



BIODIVERSITY 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 business for the good of shareholders, the environment and other stakeholders.
- 1.2 The purpose of this policy is to demonstrate our commitment towards protecting biodiversity and minimising the potential negative impact that our businesses may have on the natural environment over the longer term.
- 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 incorporate biodiversity into the Group's strategy, and to define the key aspects that we expect of ourselves to promote the growth of the natural world and help prevent deforestation across our business operations.
- 3.2 Biodiversity is defined as the variety of plant and animal life in the world or in a particular habitat, a high level of which is usually considered to be important and desirable. biodiversity is critical to the health and stability of natural capital as it provides resilience to shocks like floods and droughts, and it supports fundamental processes such as the carbon and water cycles as well as soil formation. 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.
 - 3.3.1 No Net Loss
No Net Loss is defined as the point at which biodiversity impacts of development projects are balanced and minimised. These include on-site restoration, and where possible, offsetting significant residual impacts, on a local, landscape-level, national, regional geographic scale. To ensure our Business Lines follow the "No Net Loss" principle in our operations, we seek opportunities to reduce deforestation wherever we operate. We also look into recompensating any potential negative biodiversity impacts with future reforestation and regeneration projects.
 - 3.3.2 Legally Designated Protection Areas
The United Nations List of Protected Areas is a list of terrestrial, coastal and marine protected areas designated by governments around the world. They are defined as locations which receive protection because of their recognised ecological values. Locations can include national or regional parks and other conservation areas.

Protected areas are the cornerstone of biodiversity conservation. They maintain key habitats, provide refugia, allow for species' migration and movement, and ensure the maintenance of natural processes across the landscape. Melrose aims to respect these areas and take this context into account in its operations.

3.3.3 High Conservation Value (HCV) Areas and Threatened and Protected Species

HCV areas are defined as natural habitats (e.g., a forest, a grassland, a watershed, or a landscape-level ecosystem) or sites of outstanding significance or critical importance, where threatened and protected species reside, and where appropriate management is required in order to maintain or enhance the identified values. Threatened species are any species (including animals, plants and fungi) which are vulnerable to endangerment in the near future while protected species are species of animal or plant which is forbidden by law to harm or destroy.

HCVs can contain threatened and protected species that are in need of conservation. In order to preserve the planet's natural ecosystems, our Business Lines avoid the conversion of HCV areas and any potential negative impacts on threatened and protected species. Where relevant and necessary, we integrate HCVs into decision-making processes and aim to avoid any negative impacts on sites that are near/contain globally or nationally important biodiversity.

3.3.4 Free, Prior and Informed Consent (FPIC) of Indigenous Peoples

FPIC is a specific right that pertains to indigenous peoples and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). It allows indigenous people to give or withhold consent to a project that may affect them or their territories. Melrose recognises the importance of Indigenous communities and understands that their livelihoods largely depend on the respect of their land. We therefore respect their rights through aiming to provide FPIC to local communities and Indigenous people, before starting any development projects, where necessary.

3.3.5 Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) listed species

CITES is a multilateral treaty to protect endangered plants and animals which aims to ensure that international trade in specimens of wild animals and plants does not threaten the survival of the species. As Melrose is not involved in the trade of wild animals, the trade of CITES species is deemed as not relevant to our business.

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.