
WATER POLICY



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1 INTRODUCTION

- 1.1 Melrose Industries PLC and its business units (“**Melrose**”, “**Company**”, “**Group**” or “**we**”) is committed to improving its businesses for the good of shareholders, the environment and other stakeholders.
- 1.2 The purpose of this policy is to demonstrate our commitment towards reducing our businesses’ water withdrawal and looking to establish and implement best practice water stewardship methods.
- 1.3 This policy is in accordance with approval of the board of directors of Melrose Industries PLC.

2 WHO IS COVERED BY THIS POLICY

- 2.1 This policy applies to all our businesses and their suppliers, including contractors, vendors, service providers and their employees, working for, or performing a service for or on behalf of the Group across our businesses’ global operations.
- 2.2 We expect our businesses to drive and encourage their suppliers to respect and adhere to the principles stipulated in this policy.

3 POLICY STATEMENT

- 3.1 Each business within the Group is expected to establish a “culture” of compliance with this policy and the executive team of each business must take direct responsibility for ensuring effective transmission of this policy throughout their organisations, together with relevant guidance and training, and appropriate safeguards, monitoring, and resources, in order to ensure compliance with this policy.
- 3.2 This policy sets out our commitment to improve our businesses’ water management practices by reducing water withdrawal and instilling responsible use of this scarce resource. Water is often a fundamental part of our businesses’ operations and their future business developments, as well as the communities in which they operate. We therefore recognise our role and responsibility relating to water by driving our businesses to make educated and sustainable decisions.
- 3.3 In recognition of water as a scarce resource, Melrose and its businesses consult with our respective stakeholders to understand key environmental issues, aiming to help preserve this critical natural resource. Each business is required to put the correct programs, policies, and systems in place to understand how their business impacts water availability and quality and ultimately, reduce their water withdrawal. Biodiversity is both a part of natural capital and a critical element that underpins ecosystem services, as we recognise the importance of biodiversity and its fundamental role in our society. We therefore aim to preserve biodiversity and ensure future generations can enjoy its benefits.

- 3.4 Water is essential for a healthy economy, society, and environment. People across the world depend on it for their daily livelihoods, yet a large proportion of the world's population live in countries that are at risk of water stress and scarcity. The causes of water stress range from pollution of ground water, deforestation, drought, and poor waste management practices. Some of these are expected to deteriorate due to climate change and we recognise that our role as a corporate citizen is to operate good water stewardship practices. For Melrose, water stewardship means driving our businesses to use water in a way that is environmentally sustainable and socially equitable. Appropriate water stewardship practices are only possible through understanding how water is used, maintaining good water governance, monitoring water quality and identifying areas where water is scarce or at risk.
- 3.5 At a minimum, Melrose encourages its businesses to comply with relevant international and local legal obligations relating to water use, discharge, consumption and site-specific customer and certification requirements.
- 3.5.1 Measuring and Monitoring of Water
Melrose is committed to continuously improve data monitoring and collection processes across its businesses to enable risk assessment of water impacts and dependencies across their value chains.
- 3.5.1.1 Water Stress
We recognise that some of our businesses' operations are located in water stressed areas, and we regularly review the proportion of our businesses' water withdrawal occurring in areas of high or extremely high-water stress. We continuously engage with our businesses to work towards reducing water withdrawal in these regions.
- 3.5.2 Business Dependency on Water
Across our businesses, dependency on water varies due to the difference in manufacturing processes and locations of their operations. Water is used as a resource in production, and is a component in various processes, including paint spray booths, surface treatment and coating, hosing, rinsing, tumbling, and washing. Water is also used day to day by employees, providing drinking and sanitation facilities.

- 3.5.3 Water-related Risk Assessment
We drive our businesses to assess water-related risks as part of their organisational risk assessments, with issues such as water quality, flood risk, access to Water, Sanitation and Hygiene (WASH) facilities and implications of water on our businesses' key commodities considered and aggregated into our Group regulatory and Climate Change principal risks. Each of our businesses is required to assess their impacts on water quality and availability, risks, and dependencies in the locations in which they operate and encourage their suppliers to share this approach. This enables Melrose to better understand the impact that water has on a range of our businesses' stakeholders such as customers, local communities, and employees. By understanding these risks, Melrose aims to implement appropriate water stewardship practices and seeks to reduce both our businesses' dependency on water and the subsequent associated business impact of water availability and quality on them. In order to reduce flooding risk where relevant, Melrose's businesses are required to have business continuity plans specific to flooding which set out the steps to reduce the business impact.
- 3.5.4 Regulatory Compliance
We are committed to driving our businesses to manage their approach to water in line with applicable regulatory requirements through monitoring of their water withdrawal levels and intensity. Where required, our businesses are expected to engage with the local authorities to ensure the correct environmental permits are in place for their water management activities.
- 3.5.5 Stakeholder Awareness and Education
Melrose aims to raise awareness of the most efficient water use practices across our businesses' manufacturing processes. We encourage them to mitigate water usage in their production processes where possible, and expect their suppliers to share this approach.
- 3.5.6 Water, Sanitation and Hygiene (WASH) in the Workplace
Safe drinking-water, sanitation and hygiene are crucial to human health, well-being and are a universal human right. Safe WASH is not only a prerequisite to health, but contributes to livelihoods, helping to create healthy environments for resilient communities. We expect our businesses to provide access to safely managed WASH services, such as clean water and basic toilets, at all their facilities.

4 RESPONSIBILITY FOR THE SUCCESS OF THE POLICY

- 4.1 This policy forms part of our Group compliance policies, which fall under the overall responsibility of the board of directors of Melrose Industries PLC.

- 4.2 The executive team of each Group business must take direct responsibility for ensuring effective transmission of this policy throughout their organisation and supply chain, and managers have a specific responsibility to facilitate the operation of this policy.
- 4.3 All staff should be aware of and are responsible for the success of this policy and should ensure that they take steps to support it.
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