafficking Policy, into each of the businesses it purchases, and works with them on their implementation and ongoing management, including where relevant pushing such policies down into their supply chain.

4. Risk assessment and management

Our approach to identifying and assessing human rights risks is embedded within our approach to risk management. Responsibility for the management of our most significant non-financial risks is determined by the Board and Melrose senior management, coupled with bottom-up risk management embedded in the day-to-day activities of our businesses.

The implementation of all Melrose policies, including the Anti-Slavery and Human Trafficking Policy, is supported by risk assessments, audits and reviews, and annual compliance certifications. Management of the risks by each business is driven by the size and complexity of the business and by the nature and geographical representation of its key suppliers. A supplier approval process exists within all business divisions, which is linked to specific and tailored supplier assessments and due diligence requirements utilising third party resources and the implementation of appropriate terms and conditions for the protection of the Group. At a minimum, the supplier qualification process requires suppliers to complete a risk assessment. Many of our businesses also require suppliers to sign their supplier code of conduct or equivalent policies and depending on the determined level of risk, may also result in an audit or further reviews. GKN Aerospace, GKN Automotive and GKN Powder Metallurgy, being the Group's latest businesses, have each prepared a supplier code of conduct that applies globally to all their suppliers and is based on the ethos of "doing the right thing". There were no violations reported on human rights by our Group businesses in 2020 or for the previous two years.

A whistleblowing hotline is operated by the Group and monitored by the businesses' legal and compliance functions, supported by the Melrose senior management team, to empower employees to raise concerns, in confidence, about possible wrongdoing in any aspect of their business, including financial and non-financial matters. The Board actively monitors the nature of issues reported through the whistleblowing hotlines to identify potential areas of risk, and activity across the businesses is reported to the Board annually. Under this guidance, the business unit executive teams identify and rectify any adverse trends relating to material matters raised through the whistleblowing platform. The integrity of this process is an important part of the Company's governance arrangements and is regularly reviewed.

Further details of the Group's stance and focus on ensuring effective stewardship in respect of key environmental, social and governance matters are set out in the 2020 Sustainability Report.

5. Key performance indicators to measure effectiveness of steps being taken

We continue to monitor and evaluate the effectiveness of the steps that we are taking to ensure that slavery and/or human trafficking is not taking place within our businesses or their respective supply chains by:

- continual monitoring of reports from employees, the public, or law enforcement agencies that may indicate that modern slavery practices or the risk of potential modern slavery practices have been identified;
- the use of grievance mechanisms;
- requiring staff to undertake MSA and whistleblowing training; and
- continuing to roll out our policies to the businesses that we buy.

These performance indicators help us ensure the effectiveness of our efforts to address modern slavery risks across the Group, and are continually reviewed to ensure they remain appropriate.

6. Training on modern slavery and trafficking and whistleblowing

Melrose provides the Group businesses with employee training on all its policies, including in relation to modern slavery and human trafficking, as well as providing a confidential whistleblowing hotline, to support its compliance policies.

We prepared specific, tailored training on modern slavery at the time of publishing our first modern slavery statement, and implemented it across the businesses we owned at that time. The training educates employees on the issues and risks surrounding modern slavery and what to do if they suspect that modern slavery is happening internally or within their supply chain. We continue to train new joiners of existing businesses and employees of new businesses added to the Group through acquisition. We support our businesses in further tailoring training as they feel is most appropriate to their employees and industry, and encourage them to regularly review and update materials to reflect changes in this area.

As an organisation Melrose understands that we must lead by example but we recognise that ultimately our businesses' employees are more likely to encounter potential human rights issues than those at the centre. For this reason, as mentioned above, Melrose provides a fully confidential, whistleblowing portal for all employees enabling them to raise any issues they may have or any potential violations they encounter. Melrose ensures that all reports are fully investigated and resolved. Melrose also provides whistleblowing training to employees to ensure that they are aware of the whistleblowing portal and its importance.

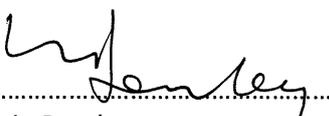
The Board continued to monitor the nature of issues reported through the whistleblowing hotlines operated by the Group on a consistent approach with 2019. The integrity of this process is an important part of the Company's governance arrangements and the Board will review this once again in 2021 to ensure it remains effective. Further details about the Group's whistleblowing procedures can be found in the 2020 Sustainability Report.

Looking ahead

We will continue to support our businesses in reviewing and investing in their business operations and procedures to ensure that risks of modern slavery are considered and addressed. Should any instances of modern slavery be identified at a Melrose level, we believe we are well positioned to deal with and address these and to support any affected workers in line with our core values.

Approval for this statement

This statement was approved by the Board of Directors on 14 June 2021 and signed on its behalf by:



Justin Dowley

Chairman, Melrose Industries plc