

Modern Slavery Statement 2017

AES Engineering Limited and AESSEAL plc



EXPERIENCE THE EXCEPTIONAL

MODERN SLAVERY STATEMENT OF AES ENGINEERING LIMITED AND AESSEAL PLC

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Modern Slavery statement for the financial year ending 31 December 2017. This statement was approved by the AES Engineering Limited board of directors on 22nd February 2018, and the AESSEAL plc board of directors on 22nd February 2018.

Modern slavery is a crime and violation of human rights. It takes various forms such as slavery, servitude, forced and compulsory labour and gives rise to 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. It is a growing global issue that transcends age, gender and ethnicities ("Modern Slavery").

OUR PLEDGE

We have a zero tolerance approach to Modern Slavery and human trafficking and we are committed to the prevention, deterrence and detection of Modern Slavery and human trafficking within our business and within our supply chain.

It is our policy to conduct all business activities with honesty, integrity and at the highest possible ethical standards. We are fully committed to implementing and enforcing effective systems and controls within our business and within our supply chain to continually challenge our ability to combat Modern Slavery.

OUR BUSINESS AND ITS STRUCTURE

The AES Engineering Limited group of companies (the "AES Group") was established in 1979 and has rapidly grown in to one of the world's leading specialists in the design and manufacture of mechanical seals and support systems. The AES Group consists of over 50 individual subsidiaries, which are strategically placed around the globe to support the requirements of our customer base.

The AES Group has over 1,700 employees worldwide, operates in 40 countries and has a global turnover of £170m (year end 31 December 2017).

AESSEAL plc is a 100% owned subsidiary of AES Engineering Limited. It has over 450 employees working across 5 sites in the UK and Switzerland. It has an annual turnover of £48m (year end 31 December 2017).

OUR POLICY

Within the present financial year, AES Engineering Limited has used its Modern Slavery & Human Trafficking Policy (“the Policy”) to assist in ensuring that no Modern Slavery takes place in any part of our organisation or supply chain.

The Governance Committee has the delegated authority and responsibility of AES Engineering Limited for the prevention, deterrence and detection of unethical practices within our organisation. Responsibility for the Modern Slavery Policy lies with the Governance Committee. All reports of actual or suspected breaches of the Policy are reported to and investigated by the Governance Committee.

SUPPLIER ADHERENCE TO OUR VALUES

In order to ensure that all persons within our supply chain comply with our values and zero tolerance policy on Modern Slavery, AESSEAL plc has implemented measures to assess and monitor our supplier’s conduct in respect of Modern Slavery.

AESSEAL plc has taken steps to include specific prohibitions against the use of Modern Slavery in our contracting process in our Standard Terms of Purchase which are expected to be rolled out this coming year. We expect our suppliers to comply with those prohibitions and hold their own suppliers to the same high standards.

We have proactively issued all our main UK suppliers with questionnaires including a declaration asking for confirmation that they are adhering to the Modern Slavery Act and all its provisions. In 2017 we distributed questionnaires to, and received responses from, 54% of our material supply base by spend. We have also set up a dedicated register to store all responses to questionnaires. Responses are reviewed and where necessary further action taken to follow up any matters arising.

AESSEAL plc has also conducted a supply chain risk assessment of our primary production and our sourcing countries. We have identified that while the majority of AESSEAL spend on core product sourcing is with suppliers from countries with a lower risk of Modern Slavery and with developed Modern Slavery laws and government commitment (Global Slavery Index 2016), approximately 19% of AESSEAL plc spend on core product sourcing is with suppliers from India & China which are countries within the top 5 Modern Slavery risk countries. Over the next year, it is our plan to focus our efforts on the areas within our supply chain where there is potential for an elevated risk of Modern Slavery. In 2018 AESSEAL plc will primarily focus on our supply

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chain in China to ensure that there are robust and proper provisions in place with all our main suppliers in respect of Modern Slavery.

TRAINING

In order to ensure a proper understanding of the risks posed by Modern Slavery in the context of our organisation and supply chain, representatives of both AES Engineering Limited and AESSEAL plc intend to provide training to employees of the AES Group as appropriate.

We want to help our people to understand more about this growing issue and how to report any suspicions they may have, whether in a business or personal context. We will be highlighting the www.modernslavery.co.uk site to all our employees, which holds useful information on how to recognise different types of slavery, how to spot the signs and provides details of telephone helplines. We will be developing resources and we will make them available to all our employees including links to the www.modernslavery.co.uk website and the Modern Slavery Act.

REPORTING

We already have in place a whistleblowing hotline to report knowledge or suspicion. This ensures that anyone who has concerns will have the means of raising their concerns confidentially. Our hotline is available to report any suspicions our employees may have regarding Modern Slavery and our employees will be signposted to this in any resources that we develop in relation to Modern Slavery.

CONTACT

Questions and comments regarding this statement are welcomed and should be addressed to enquiries@aes seal.com

SIGNATURE OF Stephen Shaw, Group Engineering Director

Head of Governance Committee