



EXPERIENCE THE EXCEPTIONAL

Modern Slavery Statement

AESSEAL plc and AES Engineering Ltd
2018

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 2018. This statement was approved by the AES Engineering Limited board of directors on 26 March 2019, and the AESSEAL plc board of directors on 26 March 2019.

Modern slavery is a crime and violation of human rights. It takes various forms such as slavery, servitude, forced and compulsory labour and 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 we are committed to the prevention, deterrence and detection of Modern Slavery 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 1,800 employees worldwide, operates in 40 countries and has a global turnover of £181m (year end 31 December 2018).

AESSEAL plc is a 100% owned subsidiary of AES Engineering Limited. It has over 450 employees working across 7 sites in the UK and Switzerland. It has an annual turnover of £48m (year end 31 December 2018).

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.

AES Engineering Limited is working towards establishing a zero tolerance position on violations of anti-human trafficking and anti-modern slavery laws. If we find breaches of these laws within our supply chain, we will look to support companies in their efforts to comply with the legislation.

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 Sale which were rolled out to all subsidiary companies within the AES Group in April 2018. We expect our suppliers to comply with those prohibitions and hold their own suppliers to the same high standards.

AESSEAL plc conducted a supply chain risk assessment of our primary production and our sourcing countries in 2017. We 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. Both India and China are countries within the top 5 Modern Slavery risk countries (with approximately 11% of AESSEAL plc core spend being in China and 8% of AESSEAL plc core spend being in India).

Following the risk assessment carried out in 2017 identifying China and India as countries at high risk of Modern Slavery, in 2018 we proactively visited all 28 of our main suppliers based in China and conducted surveys on their position on Modern Slavery including a declaration asking for confirmation that they are adhering to the Modern Slavery Act and all its provisions. Of the 28 Chinese suppliers we approached, we received a response from 96%.

The questions we asked included topics such as compliance, training and appropriate remedies. We used this as an opportunity to establish whether HR and management teams were being kept up to date with the latest legislation and risks associated with their business and associated supply chain. We also looked at whether audits are conducted regularly and whether the supplier abides by the Policy which we provide to them. All of our suppliers confirmed that they are compliant with the Policy and do have adequate procedures in place to not only prevent this occurring but to also deal with this in the appropriate manner if and when anything out of the ordinary occurs. The survey also highlighted suppliers who have gone above and beyond to implement sufficient procedures and outlined what further training and/or guidance they should be striving towards for the future. We are continuing to use a dedicated register to store all responses to questionnaires. Responses are reviewed and where necessary further action will be taken to follow up any matters that have arisen as a result of the questionnaire.

Over the next year, it is our plan to keep our efforts focused on the areas within our supply chain where there is potential for an elevated risk of Modern Slavery. Therefore, AESSEAL plc's primary focus in 2019 will be our supply chain in India to ensure that there are robust and proper provisions in place with all 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 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

A handwritten signature in black ink, appearing to read 'S. Shaw', written in a cursive style.

SIGNATURE OF Stephen Shaw
Group Engineering Director and Head of Governance Committee