



## MELROSE INDUSTRIES PLC – MODERN SLAVERY STATEMENT

This statement is our eighth Modern Slavery Statement, published in June 2024. It sets out the steps taken by Melrose Industries PLC (“Melrose”) during the financial year ended 31 December 2023 aimed at preventing any modern slavery and human trafficking in our business and supply chain. This statement provides an update on our progress during 2023 in improving our management of modern slavery risks 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 2023 and applies to Melrose Industries PLC and all of its group companies (together with Melrose, the “Group”), which as at 31 December 2023 comprised the GKN Aerospace businesses following the demerger during 2023 of Dowlais Group plc, which comprised the GKN Automotive, GKN Powder Metallurgy and GKN Hydrogen businesses.*

*This statement intends to provide a high-level overview of the actions taken by Melrose in 2023 at a Group level and regarding 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 evolution of the Group’s composition during 2023.*

### **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, as set out in the Melrose Anti-Slavery and Human Trafficking policy which is available on our website. In line with the UN Sustainable Development Goals 8 and 16, 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 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.

Throughout 2023, the Melrose Executive Committee, operating under the direction of the Melrose Chief Executive, continued its 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 37 of our [2023 Annual Report](#). During 2023, no such issues were identified, but we remain vigilant in this regard. Further details can be found in the [2023 Annual Report](#) on page 88 and the [2023 Sustainability Report](#) on page 56.

The businesses under Melrose's ownership during 2023 are responsible for publishing their own tailored Modern Slavery Statements where applicable, ensuring that appropriate measures for identifying and eradicating slavery from operations and supply chains are in place, and providing further detail on how each business owned by Melrose during the year managed its supply chains and associated slavery risks. GKN Aerospace's statement is available on its website, containing 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 and their implementation**

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.

In 2022, GKN Aerospace launched a Human Rights Policy to demonstrate its commitment to upholding human rights in accordance with international standards and to ensure that the human rights of all employees are protected and that they are afforded a safe working environment. The policy covers topics such as forced and child labour, freedom of association and collective bargaining, working time and wages, conflict minerals and non-discrimination and requires the business to take active steps to mitigate and remedy any abuse it may find following the conduct of appropriate due diligence.

In 2023, GKN Aerospace invested in bespoke workforce training on the GKN Aerospace Anti-Slavery and Human Trafficking Policy. In addition, regular compliance training sessions including on-boarding training, covering anti-slavery and human trafficking, are also in place.

## **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 issues relating to human rights very seriously. Importantly, we acknowledge that complex global supply chains that operate in higher risk jurisdictions can be relevant to our businesses, 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.

During 2022, we took proactive steps to address the topic of Responsible Sourcing across the businesses then comprised in 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. GKN Aerospace assesses its direct suppliers against labour and human rights standards to ensure it is aware of any risks or instances of non-compliance. In 2023, GKN Aerospace appointed a sustainability and compliance

manager to complement its procurement team and support the business in managing sustainability engagement with suppliers, including on social matters such as human rights. In support of this, a new global supplier collaboration and compliance tool is planned to be developed and rolled out in 2024 to enhance management of supply chain compliance with regulatory requirements and the Group Supply Chain Policy.

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, review of 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.

The businesses we own and invest in are expected to implement supplier qualification processes where relevant which, at a minimum, include risk assessments aimed at identifying and appropriately managing the risks associated with social sustainability of their operations, including human rights aspects. 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.

As per GKN Aerospace's own Modern Slavery Statement, the business has considered the risk of modern slavery taking place in its business operations, concluding that the risk of modern slavery occurring within the direct employee and contractor population is low. 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 well-established Group-wide 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 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 report concerns, confidentially and anonymously, about possible wrongdoing in any aspect of their business, with those reports communicated directly to relevant members of Melrose senior management. Employees who come forward with concerns, are treated with respect and dignity and do not face retaliation. The whistleblowing platform is well-established and well-used, highlighting 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, with the platform providing senior management with valuable insights and the opportunity to act on them.

No human rights violations were reported through the whistleblowing platform in 2023 or in the previous three 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 Modern Slavery Act and whistleblowing training;
- working with GKN Aerospace's direct suppliers to develop appropriate KPIs to monitor and manage performance in relation to risks when potential modern slavery impacts are identified, in accordance with the expectations set out in our [Supply Chain Policy](#);
- continuing to roll out our Group compliance policies across the Group; and

- ensuring GKN Aerospace's sites comply with occupational health and safety legislation worldwide and setting our own requirements, based on globally recognised standards, including for the supply chain and business partners. The catalogue of measures also includes certifications such as ISO 45001, to which 78% of GKN Aerospace's sites with health and safety (H&S) management system are currently certified.

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 and continues to be mandated throughout the Group. 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 2024 to ensure it remains effective. Further details about the Group's whistleblowing procedures can be found in the [2023 Sustainability Report](#).

### **Outlook for 2024**

In 2024, 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 that we are well-positioned to deal with and address these and to support any affected workers in line with our core values.

We will continue to set the tone from Board level, ensuring leaders are setting the right example, and that our principles and procedures continue to be proactively embedded across our business. We will also continue to monitor and respond to relevant stakeholder expectations to ensure that our approach to human rights matters reflects our growing understanding of related risks and relevant regulations.

### **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. As at 31 December 2023 the only business owned by Melrose was GKN Aerospace. From 1 January 2023 to 20 April 2023 the Group also included GKN Automotive, GKN Powder Metallurgy and GKN Hydrogen. A full list of Melrose's subsidiaries as at 31 December 2023 is available in the Notes to the Company Balance Sheet within the [2023 Annual Report](#).

This statement has been approved by the Board of Directors and signed on its behalf by:



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Justin Dowley  
Chairman, Melrose Industries PLC  
28 June 2024