

# DOWLAIS

## SLAVERY & HUMAN TRAFFICKING STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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**Dowlais Group plc**

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**Slavery & Human Trafficking Statement for the Financial Year Ended 31 December 2022**

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**Date: 13.06.2023**

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**Classification: Public**

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## 1 STATEMENT ON SLAVERY & HUMAN TRAFFICKING

Dowlais Group plc (“Dowlais”) and its subsidiary companies (collectively, the “Group”) adhere to high ethical standards and are committed to respecting fundamental human rights in its business operations and value chain. It is a requirement of the Group’s Human Rights Policy that the Group takes steps to combat slavery and human trafficking in its business and supply chains.

Slavery can take various forms and may not always be obvious. It includes any form of slavery, servitude, forced, compulsory or bonded labour and human trafficking all of which have in common the deprivation of a person's liberty by another to exploit them for personal or commercial gain (“Slavery & Human Trafficking”).

Slavery & Human Trafficking is a crime and a violation of fundamental human rights. The Group is committed to investing in, implementing and enforcing effective systems and controls to safeguard against the risk of Slavery & Human Trafficking within its businesses and supply chains. The Group expects the same approach to Slavery & Human Trafficking from its suppliers.

Dowlais was incorporated in January 2023 and was admitted to trading on the main market of the London Stock exchange on 20 April 2023, following the demerger of GKN Automotive, GKN Powder Metallurgy and GKN Hydrogen businesses (each a “Business Unit” and together the “Business Units”) from Melrose Industries Plc. As Dowlais is in its first financial year, it is not required to make a statement under section 54 of the Modern Slavery Act 2015 (the “Act”) for the financial year ended 31 December 2022, but is making this statement voluntarily on behalf of the Group, including those companies within the Group which are required under the Act to make a statement, which are listed in paragraph 9 of this statement.

This Slavery and Human Trafficking Statement focusses on the steps taken by the Business Units to prevent Slavery & Human Trafficking occurring within their operations and supply chains for the financial year ended 31 December 2022 (the “period”).

## 2 ORGANISATIONAL STRUCTURE, BUSINESSES & SUPPLY CHAINS

### ***Dowlais***

Dowlais is located in the UK and is listed on the Main Market of the London Stock Exchange. It is the ultimate parent company of the Group, which is a specialist engineering group focussed on the automotive sector. The Group aims to generate growth through a portfolio of transformative and innovative businesses, developing exceptional products that drive transformation.

The Group employs over 30,000 people in over 20 countries across its three Business Units and the Dowlais central functions. Group adjusted revenue in the period was approximately £5.2bn.

### ***GKN Automotive***

GKN Automotive is the world’s leading drive systems supplier, serving 90% of global vehicle manufacturers and with content on almost 50% of new light vehicles worldwide. GKN Automotive has over 25,000 employees, including in its joint venture in China, and 50 manufacturing facilities in 19 countries across the Americas, Europe and Asia (including in its joint venture in China). GKN Automotive had adjusted global revenues of approximately £4.2bn in the period.

## **GKN Powder Metallurgy**

GKN Powder Metallurgy, the global leader in sintered metal products and the number two global supplier of powder metals, offers vertically integrated production capabilities that are unique among its competitors with a global presence. It has over 5,000 employees, 27 manufacturing sites and 3 global innovation centres in nine countries across the Americas, Europe and Asia. GKN Powder Metallurgy had adjusted global revenues of approximately £1bn in the period.

## **GKN Hydrogen**

GKN Hydrogen is an early-stage growth business focused on developing and commercialising proprietary metal hydride technology to store and secure hydrogen in a safe, compact and green manner that can be used in a wide range of industrial and commercial applications. GKN Hydrogen had global revenues of approximately £1m in the period.

## **The Group's Supply Chains**

The Group's Business Units make use of local and global supply chains to supply raw materials, components and services to support their operations. They work directly with suppliers from over 50 countries. The Group spent over £3.0bn with its direct and indirect material suppliers in 2022.

Set out below are the top 10 countries in which the Group's direct suppliers are located and the Group's top 5 purchased direct commodities, in each case ranked by expenditure in 2022.

<b>Top 10 countries by supplier location</b>		
1.	USA	
2.	Germany	
3.	Mexico	
4.	Brazil	
5.	China	
6.	Korea	
7.	Japan	
8.	Spain	
9.	India	
10.	Italy	

<b>Top 5 direct commodities purchased</b>	
1.	Forgings
2.	Steel
3.	Mechatronics
4.	Castings
5.	Metal Powders

Strong relationships with the Group's suppliers are vital in helping the Group achieve its strategic objectives. The Group aims to establish longstanding relationships with strategic suppliers, in whom it has confidence, not only in quality and reliability of their products and services, but also in their ethical standards and approach to protecting human rights.

### 3 POLICIES

The Group's approach to Slavery & Human Trafficking is integrated into its broader approach to ethics, business conduct and risk management. Dowlais Group policies set out principles and specific requirements which its Business Units must comply with. The policies apply to all Business Units. However, the Group recognise that its Business Units have different operations, supply chains and risk profiles. Therefore, Business Units are permitted to adopt their own policies and procedures tailored to their operations and management structures, provided that they comply with the minimum standards required of the Group.

The following Group policies are relevant to Slavery & Human Trafficking:

#### ***Our Code***

To ensure that everyone working for the Group understands what is expected of them, Dowlais has adopted Our Code, which sets out the standards and behaviours expected of all Group employees and workers, whatever their job and wherever they are located, without exception. It's there to guide how they must behave, do their jobs and interact with other employees and stakeholders.

Our Code makes it clear that Dowlais expects all its employees and representatives to behave with the highest ethical standards and to conduct themselves in a way which reflects Dowlais' values.

Our Code can be accessed [here](#).

#### ***Human Rights Policy***

Dowlais' Human Rights policy sets out the Group's approach to respecting human rights. It is Group policy to ensure that Human Rights are respected in the way the Group runs its business and through its processes, behaviours, operations and conduct. The policy sets out, amongst other things, the principles of the Group's approach to Slavery & Human Trafficking.

Our Human Rights Policy can be accessed [here](#).

#### ***Anti-Slavery & Human Trafficking Policy***

In furtherance of the principles set out in the Group's Human Rights Policy, Dowlais has adopted an Anti-Slavery & Human Trafficking Policy. This policy sets out the Group's requirements on preventing Slavery & Human Trafficking in its businesses and supply chains. The policy provides that Business Units are not permitted to work with suppliers who are unwilling to comply with the Group's zero-tolerance approach and must monitor their suppliers for any suspected incidents of Slavery & Human Trafficking.

The Group's Anti-Slavery & Human Trafficking Policy can be accessed [here](#).

#### ***Conflict Minerals Policy***

Dowlais' Conflict Minerals policy sets out the Group's policy to adopt procedures, to the extent required by applicable laws or customer expectations, to seek to identify whether any supplied minerals used in our products constitute or contains Conflict Minerals (as defined under the policy).

Where it is identified that any material being purchased by the Group constitutes or contains Conflict Minerals, it is the Group's policy to not use (or to cease to use) that material.

The Group's Conflict Mineral Policy can be accessed [here](#).

### ***Supplier Code of Conduct***

Dowlais has adopted a Supplier Code of Conduct, which applies globally to the Group's suppliers and sets out what the Group expects of its suppliers, regardless of any conflicting local business practices or social customs. Dowlais expects its suppliers to operate business in a way which respects human rights, dignity and fundamental freedoms, and the Supplier Code of Conduct contains an express requirement not to engage in any form of Slavery & Human Trafficking. The Supplier Code of Conduct also contain audit rights which entitle the Group to audit its suppliers in order to verify compliance.

The Group's Supplier Code of Conduct can be accessed [here](#).

### ***Whistleblowing Policy***

All employees across the Group are responsible for the detection and reporting of actual or suspected Slavery & Human Trafficking in any part of the businesses or its supply chains.

Dowlais encourages its employees to Speak Up when they identify issues of concern, including related to suspected Slavery & Human Trafficking. The Group's Whistleblowing Policy is intended to ensure that all employees and third parties with whom the Group deals feel confident that they can raise matters of concern, without being subjected to harassment, victimisation or any other detriment or retaliation.

Where employees do not feel able to report concerns to their manager or someone else within the Group, they are able to report via a confidential and anonymous whistleblowing hotline which is available to all employees across the Group. The hotline is operated by an independent external service provider, which allows employees to speak in confidence to someone who is neither their line manager nor another employee. The external provider reports all employee disclosures to the Group's legal & compliance functions, who investigate calls to the hotline independently from management. The hotline is a free-phone telephone number, which is widely publicised at all Group sites and via Business Unit intranet sites.

## **4 DUE DILIGENCE & ASSURANCE**

### ***Within the Group's business units***

Dowlais and its Business Units follow standard recruitment procedures and make use of reputable employment and temporary labour agencies in sourcing its labour. The Group conducts due diligence on any new agency and also conducts checks on its employees as part of the onboarding process, including ensuring the Group's employees have the right to work in the country in which they are located.

### ***Within the Group's supply chains***

All Business Units are required to undertake due diligence on their suppliers when they are first engaged. The due diligence process is intended to mitigate a range of risks, including the risk of Slavery & Human Trafficking in the Group's supply chain, and includes reputational checks, ownership and denied parties and media screening checks. This process helps assist in identifying any suppliers that are known or suspected of engaging in Slavery and Human Trafficking. During 2022 such searches did not raise any issues of concern. At GKN Powder Metallurgy, risk assessments are made based on the nature of the procured goods or services. In all cases, where issues of concern are identified, more extensive due diligence is undertaken.

The Group recognises that it faces challenges with transparency across each tier of its supply chain. Whilst the Group focuses its efforts on conducting due diligence on the Group's direct suppliers, it also mandates that these suppliers conduct due diligence on their own supply chain.

### ***Leadership assurance***

The Group expects all leaders within the Group to take responsibility for combatting Slavery & Human Trafficking, and engages in an annual leadership assurance process, to ensure they understand their responsibilities and are confident with the policies and procedures within their area of responsibility are adequate.

## **5 SLAVERY & HUMAN TRAFFICKING RISK ASSESSMENT & MANAGEMENT**

The Board of Dowlais has ultimate accountability for managing the risk of Slavery & Human Trafficking, supported by the Sustainability, Legal, Human Resources and Procurement functions who have day to day responsibility for this risk.

### ***Within the Group's businesses***

The Group has considered the risk of Slavery and Human Trafficking taking place in the Business Units during the year. Taking into account the locations of the operations of the Business Units<sup>1</sup>, the roles being performed (and the skills and qualifications needed to perform those roles) by the Group's employees and contractors, the policies adopted by the Group and the Business Units and the assurance processes in place, the recruitment processes adopted by the Group, the access and security controls at its sites and the absence of reports of concerns or incidents regarding forced labour, the Group has concluded that the risk of Slavery and Human Trafficking occurring within its operations is low.

### ***Within the Group's supply chains***

The Group has considered the risk of Slavery and Human Trafficking taking place in the Business Units' supply chains during the year. The identity and nature of the Business Units' suppliers, the nature of those suppliers and the industries in which they operate, the countries in which they operate<sup>1</sup>, the risk assessments and diligence undertaken on them, the requirement for the Group's suppliers to adhere to the Supplier Code of Conduct and the absence of reports of concerns or

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<sup>1</sup> Based on the countries with the highest prevalence of modern slavery as set out in the Walk Free Global Slavery Index 2022

incidents regarding forced labour, all indicate that the risk of Slavery and Human Trafficking occurring within the Business Units' supply chain is being adequately addressed.

However, it is considered that the Group's supply chains represent the biggest risk that the Group is connected to Slavery and Human Trafficking, and this will remain an area of continued focus for the Group. The Group intends to continue to assess and refine its risk assessment in this area as required.

## **6 TRAINING & AWARENESS**

The Group's Business Units provide targeted and regular training to employees on the Group's policies, including in relation to Our Code, the Group's Human Rights Policy, Anti-Slavery & Human Trafficking and the process for Speaking Up and raising concerns.

During 2022, GKN Automotive launched a new bespoke online training programme on ethical conduct, which includes specific training on identifying Slavery & Human Trafficking in the Group's business and supply chains. GKN Powder Metallurgy also provides training to employees on this topic and is reviewing how to implement improved training in 2023.

During 2022, the Business Units also took a number of actions to raise employees' awareness of the Group's whistleblowing platform, using online and offline media as appropriate.

Whistleblowing cases are regularly reviewed by Business Unit and Group Executive Teams and by the Board. During 2022, there were no reported concerns regarding Slavery and Human Trafficking across the Business Unit's operations or supply chain. The Board will monitor the nature of issues reported through the Group's whistleblowing hotline. The integrity of this process is an important part of Dowlais' risk management in this area, and the Board will continue to review this in 2023 to ensure its ongoing effectiveness.

## **7 KEY PERFORMANCE INDICATORS**

The Group continues to monitor and evaluate the effectiveness of the steps that it is taking to ensure that Slavery and Human Trafficking is not taking place within the Group or its supply chains by:

- monitoring any reports that may indicate that Slavery & Human Trafficking practices or the risk of potential Slavery & Human Trafficking practices have been identified;
- monitoring the findings of any internal investigations in this area; and
- monitoring training completion records.

## **8 LOOKING AHEAD**

This is the first Slavery & Human Trafficking Statement issued by Dowlais as a newly independent Group.

The Group recognises that it can do more to combat the risk of Slavery & Human Trafficking, including by increasing the level of due diligence undertaken in the Group's supply chains. During 2023, Dowlais intends to reassess its salient human rights risks and map these to its supply chains, in addition to increasing the level of assurance that its policies are well embedded across the Business Units and that the Business Units are taking positive steps to mitigate the risk of Slavery & Human Trafficking in their supply chains.



Dowlais also plans to review its training modules across the Group to ensure they continue to be fit for purpose and will look for opportunities to ensure these are consistent across the Group.

Dowlais will also:

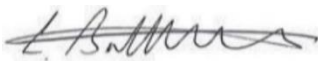
- continue to provide ongoing support to all Business Units in reviewing and investing in their operations and procedures to ensure that risks of Slavery & Human Trafficking are considered and addressed;
- continue to review and improve its supplier due diligence and risk assessment processes; and
- continue to educate and promote a Speaking Up culture within the Group, encouraging all of its employees to raise concerns.

## **9 SECTION 54 OF THE MODERN SLAVERY ACT 2015**

The companies within the Group which are required to make a statement pursuant to section 54 of the Modern Slavery Act 2015 for the financial year ended 31 December 2022 are GKN Automotive Limited, GKN Driveline Birmingham Limited, GKN Freight Services Limited and GKN Powder Metallurgy Holdings Limited. This statement will be adopted for these purposes.

## **10 APPROVAL**

The Board of Dowlais Group plc approved this statement on 13 June 2023 and is signed on its behalf by:



**Liam Butterworth**  
**Chief Executive Officer**  
**Dowlais Group plc**

**Dowlais Group plc**

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