
SUPPLY CHAIN POLICY



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SUPPLY CHAIN POLICY

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 This policy underpins our expectations of our and our businesses’ suppliers, including contractors, vendors, service providers and their employees. These expectations are not replacements or substitutes for their own codes of conduct or applicable laws, nor do they amend contracted obligations. At a minimum, our businesses’ suppliers are expected to comply with all relevant laws while sharing our social and environmental commitments.
- 1.3 We want our businesses and their suppliers to aspire to be sustainable in their operations and supply chain, with environmental and social responsibility, focus on innovation and quality excellence in their delivery. All suppliers of Melrose Industries PLC or its businesses are expected to act in accordance with this policy.
- 1.4 We set ourselves ambitious environmental and social targets and commitments. While the targets we set are Melrose’s responsibility, in their delivery we are reliant on our businesses and their suppliers and will continue to work with them to reduce the environmental impact across our value chain and create positive social impact.
- 1.5 We encourage each of our businesses to have processes in place to ensure appropriate engagement of supply chain for the sourcing, selection, contracting and purchasing activities to ensure they comply with the relevant legislation and regulation.

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 ENVIRONMENTAL

- 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 within the Group 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 respect and protect the environment, and we expect and encourage our businesses and their suppliers to follow this commitment, in compliance with the applicable international, national, and local environmental legislation relating to energy use, waste, emissions, water and resource consumption and management.

3.3 For all our businesses and their suppliers, we have minimum standards in the following environmental areas:

3.3.1 Energy Use

We expect our businesses and their suppliers to manage their energy use appropriately by implementing energy efficiency measures and reducing energy consumption where possible.

To this end, we and our businesses will promote energy efficiency and renewable energy initiatives in our and our businesses own activities and those of our and our businesses suppliers.

3.3.2 Climate Change

Melrose recognises the serious threat posed by climate change to our businesses' operations and their supply chains. To achieve our Net Zero ambition, our businesses suppliers need to decarbonise and reduce their emissions. We expect our businesses and their suppliers to take proactive action to minimise their impact on climate change considering the entire supply chain in their activities.

3.3.3 Water Stewardship

As a Group, we are committed to driving our businesses and their suppliers to reduce their water withdrawal. We recognise the importance of conserving water and realise that the businesses that we own from time to time may have water intense supply chains and exposure to water-stressed areas in their operations. We regularly monitor and assess our businesses' water risks and opportunities and their potential impact in the short, medium, and long term.

Melrose considers water risk to be low in its Group-level operations, but of more relevance within Group businesses, and therefore expects its businesses and their suppliers to understand their impact on water and manage their water usage appropriately in line with the correct water stewardship practices. We also expect our businesses to comply with our Group Water policy and to follow its principles in their engagement with suppliers.

3.3.4 Environmental Issues

Environmental issues are issues that cause damage to the environment from human activity, which have negative short or long-term consequences to the health of the planet. We expect our businesses and their suppliers to avoid causing environmental harm such as land and water pollution, poor air quality, deforestation, land degradation and natural resource depletion and look to mitigate these issues where possible. We are committed to encouraging and

driving our businesses to deepen their communication with suppliers and to assess their direct suppliers on a regular basis in order to understand the status of compliance within these guidelines and local environmental regulations where applicable.

3.3.5

Biodiversity

Melrose expects its businesses and their suppliers to reduce their environmental impact, including through mechanisms which help to avoid any damage to local biodiversity and ensure that their operations and business activities do not contribute to deforestation. We encourage our businesses to evaluate the potential risk of environmental pollution from their operations, including the working area of their direct suppliers, and expect suppliers to share our commitment to biodiversity protection. We also expect our businesses to comply with our Group Biodiversity policy and to follow its principles in their engagement with suppliers.

3.3.6

Waste and Resource Use

Our businesses are expected to encourage their suppliers to manage resources such as metals and plastics appropriately and reduce waste going to landfill by implementing recycling and other waste reduction initiatives. When possible, we also expect them to encourage the use of resources that are either recycled or can be recycled easily across our businesses' supply chains. Suppliers should seek to eliminate unnecessary packaging, and where feasible, take it back for re-use.

3.3.7

How the Company engages with suppliers to improve energy performance and reduce carbon footprint

Melrose has a set of environmental targets and a Net Zero ambition that encompasses our value chain emissions. Although the achievement of our Group emissions targets is Melrose's responsibility, we must work with our businesses and their suppliers in order to reduce our scope 3 emissions footprint. We will engage with them to ensure they are managing their emissions in the most effective way, and where required, provide training and guide their efforts towards Net Zero. We therefore expect our businesses' suppliers to support any requests for data on GHG emissions or energy consumption relevant to the products and services they provide to Melrose and our businesses.

4 POLICY STATEMENT SOCIAL

4.1

It is important to Melrose to promote diversity, prioritise and nurture the wellbeing and skills development of employees and the communities that they are part of. We expect our businesses to engage with their suppliers to consider their social responsibility towards their employees and society. As a Group, we are committed to respecting human rights in accordance with international human rights principles including the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights and The International Labour Organization's (ILO) Declaration on Fundamental Principles

and Rights at Work, and expect our businesses and their suppliers to respect all labour and human rights through their value chains including at a minimum, those expressed in these documents.

4.2 We expect our businesses to hold their suppliers to standards in the following social areas:

4.2.1 Health and Safety

We expect our businesses and their suppliers to understand and take into consideration the national and international health and safety laws and regulations. Our businesses and their suppliers should aim to continuously minimise health and safety risks and improve working conditions through means such as certified health and safety management systems.

We expect our businesses and their suppliers to provide a safe and healthy workplace environment and encourage them to understand and mitigate any health and safety related risks in their activities to prevent accidents and injury in the course of work.

4.2.2 Minimum Living Wage

All terms of employment, including but not limited to, wages and benefits shall at minimum meet the local legal requirements. Workers should be paid on time, as per their employment terms. We also expect our businesses and their suppliers to pay their employees the national living wage.

4.2.3 Diversity, Inclusion and Non-discrimination

We expect our businesses and their suppliers to eliminate illegal and unfair discrimination in hiring, compensation and training relating to gender, race including ethnicity, country of origin, nationality, colour, social and cultural background, religion, family responsibilities (including pregnancy), sexual orientation, age, disability. No worker should be subject to any form of abuse, corporal punishment or disciplinary practices such as physical, sexual or verbal harassment. Suppliers are also encouraged to promote diversity in the workplace and create an environment where individuals are respected at work and are provided equal opportunities.

4.2.4 Maximum Working Hours

We expect our businesses and their suppliers to respect national legislation and industry referenced standards on maximum working hours.

4.2.5 Child Labour and Modern Slavery – including elimination of trafficked, forced, bonded labour

We expect our businesses and their suppliers to have practices in place that prohibit the recruitment of child labour and use of forced, bonded, or trafficked labour. They should also have appropriate mechanisms to evaluate and address risks of modern slavery and trafficking. Our Modern Slavery Statement and Anti-

Slavery and Human Trafficking policy available on our website sets out in more detail our commitment to ensuring there is transparency in the Group's own business and in its approach to tackling modern slavery throughout its supply chains.

4.2.6 Consideration of suppliers' social performance during procurement
Social issues such as diversity, human rights and equal opportunities are one of Melrose's key overarching sustainability principles. For existing and new suppliers, we expect our businesses to monitor any companies that may be in areas of high risk of human rights abuse.

4.2.7 Anti-Bribery and Corruption
We expect our businesses and their suppliers to have practices in place to ensure (a) they act professionally and with integrity; (b) the prevention, detection and reporting of bribery and other forms of corruption; and (c) the avoidance of any activity that might constitute, lead to, or suggest bribery and/or corruption activities. Our Anti-Bribery and Corruption policy available on our website sets out in more detail our commitment in this area, and our expectations of our businesses and their suppliers.

5 RESPONSIBILITY FOR THE SUCCESS OF THE POLICY

- 5.1 This policy forms part of our Group compliance policies, which fall under the overall responsibility of the board of directors of Melrose Industries PLC.
- 5.2 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.
- 5.3 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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