



MELROSE INDUSTRIES PLC – MODERN SLAVERY STATEMENT

This statement is our seventh Modern Slavery Statement, published in June 2023. It sets out the steps taken by Melrose Industries plc (“Melrose”) during the financial year ended 31 December 2022 aimed at preventing any modern slavery and human trafficking in our business and supply chain. This statement provides an update on our progress during 2022, as part of improving our approach to continuously improving our management of modern slavery risks, and strengthening our policies and practices, in order to reduce the potential risks of modern slavery and human rights abuses across our business and supply chains.

Group composition

This annual statement has been prepared in respect of the financial year ended 31 December 2022 and applies to Melrose Industries plc and all of its group companies (together with Melrose, the “Group”), which as at 31 December 2022 included the GKN Aerospace, GKN Automotive, GKN Powder Metallurgy and GKN Hydrogen businesses. We note that on 20 April 2023, Melrose demerged Dowlais Group plc, which comprises the GKN Automotive, GKN Powder Metallurgy and GKN Hydrogen businesses. Therefore, as at the date of this statement, the only business owned by Melrose is GKN Aerospace.

This statement intends to provide a high-level overview of the actions taken by Melrose in 2022 at a Group level and in regard to the businesses that we owned during the year, and to share our outlook for continued progress within GKN Aerospace. The Board have determined this approach to be the most appropriate for Melrose and its stakeholders, in light of the evolved Group’s composition.

Our commitment

Melrose maintains high ethical standards and takes a zero-tolerance approach to any form of modern slavery, adverse human rights impacts or human trafficking within our organisation and supply chain. In line with the UN Sustainable Development Goal 7, we are committed to acting with integrity and transparency in all business dealings, ensuring we trade ethically, source responsibly and work collaboratively with our partners, suppliers and interested parties to create effective systems and controls for identification and mitigation of modern slavery risks.

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, which are specifically further set out in our [Human Rights Policy](#), in support of the principles set out in the UN Declaration of Human Rights. As an equal opportunity employer, we are committed to creating a non-discriminatory and respectful working environment, with our people management processes designed to ensure that all regulated working practices and standards for just and fair treatment of all employees are upheld.

Organisational structure

The Melrose Board of Directors (the “**Board**”), with direct support from the Melrose senior management team, provides management expertise, operational investment, and robust governance practices to the Group. The Board has overall responsibility and oversight of the Melrose Code of

Ethics and the Group's compliance policies and procedures, which are regularly updated to reflect current best practice and guidance in modern slavery and human trafficking to implement continual improvements.

The Melrose Executive Committee (which includes the Melrose senior management team) operates under the direction of the Melrose Chief Executive and has a critical oversight role in encouraging the continuous development and adoption of better practices and behaviours throughout the Group. It advises the Board in reviewing, challenging and approving the Group's Code of Ethics and compliance policies, including the [Anti-Slavery and Human Trafficking Policy](#), [Human Rights Policy](#) and [Supply Chain Policy](#), as well as reviewing the effectiveness of actions taken in response to concerns raised under this statement. Any material issues of concern identified are escalated to the Board via the established reporting procedures and delegated authority as indicated on page 50 of our [2022 Annual Report](#). During 2022, no such issues were identified, but we remain vigilant in this regard. Further details can be found in the [2022 Annual Report](#) on page 89 and the [2022 Sustainability Report](#) on page 57.

The businesses under Melrose's ownership, including GKN Aerospace, are responsible for publishing their own tailored Modern Slavery Statements where applicable, which ensures that appropriate measures for identifying and eradicating slavery from operations and supply chains are in place, and provides further detail on how each business manages its supply chains and associated slavery risks. Each such statement is available from the respective business website, and contains detail on the specific steps during the year to ensure compliance with their obligations in this area, by reference to the requirements of the Modern Slavery Act 2015.

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. Our Code of Ethics sets out our commitment to upholding human rights according to international standards, and to ensuring that the human rights of all its employees are protected. It is communicated and embedded into our management structures, 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, are regularly refreshed and approved by the Board to ensure that they reflect current statutory requirements and stakeholder expectations. The Code of Ethics is subsequently updated to reflect the implementation of any new Group compliance policies during the year. 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, and our supply chain. "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 expects its suppliers and other business partners to conduct themselves in a manner consistent with the Code of Ethics.

Policies in relation to modern slavery and human trafficking

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour, child labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

Melrose operates a number of internal Group-wide policies to ensure that we conduct business in an ethical and transparent manner. Our Group compliance policy on the prevention of modern slavery and human trafficking must be followed by all employees in our businesses, and is accompanied by an online compliance training module. This ensures that we implement effective and proportionate measures to identify, assess and mitigate potential labour and human rights abuses across our operations or supply chain, including modern slavery risk assessments, training, employee handbooks and policies in compliance with local laws and standards as a minimum.

We prioritise the health, safety and wellbeing of employees and contractors, and in line with our commitment to the highest standards, we instil strong governance principles, and effective and robust policies, to ensure the right procedures and training programmes are in place. We take a holistic approach to employee wellness, which starts with protecting their physical and mental health, their social wellbeing, and respecting their human rights, and extends to ensuring a positive workplace culture that attracts and retains a highly skilled workforce.

Responsible sourcing and supply chain

Even though the Board considers Melrose itself to be low risk, given that it does not have any direct global supply chains or employees in high risk jurisdictions, we take these issues very seriously. Importantly, we acknowledge that complex global supply chains that operate in higher risk jurisdictions can be relevant to our businesses, and thus increasing their risk of being affected by modern slavery and human rights issues. It is therefore a priority that our businesses put in place all reasonably necessary measures and systems to adequately address this risk.

In 2021, the topic of Responsible Sourcing was elevated in importance and prominence in response to the evolving macro business environment. During 2022, we took proactive steps to address this topic across the Group by launching a Group Supply Chain Management programme which included the development of a Group Supply Chain Policy, and expanded our visibility of suppliers' activities in relation to modern slavery and human trafficking.

We acknowledge the diverse nature and geographical representation of the supplier bases of our businesses and take responsibility for the implementation and management of all policies and procedures relating to supplier management.

We expect suppliers to respect and protect their employees in compliance with the applicable international, national, and local legislation. We expect them to provide good and safe working conditions to employees and positively contribute to their communities. In practice, this means ensuring that workers are treated equally, with respect and dignity, in compliance with labour regulations where all workers are paid a fair wage that meets or exceeds the minimum standards or prevailing industry and local standards, eliminate excessive working hours for all workers, and protect workers' health and safety rights at work. The implementation of the Group Supply Chain Policy

includes regular training sessions to drive engagement with suppliers, conduct relevant sustainability assessments, and foster collaborative engagement going forward.

Risk assessment and management

Melrose is committed to addressing the potential risks of modern slavery and human rights abuses. Our approach to identifying and assessing modern slavery and 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 the Melrose senior management team, coupled with bottom-up risk management embedded in the day-to-day activities. Effective and proportionate measures to identify, assess, monitor and mitigate any potential risks of modern slavery (such as labour and human rights abuses) within operations or supply chains include regular training, updates to anti-slavery and human trafficking policies, employee handbooks and risk assessment guidance. The implementation of all Melrose Group compliance policies, including the [Anti-Slavery and Human Trafficking Policy](#), [Human Rights Policy](#) and [Supply Chain Policy](#), is supported by risk assessments and reviews, and annual compliance certifications.

Our businesses are expected to implement supplier qualification processes where relevant which, at a minimum, require suppliers to complete risk assessments aimed at identifying and appropriately managing the risks associated with social sustainability of their operations. Suppliers who are identified as presenting a potential higher risk are expected to provide further information to determine whether policies and processes are in place to identify and manage those risks. Those suppliers may be identified as having areas of risk and further guidance may be provided to help mitigate their own risks and improve policies and processes relating to modern slavery.

GKN Aerospace's [Supplier Code of Conduct](#) explicitly articulates its expectations of suppliers in key ethics areas including ethical standards and integrity, employees' rights, health and safety, legal compliance, responsible sourcing, conflicts of interest, all of which are enabled through the encouragement for suppliers to "speak up" if they see or suspect any wrongdoing in their operations. GKN Aerospace's suppliers are also expected to adhere to regulations prohibiting modern slavery and human trafficking and actively look to promote policies which ensure that this does not occur within their business operations.

Melrose runs a confidential whistleblowing platform, which is overseen by the Audit Committee and supported by the Melrose senior management team, and ultimately annually reported to the Board, who actively monitor the nature of issues reported through the whistleblowing hotlines to identify potential risk areas. This helps ensure that any adverse trends relating to material matters raised through the platform are identified and rectified. The whistleblowing platform is monitored by the legal, compliance and HR functions, with the oversight from the Melrose senior management team. All employees have access to a multi-lingual online portal, together with local hotline numbers that are available 24/7, in order to raise concerns, confidentially and anonymously, about possible wrongdoing in any aspect of their business, including financial and non-financial matters. Employees who come forward with a concerns are treated with respect and dignity and do not face retaliation. This highlights the effectiveness of awareness campaigns together with the trust placed by employees in the whistleblowing programme. Each case is investigated confidentially by the business with appropriate response measures taken. The integrity of this process is an important part of the Company's governance arrangements and is regularly reviewed.

No human rights violations were reported in 2022 or in the previous two years.

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 operations and supply chain 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;
- the use of investigations pursuant to section 5 of the [Whistleblowing Policy](#);
- requiring staff to undertake MSA and whistleblowing training;
- working with suppliers to develop appropriate KPIs to monitor and manage performance in relation to risks when potential modern slavery impacts are identified; and
- continuing to roll out our Group compliance policies across the Group.

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.

Training on modern slavery and trafficking and whistleblowing

Melrose strongly believes that policies and procedures are only as effective as the people who implement them. To that end, all of the measures described above are backed by investment, resources and training. Employee training on all Group policies, including in relation to modern slavery and human trafficking, are provided along with the confidential whistleblowing hotline, to support the Group 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. Tailored training is also available depending on the nature of site-level operations, which are supported in further tailoring training as they feel is most appropriate, and expected to regularly review and update materials to reflect changes in this area.

The Board continued to monitor the nature of issues reported through the whistleblowing hotlines operated by the Group in a consistent manner, as the integrity of this process is an important part of the Company's governance arrangements. The next review will be conducted again in 2023 to ensure it remains effective. Further details about the Group's whistleblowing procedures can be found in the [2022 Sustainability Report](#).

Outlook for 2023

In 2023, we will continue to support the Group in reviewing and investing in operational improvements to ensure that risks of modern slavery continue to be considered, addressed and

mitigated. Should any instances of modern slavery be identified, we believe we are well-positioned to deal with and address these and to support any affected workers in line with our core values.

About this statement and approval

This statement is made on behalf of Melrose Industries plc in accordance with the Modern Slavery Act 2015.

This statement applies to Melrose Industries plc and all of its Group companies, which as at 31 December 2022 included GKN Aerospace, GKN Automotive, GKN Powder Metallurgy and GKN Hydrogen. A full list of Melrose’s subsidiaries as at 31 December 2022 is available in the Notes to the Company Balance Sheet within the [2022 Annual Report](#). We note that on 20 April 2023, Melrose demerged Dowlais Group plc, which comprises the GKN Automotive, GKN Powder Metallurgy and GKN Hydrogen businesses. Therefore, as at the date of this statement, the only business owned by Melrose is GKN Aerospace.

This statement was approved by the Board of Directors on 14 June 2023 and signed on its behalf by:



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Justin Dowley
Chairman, Melrose Industries plc