



MODERN SLAVERY TRANSPARENCY STATEMENT 2018

INTRODUCTION

This is the Modern Slavery Transparency Statement of Element Materials Technology Group Limited and all other relevant group companies (Element or the Group) for the financial year ended 31 December 2018. This statement is made pursuant to section 54 of the Modern Slavery Act 2015 (the Act).⁽¹⁾

The Act creates offences in respect of slavery, servitude, forced or compulsory labour and human trafficking (Modern Slavery). Element is committed to combatting all forms of Modern Slavery.

ABOUT ELEMENT AND SUPPLY CHAINS

Element is one of the world's leading laboratory-based testing companies. Originally formed from the in-house materials testing and product testing laboratories of the Netherlands-based Stork Engineering Group, Element can trace its testing pedigree back to 1827. Element itself was formed in 2010, following a management buyout from Stork Engineering Group.

In June 2017, Element acquired Exova Group plc (Exova), significantly increasing the size of the Group. The acquisition of Exova established Element as a truly significant, global provider of testing services and put it well on the way to realizing its ambition of becoming the best and most trusted testing partner in the world. The combined organization is headquartered in the UK with approximately 7,000 employees, operating out of around 200 sites located in more than 30 countries throughout the world.

The Group specializes in providing a comprehensive range of materials testing, product qualification testing, consulting and certification services to advanced industrial end markets including in the Aerospace; Fire & Building Products; Oil & Gas and Infrastructure; and Transportation & Industrials sectors.

Element is committed to conducting its business in a socially responsible manner, respecting the needs of its customers, employees, investors, and other stakeholders. The Group's reputation, together with the trust and confidence of those stakeholders, is one of its most valuable assets and Element strives to maintain the highest ethical standards in all its business activities.

Element provides technically demanding services and skilled people and excellent processes are key to its success. Element recognizes however that Modern Slavery is an issue that could affect its business and its supply chain. For example, Element's key supplies include laboratory equipment, clothing and personal protective equipment and there is a recognized risk of Modern Slavery impacting these supply chains.

⁽¹⁾This statement sets out the steps taken by Element Materials Technology Group Limited and Exova (UK) Limited both of which fall within the scope of section 54(2) of the Modern Slavery Act 2015 and the Modern Slavery Act 2015 (Transparency in Supply Chains) Regulations 2015.

RELEVANT POLICIES AND PROCEDURES

■ Modern Slavery Policy

Element has a zero tolerance approach to Modern Slavery and the following principles apply to Element's business and its supply chain: (i) child labour must not be used; (ii) any form of forced or compulsory labour must not be used. Workers must be free to leave employment or work after reasonable notice; (iii) passports, visas and other personal documentation should not be taken from employees unless requested to be held by the employee for safekeeping purposes (and, if held for safekeeping purposes, they should be returned to the employee on request); (iv) all forms of debt bondage are prohibited. Workers should not be subject to contracts that tie them into repaying a loan (other than small loans to cover items such as transport costs), excessive accommodation expenses or other costs that they have no or little opportunity to repay; (v) compensation and benefits must comply with local laws relating to minimum wages, overtime hours and other benefits; and (vi) the formation of trade unions and powers of collective bargaining should be respected. The Modern Slavery Policy is available at <https://www.element.com/-/media/files/modern-slavery-policy/Element-Modern-Slavery-Policy-Rev2-Issued-2019>

■ Independent third-party whistleblowing hotline

An independent third-party whistleblowing hotline is available to Element employees. The hotline can be used to report any ethical, integrity or compliance issue including human rights violations such as Modern Slavery. All reports are notified immediately to the EVP Human Resources and/or Group General Counsel who ensure that reports are followed up and appropriate actions are taken.

■ Supplier Code of Conduct

A Supplier Code of Conduct sets out details of the behaviours and principles Element expects its suppliers to follow including in respect of ethics and integrity, compliance with laws, anti-bribery and corruption, hospitality and gifts, fraud prevention, fair competition, health and safety and environmental matters and human rights and slavery. This is available at <https://www.element.com/-/media/files/modern-slavery-policy/Element-Supplier-Code-of-Conduct-Rev2-Issued-2019>

ASSESSMENT OF MODERN SLAVERY RISK WITH OUR SUPPLY CHAIN

In Q1 2018, Element carried out a Group-wide Modern Slavery risk assessment. Personnel from Element's procurement, legal and HR teams were involved in the exercise. The risk assessment focused on any exposure to migrant labour and recruitment agents in higher risk jurisdictions and also considered Element's wider supply chain. Policies and procedures are in place to manage and mitigate these risks.

DUE DILIGENCE OF SUPPLY CHAIN AND SUPPLIERS

In late 2017, Element appointed a Group Procurement Director with extensive experience building, growing and streamlining international procurement and supply chain capabilities. In 2018, Element's procurement capabilities were further developed and the Group centralized much of its significant purchasing activity, increasing scrutiny and review of existing and proposed new suppliers.

Element now has clear and consistent Group-wide procurement policies and undertakes due diligence when considering taking on new suppliers. Supplier due diligence processes have been enhanced and new suppliers used by the shared service centres and procurement team are now considered from a Modern Slavery perspective prior to being engaged. New suppliers used by the shared service centres and procurement team are provided with and are required to comply with Element's Modern Slavery Policy and Supplier Code of Conduct. Element has not detected any violations of the Act within the Group's supply chains to date.



CONTRACTUAL TERMS

Element's Standard Terms of Purchase used in the UK, United States, Canada and the UAE (covering its main shared service centres) now include requirements in respect of Modern Slavery. In 2018, Element also put in place Standard Terms of Purchase including requirements in respect of Modern Slavery in Germany, Singapore, Oman, Saudi Arabia and Qatar.

MODERN SLAVERY TRAINING

Updates/training in relation to the Act have been given to the Executive Committee and members of the procurement, finance and HR teams. In 2018, a communication in relation to Element's Modern Slavery Policy and Supplier Code of Conduct was also circulated to employees.

NEXT STEPS

Modern Slavery risks and anti-slavery measures will continue to be reviewed and developed during the 2019 financial year. In 2019, the Group Procurement function will continue to enhance the due diligence carried out on Element's supply chain. Element will further strengthen its procurement policies and procedures. The Group will also continue to rationalize its supply chain, allowing increased governance of preferred suppliers.

This statement was approved by the Boards of Element Materials Technology Group Limited and Exova (UK) Limited.

A handwritten signature in black ink that reads 'Charles'.

Charles Noall
Chief Executive Officer

Element Materials Technology Group Limited

A handwritten signature in black ink that reads 'Robert'.

Robert Veitch
Director

Exova (UK) Limited

25 February 2019