



WATER POLICY

1 INTRODUCTION

- 1.1 Melrose Industries PLC and its Business Lines (comprising the GKN Aerospace Engines and Structures businesses) (“Melrose”, “Company”, “Group” or “we”) are committed to improving its business 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 business’s water withdrawal and looking to establish and implement best practice water stewardship methods.
- 1.3 This policy has been approved by the board of directors of Melrose Industries PLC.
- 1.4 Throughout the Group we seek to establish a “culture” of compliance with this policy.

2 WHO IS COVERED BY THIS POLICY?

- 2.1 This policy applies to all individuals working at all levels throughout the Group, including senior managers, officers, directors, employees (whether permanent, fixed-term, or temporary), contractors, trainees, casual workers/agency staff, volunteers, or any other person working for the Group throughout the world.
- 2.2 We drive and encourage our suppliers to respect and adhere to the principles stipulated in this policy.

3 POLICY STATEMENT

- 3.1 This policy sets out our commitment to improve our business’s water management practices by reducing water withdrawal and instilling responsible use of this scarce resource. Water is often a fundamental part of our business’s operations and its future business developments, as well as being a fundamental natural resource for the communities in which it operates. We therefore recognise our role and responsibility relating to water by making educated and sustainable decisions.
- 3.2 In recognition of water as a scarce resource, our Business Lines consult with our stakeholders to understand key environmental issues, aiming to help preserve this critical natural resource. Each Business Line puts appropriate programs, policies, and systems in place to understand how its business impacts water availability and quality and ultimately, reduce its 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.
- 3.3 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 include 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 our business, water stewardship means using 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.
- 3.4 At a minimum, we comply with relevant international and local legal obligations relating to water use, discharge, consumption and site-specific customer and certification requirements.

3.4.1 Measuring and Monitoring of Water

We are committed to continuously improving data monitoring and collection processes across our Business Lines to enable risk assessment of water impacts and dependencies across their value chains.

3.4.1.1 Water Stress

We recognise that some of our Business Lines' operations are located in water-stressed areas. Our Business Lines regularly review the proportion of their water withdrawal occurring in areas of high or extremely high-water stress, working continuously towards reducing water withdrawal in these regions.

3.4.2 Business Dependency on Water

Across our Business Lines, dependency on water varies due to the difference in manufacturing processes and location of 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.

3.4.3 Water-related Risk Assessment

We assess water-related risks as part of our 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 business's key commodities considered and aggregated into our Group regulatory and Climate Change principal risks. We assess our Business Lines' impacts on water quality and availability, risks, and dependencies in the locations in which we operate and encourage our suppliers to share this approach. This enables Melrose to better understand the impact that water has on a range of our business stakeholders such as customers, local communities, and employees. By understanding these risks, we aim to implement appropriate water stewardship practices and seek to reduce both our Business Lines' dependencies on water and the subsequent associated business impacts of water availability and quality on them. In order to reduce flooding risk where relevant, we have business continuity plans specific to flooding which set out the steps to reduce the business impact.

3.4.4 Regulatory Compliance

We are committed to managing our approach to water in line with applicable regulatory requirements through monitoring our water withdrawal levels and intensity. Where required, we engage with the local authorities to ensure the correct environmental permits are in place for our water management activities.

3.4.5 Stakeholder Awareness and Education

We aim to raise awareness of the most efficient water use practices across our Business Lines' manufacturing processes. We mitigate water usage in our Business Lines' production processes where possible, and expect our suppliers to share this approach.

3.4.6 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 provide access to safely managed WASH services, such as clean water and basic toilets, at all our 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 Group Sustainability Function and the executive team of each Business Line takes responsibility for ensuring effective transmission of this policy throughout the business, together with the provision of relevant guidance and training, and appropriate safeguards, monitoring, and resources, in order to ensure compliance with 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.