



**MELROSE BOARD OF DIRECTORS
DIVERSITY POLICY**

1. PURPOSE

This Policy sets out the approach to diversity with respect to the Melrose Industries PLC (“**Melrose**”) board of directors (the “**Board**”) and its committees. The Nomination Committee will review this Policy on an annual basis to monitor its effectiveness, and has responsibility for implementing this Policy.

2. PRINCIPLES

- Melrose is a meritocracy and individual performance is the key determinant in any appointment to the Board, irrespective of any personal characteristic, trait, or orientation; and
- Melrose has, however, long understood the value of diversity to its long-term success. Therefore the Board together with the Nomination Committee places great emphasis on ensuring that its membership and pipeline for succession planning is suitably diverse and promotes equal opportunity.

3. APPOINTMENTS TO THE BOARD

While the most important priority of the Nomination Committee has been, and will continue to be, to ensure that the best candidate is selected on the basis of merit, the Nomination Committee also takes into account a variety of factors before recommending any new appointments to the Board. These include the relevant balance of skills, knowledge and experience needed to ensure a rounded Board, and the benefits each candidate can bring to the overall Board composition.

The Board also requests that diverse candidates be included within shortlists for vacancies on the Board, and the Nomination Committee accordingly takes into consideration characteristics such as race, ethnicity, country of origin, nationality, cultural background and gender in order to encourage an adequately diverse shortlist of candidates.

4. OBJECTIVES

To support its continued progress on diversity, Melrose recognises the diversity targets set out in the Financial Conduct Authority’s Listing Rules (the “**Listing Rules**”), and the targets set out in the FTSE Women Leaders Review on gender diversity, and the targets set out in the Parker Review on ethnic diversity. Melrose aims to maintain at least 40% female representation on the Board and for at least one member of the Board to be from an ethnic minority background. Furthermore, Melrose also recognises the diversity targets set out in the Listing Rules and the FTSE Women Leaders Review for at least one senior board position (being that of the Chair or Senior Independent Director role on the Board, and/or the Chief Executive Officer or Finance Director role) to be held by a woman. Whilst Melrose does not currently meet the target for at least 40% female representation on the Board (having previously met it prior to its fundamental shift in business model) and does not yet meet the target for at least one senior board position being held by a woman, Board composition remains under proactive review, including within the context of succession planning.

Melrose’s wider commitment to Diversity and Inclusion is found in the Melrose ‘Diversity, Equity and Inclusion Policy’. The Nomination Committee strongly encourages the executive directors to adopt the same approach when making appointments to the Melrose Executive Committee or the wider senior management team, to ensure that the diversity of Melrose’s senior management continues to be improved.