

UK Modern Slavery Act Statement for the financial year ended 31 March 2018

This statement has been published in accordance with the UK Modern Slavery Act 2015 and sets out the steps that discoverIE Group plc and its Group companies ("discoverIE") have taken in the financial year ended 31 March 2018 to prevent modern slavery and human trafficking in discoverIE's business and supply chains. It has been approved by the Board of Directors of discoverIE Group plc.

discoverIE is committed to ensuring that no forms of modern slavery, servitude, forced or compulsory labour and human trafficking exist in its business operations or its supply chains. We do not tolerate modern slavery or human trafficking in any part of our business and we expect the same high standards from our third party suppliers and contractors.

This Statement describes the steps we have taken over the past financial year as well as those we plan to take in future, to prevent modern slavery and human trafficking in our business operations and our supply chains. In this respect, we plan to develop further and refine our risk management and environmental, social and governance ("ESG") programmes over the coming years in order to deliver on our commitment by implementing the steps described below.

ABOUT discoverIE

The Group is an international leader in customised electronics, focusing on markets with sustained growth prospects and increasing electronic content, where there is an essential need for discoverIE's products. discoverIE designs, manufactures and supplies customer-specific electronic products to over 25,000 companies around the world. discoverIE Group plc is listed on the London Stock Exchange (LSE: DSCV). Currently, there are c. 4,000 employees across the Group. discoverIE has two divisions: Design & Manufacturing and Custom Supply.

Design & Manufacturing

The Design & Manufacturing division supplies highly differentiated, innovative components for electronic applications. The businesses which comprise the Design & Manufacturing division are Contour, Flux, Foss, Hectronic, MTC, Myrra, Noratel, Plitron, RSG, Santon, Stortech and Variohm. The Group acquired the Santon Group in January 2018. The steps that discoverIE took to assess any potential modern slavery risks as part of the acquisition process are discussed below, along with our plans to expand our due diligence procedures.

The Design & Manufacturing division has operating and manufacturing facilities in a number of jurisdictions, including Canada, China, Denmark, Finland, Germany, India, the Netherlands, Norway, Poland, Slovakia, South Korea, Sri Lanka, Sweden, Thailand, the UK and the USA. It also has operational presence in France and Hong Kong. Over 80% of the products are manufactured in-house, the balance being manufactured by approved third party contractors.

Custom Supply

The Custom Supply division provides customised electronic, photonic and medical products for technically demanding applications in industrial, medical and healthcare markets. The business operates similarly to the Design & Manufacturing divisions, but mostly with third party suppliers rather than with products manufactured in-house.

The Custom Distribution division is comprised of Acal BFi and Vertec. Acal BFi UK entities include Acal BFi UK Limited and Acal BFi Central Procurement UK Limited.

The Custom Distribution division has operating facilities in the following jurisdictions: Belgium, Denmark, Finland, France, Italy, the Netherlands, Norway, South Africa and Sweden. It also has manufacturing and central operational facilities in Germany and the UK, the primary UK central entity being Acal BFi Central Procurement UK Limited.

Supply Chains

The Group's supply chains are diverse, both geographically (Europe, North America and Asia), and in the nature of the suppliers we work with (size and products supplied). Typically, discoverIE has long and established working relationships with our immediate suppliers, from whom we source raw materials for manufacturing purposes as well as electronic, photonic and medical products.

We are working to identify any potential modern slavery risks in our supply chains and how we might improve our policies and support direct industry action to cause remediation if ever needed. We welcome customer or other stakeholder dialogue toward ensuring the high standards to which we strive.

We are aware that some of the geographical areas in which the Group operates, present higher modern slavery risks than other. We seek to mitigate this risk by carrying out due diligence as well as putting in place appropriate procedures and processes.

We are committed to ensuring that there is transparency in our own business and to addressing modern slavery issues should they ever arise. We expect the same high standards in our supply chains.

discoverIE plans to develop a Group wide responsible sourcing policy which will support engaging with suppliers in order to undertake due diligence on our supply chains. Industry and peer policies will be consulted as part of the development process. In addition, discoverIE intends to create a supplier code of conduct which will be publicised on the discoverIE Group plc website.

Further details on the discoverIE Group can be found at www.discoverIEplc.com

OUR POLICIES

The discoverIE Group promotes ESG policies and procedures across the Group which take into account: the interests of the Group's employees; the need to foster responsible business relationships with suppliers, customers and others; the impact of the Group's operations on workers, the community and the environment; and the maintenance of high standards of business conduct. Our policies and procedures include the following:

- Anti-Bribery and Corruption;
- Whistleblowing, (www.discoverIEplc.com/en/csr/whistle-blowing-policy); and
- Health and Safety (www.discoverIEplc.com/en/crs/health-and-safety).

Day-to-day responsibility for the implementation of ESG policies is delegated to the management of discoverIE's operating companies. Where appropriate, the Group policies and procedures are supported by the local operating companies' policies, procedures and codes of conduct.

During the previous financial year, the Health and Safety policy was reviewed. As part of this review, it was agreed to expand the annual Health and Safety questionnaire to include ESG questions, including questions on labour practices and working conditions (which help us better assess any modern slavery risks). This questionnaire was issued during the financial year under review. The results of the questionnaire were positive overall with our operating businesses demonstrating an understanding and awareness of ESG risks and how these are mitigated against. The results of the questionnaire were reviewed by the Board.

During the financial year under review, the Whistleblowing policy was reviewed by the Board, and it was determined that an external whistleblowing helpline should be put in place. This was implemented during the financial year. The Board also reviewed the policies relating to anti-bribery and corruption. Minor changes were made to these policies as it was agreed that they remained fit for purpose.

As well as updating existing policies, the Group plans to develop and publish on its website its policies on Modern Slavery Act and Human Rights. These policies will be developed along with a revised employee code of conduct. discoverIE ensures that its policies, be they existing, updated or new, are distributed throughout the Group.

DUE DILIGENCE PROCESSES

discoverIE has due diligence processes in place to support the on-going assessment and management of risks associated with both existing and newly-acquired companies and the development of relationships with new suppliers. Due diligence processes on existing and new suppliers will be expanded as part of our commitment to implementing a responsible sourcing policy.

Supplier Assessment

We are aware of and are assessing the relevance of potential collaboration with business initiatives relevant to our sector working to end modern slavery, such as the Responsible Business Alliance (formerly known as the Electronic Industry Citizenship Coalition). With regards to workers of suppliers and contractors onsite at discoverIE facilities, such as cleaners, security guards, etc., we work to ensure their legal rights are supported throughout our contractual terms.

Acquisitions

As part of the acquisition process, we undertake thorough financial, legal and commercial due diligence on companies we acquire, such as employee and customer contracts; general regulatory compliance; and employment practices. Post-acquisition, the Group Risk Manager meets with local management to provide awareness and training on all Group policies. Following the acquisition of Santon, ESG policies were discussed with senior management and provided to all employees. Training on these policies has been provided to key personnel.

Our due diligence processes were refined with a view to identifying any modern slavery risks in the acquired company and in its supply chain. Potential modern slavery risks

identified during due diligence are integrated into the post-acquisition due diligence process for further follow-up and investigation. In the event that any very high risks were identified, the Group would not pursue the acquisition.

STEPS TO ASSESS AND MANAGE RISKS

Our Group risk management and compliance programme includes the identification of modern slavery risks. discoverIE maintains an updated Group risk register, which includes an evaluation of the risks associated with supply chains and labour practices. We plan to issue a risk questionnaire to each operating company in order that additional risks to the business may be evaluated, incorporated into the risk register (as appropriate) and effectively managed. In addition, this statement is provided to the senior management of our operating companies and compliance with the UK Modern Slavery Act 2015 by the Group is actively monitored.

Furthermore, at head office we engaged an external Supply Chains Human Rights consultant (with Asia supply chain labour conditions experience) to provide a briefing to key members of our top management on some of the potential risks in our global and Asia supply chains.

During the next financial year, and beyond, we plan to develop our risk assessment processes to improve our understanding of (a) the ESG risks within our supply chains; and (b) how we should address such issues should they arise. Further work will also be undertaken on managing high risk jurisdictions in both our businesses and our supply chains.

TRAINING

We expect our employees to be conversant with and to fully observe Group policies and procedures, including those on: anti-bribery and corruption; whistleblowing; health and safety; and business ethics. In the next financial year, to assist our staff in their understanding, identification and reporting of modern slavery risks in our supply chains and businesses, we will continue to develop appropriate training and awareness to senior management and those involved in procurement and/or supply chain management.

METRICS AND MONITORING

As discussed above, we are taking steps to improve our risk assessment in this area, to offer updated training across the Group and to create key performance measures on this issue.

OUR EFFECTIVENESS IN ELIMINATING MODERN SLAVERY

We will continue to review our internal processes to ensure that our own operations are free from modern slavery, so far as possible, and that we have robust systems in place to identify and manage such issues within our supply chains and businesses.

Nick Jefferies
Group Chief Executive, discoverIE Group plc
Date: 26 July 2018