

SLAVERY AND HUMAN TRAFFICKING STATEMENT FOR GKN AEROSPACE SERVICES LIMITED (the "COMPANY") FOR THE YEAR ENDED 31 DECEMBER 2017

GKN Aerospace's core values can be summed up in one phrase: doing the right thing – by our people, as a business, and in our world.

This Slavery and Human Trafficking Statement, made pursuant to section 54 of the Modern Slavery Act 2015, summarises the steps we have taken as a company to address the risk of slavery and human trafficking ("modern slavery") in our operations and supply chains.

OUR ORGANISATION

Business sector

The Company is an aerospace component supplier having manufacturing operations only in the United Kingdom at year end 2017 in the following locations:

Aerostructures Operations – supplying aerospace structural components to the aerospace market

- Filton, Bristol, United Kingdom
- Cowes, Isle of Wight, United Kingdom

Special Products Group Operations – supplying transparency solutions, de-ice protection systems, fuel tanks, flotation devices

- Luton, United Kingdom
- Kings Norton, Birmingham, United Kingdom
- Portsmouth, United Kingdom

The Company does not have any manufacturing operations outside of the United Kingdom at the date of this statement.

During the year ending 31st December 2017 the Company was an indirect wholly owned subsidiary of GKN plc and accordingly adopted and complied with the GKN plc group policies then in place. The Company is now an indirect wholly owned subsidiary of Melrose Industries PLC ("Melrose") and will accordingly comply with Melrose's policies during 2018.

Organisation's structure

As at 31 December 2017, the Company employed approximately 1635 people in its UK manufacturing operations.

As at 31 December 2016, the Company had revenues of £786m. At the date of this statement the 2017 revenues have not yet been made publicly available.

SLAVERY AND HUMAN TRAFFICKING WITHIN OUR OWN ORGANISATION

Policies

Set out below are the policies that applied to the Company and its business during 2017.

GKN Code

During the year ending 31st December 2017, the GKN Code applied to the Company and its employees, whatever their job and wherever they were located. One of the key principles of the Code is a respect for others; the GKN Code requires employees to treat people justly, and strictly prohibits the use of child or forced labour in GKN's operations or supply chains.

All new employees were provided with a copy of the Code and were asked to read it as part of their induction process.

The GKN Code was also available to all Company personnel via an intranet site.

Policies

The GKN Code was supported by a number of policies that set out minimum standards to be incorporated into our risk management and internal control systems throughout our businesses.

Employment Policy

The GKN Employment Policy required the Company to treat employees with respect and prohibited the use of child or forced labour in our operations. Specific elements of the policy pertinent to addressing the risk of modern slavery included the requirements for the Company to:

- > comply with prevailing employment laws and regulations; and
- > conduct pre-employment checks including references and the right to work.

During 2017 a 'Keeping us on Track' Handbook, which contains relevant corporate policies, was reviewed and re-issued to members of management and cascaded down throughout their teams to remind our employees what is required of them. The Handbook was made available on the Company's intranet to provide employees with easy access to all of the Company's governance requirements, policies and procedures.

Assurance processes

During 2017 senior managers were required to complete an assurance process in relation to their awareness of the behaviours expected under the GKN Code and policies. They were also required to complete an Internal Control Checklist (ICC) to confirm that non-financial controls were in place and were operating effectively.

Processes particularly relevant to addressing the risk of modern slavery in 2017 included:

Human Resources Controls Checklist (HRCC)

The HRCC was used to monitor compliance with our Employment Policy, and HR standards and procedures at each Company location. The checklist was completed annually and participants are encouraged to use the system as a platform for self-assessment and to report any HR-related incidents or matters of non-compliance. All non-compliances were reviewed for 2017; there was no indication that modern slavery was taking place in our businesses.

Positive Climate Index (PCI)

PCI sessions were held monthly in every site. In these sessions Company employees anonymously answered questions about their experiences of working for the Company, including questions relating to the GKN Code and values. PCI performance helped us monitor the ethical climate across the Company.

Speaking Up

If Company personnel identify any behaviour inconsistent with the GKN Code, including any signs of modern slavery or other human rights abuses, they are encouraged to report this to management directly or through the external employee disclosure hotline.

Throughout 2017, GKN had received no reports or concerns regarding modern slavery in our operations.

Risk of slavery and human trafficking in our business

We have considered the risk of modern slavery taking place in our business. Taking into account the prevalence of forced labour in the countries in which we do business¹, the roles being performed (and the skills and qualifications needed to perform those roles), our recruitment processes, the output from the HRCC conducted at the end of 2017, the output from the monthly PCI sessions conducted during 2017 and the absence of reports of concerns or incidents regarding forced labour, the risk of modern slavery occurring within our direct employee population was considered to be low.

During 2017, many unskilled roles within the Company were performed by the employees of embedded third party contractors. The nature of these roles and the limited visibility of our contractors' recruitment processes increased the risk of modern slavery for those workers, particularly in countries in which the use of forced labour is prevalent². To mitigate this risk we made it explicitly clear that we would not tolerate the use of modern slavery in our businesses. Contractors were required to sign up to our standard supplier terms and conditions which mandated compliance with our Supplier Code of Conduct (see below for more details).

Taking into consideration the contractors' commitment to adhere to GKN's Supplier Code of Conduct and the absence of any reports of concerns regarding forced labour from our employees who had visibility of contracted workers, the risk relating to such workers was considered to be managed and contained.

SLAVERY AND HUMAN TRAFFICKING WITHIN OUR SUPPLY CHAIN

The complexity of our supply chain makes it challenging to effectively manage sustainability issues. Respecting human rights in the supply chain is ultimately our suppliers' responsibility. As customers, however, we play an active role in supplier development and have adopted various means to clearly communicate our expectations to our suppliers and monitor their compliance with them.

We expect our suppliers, their employees and their supply chains to operate in a way that supports our commitment to strong ethical standards.

Policies

Policies affecting our suppliers during 2017 are described below.

Supplier Policy

Our Supply Chain Management Policy set out the standards expected of our suppliers. Our policy is clear: we will not engage with suppliers that infringe internationally accepted standards for workers' rights, use child or forced labour, or fail to comply with relevant laws and regulations.

To ensure that our suppliers conduct themselves in a manner that supports our commitment to strong ethical standards, the policy required the Company to conduct a risk assessment of any new supplier and avoid dealing with those that might damage the Company's reputation, including those that infringe internationally accepted standards for workers' rights or use forced or child labour.

Supplier Code of Conduct

Our Supplier Code of Conduct set out the minimum standards we expect from all our suppliers. The Code prohibited the use of child or forced labour and required compliance with applicable laws and regulations and internally accepted standards of workers' rights. It also contained explicit requirements to cascade our expectations down the supply chain and a right for the Company to visit supplier locations to ensure compliance with our requirements.

¹ Based on the Global Slavery Index 2016 published by the Walk Free Foundation.

² Based on the List of Goods produced by Child Labor or Forced Labor, September 2016, published by the US Department of Labor

During the year, we rolled out standard supplier terms and conditions that mandated compliance with the Supplier Code of Conduct. Where it was not possible to use our standard terms and conditions, suppliers were made aware of our compliance requirements.

Assurance

Site visits

Many of our supplier facilities were visited regularly by divisional procurement personnel. While the visits in 2017 did not include a formal audit of the requirements of GKN's Supplier Code of Conduct, they provided visual oversight of our suppliers' employees and their work environments, providing assurance that our direct suppliers respected human rights and did not use child or forced labour.

Supplier screening

During the year the Company trialled an online screening tool to assist with the on-boarding of customers and suppliers. This tool screened for export control, anti-bribery and fraud matters as well as potential modern slavery. All suppliers were screened and none were found to cause any modern slavery concerns.

Supplier portal

During 2017, we developed a supplier portal for the collection of supplier verifications relating to compliance matters, including certifications and evidence of compliance relating to quality standards, conflict minerals, REACH (regulation of chemicals) and modern slavery.

The portal has been completed and is being rolled out in 2018.

TRAINING

Behaviours indicative of forced labour and human trafficking were summarised and circulated to those most likely to be in a position to identify and address modern slavery risks, including senior management and personnel in the Company's Human Resources, Health & Safety, Purchasing and Internal Audit functions. This 'red flag' summary also included details of the countries where instances of forced labour and human trafficking are more prevalent and encourages the Company personnel to be more vigilant at these locations.

Training was also provided to HR senior management during the year.

This statement applies to the financial year ending 31 December 2017. It has been approved by the Board of the Company and signed by a director on its behalf.

OUR EFFECTIVENESS IN COMBATING MODERN SLAVERY

The Company has considered the KPIs that are used within its business and do not consider any of these to create an environment that may increase its vulnerability to modern slavery in our business or supply chains. Although the Company does not have any KPIs that specifically address modern slavery, the following mechanisms through which modern slavery concerns may be reported were reviewed:

- > The number and nature of employee hotline disclosures
- > The number and nature of major and minor non compliances reported through the HRCC and ICC.
- > The number and nature of incidents reported through our internal incident reporting mechanisms.

There were no outcomes from our reviews that indicate any modern slavery occurring within the Company's business or its supply chain.



John Pritchard

Director

For and on behalf of GKN Aerospace Services Limited
CEO Aerostructures Systems Europe and Asia

Dated 29th June 2018