

Chesterfield Special Cylinders Holdings plc slavery and human trafficking statement

1. Introduction

This is the modern slavery and human trafficking statement of Chesterfield Special Cylinders Holdings plc and all its subsidiaries (the “**Company**”). This statement is made pursuant to s.54(1) of the UK Modern Slavery Act 2015 (the “**Act**”) and adopted by the companies in the Company as their respective slavery and human trafficking statement. A full list of such companies is held at Chesterfield Special Cylinders Holdings plc registered office in accordance with the Act.

The Company is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain, and will impose the same high standards on its suppliers. The Company acknowledges its responsibilities in relation to tackling modern slavery and commits to complying with the provisions in the Act.

2. Structure of the organisation

The Company has one operating subsidiary, Chesterfield Special Cylinders Limited and is primarily focused on defence, energy and industrial markets. It employs 104 people and has business operations in the UK and Europe. Additionally it has agents and distributors in Australia, USA, South East Asia, Russia, Africa, South America, the Middle East and India.

The Company has an annual turnover of £20m. More about the nature of the Company’s business can be found at www.csc-holdings.com.

The Company works with a range of suppliers primarily based in the UK, Europe and North America.

3. Policies

As part of the Company’s commitment to combating modern slavery, it has implemented the following policies:

- Recruitment policy. The Company’s policy includes conducting eligibility to work in the UK checks for all employees to safeguard against human trafficking

or individuals being forced to work against their will.

- Whistleblowing policy. This ensures all employees know they can raise concerns about how colleagues are being treated, or practices within the Company's business or supply chain, without fear of reprisals.
- Ethical principles. These explain the manner in which the Company behaves as an organisation and how it expects its employees and suppliers to act. These principles can be found on the website at www.csc-holdings.com/our-responsibility/ethical-principles.

4. **Due diligence**

As part of the Company's efforts to monitor and reduce the risk of slavery and human trafficking occurring within its supply chains, it has the following due diligence procedures.

- The Company builds long standing relationships with both local and international suppliers. The Company makes clear its expectations of business behaviour and requires all suppliers to recognise the standards laid out in its Ethical Principles .
- The Company has systems in place to encourage employees to report concerns.
- It is not practical for the Company to have a direct relationship with all suppliers within the supply chain. The Company will expect every entity to adopt a minimum protocol of 'one up' due diligence within the next link of the supply chain.
- The Company periodically visits and audits its principal suppliers.
- These procedures are designed to:
 - establish and assess areas of potential risk in the Company's business and supply chains
 - monitor potential risk areas in the Company's business and supply chains
 - reduce the risk of slavery and human trafficking occurring in the Company's business and supply chains
 - provide adequate protection for whistleblowers

5. **Risk and compliance**

The Company has begun to evaluate its exposure to the risk of modern slavery occurring in its supply chain.

The Company does not consider that it operates in high risk sectors or locations.

The Company has a zero tolerance approach to slavery and human trafficking in its business and its supply chain and will endeavour to introduce policies and procedures to ensure it both complies with the Act and reduces its exposure to the risk of modern slavery occurring in its supply chain . The Company will not work with any supplier organisation that has been found to have knowingly been involved in slavery or human trafficking.

As part of the Company's contracting processes it intends to include specific prohibitions against any form of slavery or human trafficking. The Company expects its suppliers to adhere to the same high standards, and take steps to ensure this approach is reflected in their supply chains.

6. **Training**

In order to ensure proper understanding of the risks posed by modern slavery in the context of our organisation and supply chain, representatives of Chesterfield Special Cylinders Holdings plc intend to provide training to employees of the Company as appropriate.

7. **Further actions**

Following our review of our actions to prevent slavery or human trafficking from occurring in our business or supply chains, we intend to take the following further steps to tackle slavery and human trafficking.

- Undertake a Company-wide training programme to educate our staff to recognise and report occurrences of modern slavery and human trafficking in our business and supply chains.
- Expand major supplier due diligence to specifically cover slavery and human trafficking and to prevent it occurring in the Company's business and supply chains.

8. **Secretary**

- 8.1. The Company Secretary or his or her nominee shall act as the secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

9. **Quorum**

- 9.1. The quorum necessary for the transaction of business shall be two members.

10. **Frequency of meetings**

- 10.1. The Committee will meet at least two times a year and otherwise as required.

11. **Notice of meetings**

- 11.1. Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee Chair.
- 11.2. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no later than two working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

12. **Minutes of meetings**

- 12.1. The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 12.2. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Committee chair it would be inappropriate to do so.

13. **Annual general meetings**

- 13.1. The Committee Chair should attend the annual general meeting to answer any shareholder questions on the Committee's activities.

14. **Duties**

The Committee should carry out the duties detailed below for the parent company and major subsidiary undertakings, as appropriate.

The Committee shall:

- 14.1. Have delegated responsibility for determining the remuneration policy for directors and setting remuneration for the company's chair and executive directors including pension rights and any compensation payments. The Board shall determine the remuneration of non-executive directors. No director or senior manager shall be involved in any decisions as to their own remuneration.
- 14.2. Monitor the level and structure of remuneration for senior management.
- 14.3. In determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the Quoted Companies Alliance Corporate Governance Code ('QCA Code') and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the company.
- 14.4. When setting remuneration policy for directors, review and have regard to pay and employment conditions across the company or group, especially when determining annual salary increases.
- 14.5. Review the on-going appropriateness and relevance of the remuneration policy.

- 14.6. Within the terms of the agreed policy and in consultation with the Chair and/or Chief Executive, as appropriate, determine the total individual remuneration package of each executive director and the company Chair, including bonuses, incentive payments and share options or other share awards.
- 14.7. Obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. To help it fulfil its obligations the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the company but within any budgetary restraints imposed by the Board.
- 14.8. Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 14.9. Approve the design of, and determine targets for, any performance-related pay schemes operated by the company and approve the total annual payments made under such schemes.
- 14.10. Review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Company Secretary and other designated senior executives and the performance targets to be used.
- 14.11. Determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives.
- 14.12. Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- 14.13. Oversee any major changes in employee benefits structures throughout the company or group.
- 14.14. Work and liaise as necessary with all other Board Committees.

15. Reporting responsibilities

- 15.1. The Committee Chair shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 15.2. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 15.3. The Committee shall produce a report of the company's remuneration policy and practices to be included in the company's annual report and ensure each year that it is put to shareholders for
- 15.4. approval at the AGM. If the Committee has appointed remuneration consultants, the annual report of the company's remuneration policy should identify such consultants and state whether they have any other connection with the company.
- 15.5. Through the Chair of the Board, ensure that the company maintains contact as required with its principal shareholders about remuneration.

16. Other matters

The Committee shall:

- 16.1. Have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required.
- 16.2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.
- 16.3. Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed/non listed companies and formation and operation of share schemes including but not limited to the provisions of the QCA Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules as well as guidelines published by the Association of British Insurers and the National Association of Pension Funds and any other applicable rules, as appropriate.
- 16.4. Arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

17. **Authority**

- 17.1. The Committee is authorised by the Board to obtain, at the company's expense, outside legal or other professional advice on any matters within its terms of reference.