



Modern Slavery Statement

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and sets out the steps we have taken to ensure that our business as well as our supply chains are free from slavery and human trafficking during the financial year ending April 2023.

Introduction

HQW-Aerospace (UK) Ltd is committed to preventing slavery and human trafficking occurring in any of its corporate activities, as well as seeking to ensure that our supply chains are also free from such practices.

Our organisational structure and operations

HQW Aerospace is recognised as a world leader in the design and manufacture of super precision ball bearings.

HQW Aerospace offers thousands of bearing variations which are used in virtually every sector of industry where there is the need to meet critical tolerances, high speeds and performance under demanding operating conditions. These include key components for the aerospace and defence sectors, vacuum technology and specialist medical systems. More than 50% of production is devoted to special bearings, many of which offer added value by higher-level integration - the means to reduce the number of adjacent component parts, thereby optimising both cost and technical advantage. We are a part of the HQW Group based in Kürnach in Germany.

The HQW Group employ 580 people within the UK and Germany, in roles spread across Sales, bearing design and manufacturing.

The HQW Group has a total global annual turnover of €88 million.

Our Suppliers and Partners

The HQW Group's key supply chains involve the manufacture of raw material for bearings, including bearing rings from India, balls from USA and Japan and many different Assembly components from across the EU, USA and Asia.

We ensure that our suppliers are aware of our policies and take appropriate measures to ensure that our suppliers adhere to the same high standards. This includes a paragraph in our Purchasing Terms and Conditions relating to modern slavery, human trafficking and ethically sourced materials/products. The company's Conflict Materials Policy Statement ensures our products do not contain any of the Conflict Materials listed which are sourced from the Democratic Republic of

Congo or its adjoining countries. All suppliers are requested to provide written declarations to confirm products are conflict free materials.

The organisation's suppliers are required to observe the ethical and legal principles set down in the HQW Aerospace Corporation Code of Conduct. These requirements should also be cascaded by the supplier within their supply chain.

New supplier audits " HQW Aerospace Potential Supplier — self audit" must be completed prior to trading with new suppliers and include questions relating to social responsibility covering compliance with minimum working age, working hours and wages.

HQW Aerospace uses only specified, reputable employment agencies to source labour and always verifies the practices of any new agency it is using before accepting workers from that agency.

Policies relating to slavery and human trafficking

Our Corporation Code of Conduct policy reflects our commitment implementing and enforcing effective procedures and controls to minimise the risks of human trafficking and other modern slavery practices infiltrating our business operations or supply chains, and to acting ethically and with integrity in all our business activities and relationships.

This Code also makes clear to employees the actions and behaviour expected of them when representing the organisation. The company strives to maintain the highest standards of employee conduct and ethical behaviour when operating abroad and managing its supply chain.

Risk Assessment

We use the following processes to assess which of our own activities and supply chains represent the highest risks in respect of slavery or human trafficking.

As part of the Supplier Approval process, our audit of any potential new suppliers will start with a questionnaire where the potential supplier will be trusted to honestly answer a set of questions related to their stance on anti-slavery. From that point onwards any on-boarded supplier can expect to be visited without notice and as such must allow full access to our company employees (or elected representatives) where the visit will include inspection of any premises for any evidence of modern slavery. With our team maintaining an understanding of the concept of modern slavery and being aware of relevant standards and safeguards, this allows them to identify where there are modern slavery risks. The level of auditing and investigation would be aligned and be based upon risks relevant to that business — country, manufacturing sector and workforce demographics.

The risk assessment process allows us to focus more resources and efforts on areas of the supply chain that are most likely to have modern slavery issues. If a particular supplier is deemed to be high risk, because it is located in a region where there are known issues, we will make focused assessments to investigate, verify, and validate such risk.

On the basis of these processes, we have identified the following operations in our supply chain to be at highest risk of infiltration in relation to slavery and human trafficking:

Low cost manufacturing countries: India and China.

Due diligence processes in relation to slavery and human trafficking

In order to monitor and mitigate the risks of slavery and human trafficking occurring within our supply chains we undertake the due diligence processes in relation to all new suppliers as per our "HQW Aerospace Potential Supplier — self audit".

After excluding low-risk business partners, we continue to review our remaining partners as part of an onboarding process. The review includes asking questions about the company's business practices as well as their organisational structures. If there are any concerns in individual cases in this respect, the partners in question will either not be integrated into the business relationship or specific measures will be agreed upon in each individual case to counteract the risk of forced labour and slavery. Controlling and monitoring aspects are also being established in contracts with companies as part of this company-specific collaboration, to permanently exclude any legal violations.

Staff training

We provide Anti Bribery and Corruption training to all relevant staff to ensure that they understand the risks of modern slavery and human trafficking infiltrating our business or supply chains and effectively operate our policies and procedures aimed at mitigating this risk. The knowledge we establish in this way should form the foundation of a culture that avoids forced labour and slavery in an even more structure manner and will support the compliance processes we have established.

Whistleblowing

The organisation encourages all its workers, customers, and other business partners to report any concerns related to the direct activities, or the supply chains of, the organisation. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. The organisation's whistleblowing policy (due to be rolled out in the 2nd quarter of 2021) will be designed to make it easy for workers to make disclosures in relation to non-compliant or unethical practices within our business or supply chain, without fear of retaliation or reprisals.

We will be making make specific provision in our whistleblowing policy for the protection of those who whistle-blow in relation to an issue of modern slavery.

Signed _____



Martin Knight – Managing Director

Date _____

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