



# STARCO's statement on Modern Slavery for the Fiscal Year 2016

This statement has been published in accordance with page 54 of the Modern Slavery Act 2015. This is the first statement and it highlights the current status and the steps taken by STARCO within the fiscal year 2016 (ending on 31 December 2016) to ensure that neither modern slavery nor human trafficking is taking place within our business or supply chain.

## Introduction

As a global company, we acknowledge that various forms of human slavery may exist in all geographical areas where we operate, with some areas being at higher risk than others. We fully support the aim of the Modern Slavery Act. We are committed to operating free from human trafficking, slavery, child or forced labour and we have a zero tolerance approach towards any abuse of these principles in any part of the business.

## Our business

STARCO is involved in manufacturing, sourcing, assembling and distribution activities primarily in European and Asian countries. We operate our own factories in both developed and developing countries, and have supply sources located mainly in the Asian region.

We are fully committed to implementing the same CSR Policy throughout our organisation; furthermore, we are working with external suppliers to ensure that they are aligned with the same principles.

## Policies and responsibilities

Internally, the responsibility of complying with the CSR Policy is held by top management and delegated further to middle and local management. We have an "open-door policy" throughout the organisation, where employees from all levels are able to raise their concerns and questions – both to local management and to executive management.

The corporate purchasing department and supply chain management are responsible for third-party compliance. Our supplier selection process includes a requirement to comply with STARCO's supplier Code of Conduct. It also urges suppliers to use reasonable efforts to promote compliance with the Code of Conduct amongst their own suppliers.

You can download and read our full CSR Policy at [starco.com/CSR](http://starco.com/CSR).

## Due diligence and auditing suppliers and supply chain

We understand that our biggest exposure to Modern Slavery is in our product supply chain, which is outside of our direct control. Therefore, we are conducting various activities to ensure that our suppliers are compliant with the respective policies. As part of our supplier selection procedure, we conduct general factory audits, which include verifying compliance with STARCO's CSR Policy. We have a multi-point contact with key suppliers and we conduct audits or factory tours during the visits. Any concerns raised regarding potential CSR issues are addressed directly to the suppliers and corrective actions are requested. Any failure to ensure compliance with the policies may result in a termination of the business relationship.

## Further actions taken to prevent Modern Slavery

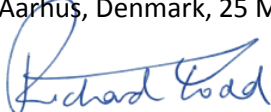
Throughout 2015/2016, STARCO has taken various actions to verify internal compliance:

- ▶ Complete list of employees on the internal system, including the respective age of employees;
- ▶ Salaries and number of employees are reported to corporate finance every month for analysis;
- ▶ Salary slips are available to employees as per local regulations;
- ▶ CSR reports have been created for factories in Sri Lanka and China, based on the guidelines of IFU (Danish Investment Fund – a shareholder in our factories). As part of this report, we analysed the salary levels for our employees and concluded that they are above average in the respective industry and area.

## Approval of this statement

This statement was approved by the Board of Directors on 24 March 2017.

Aarhus, Denmark, 25 March 2017



Richard Todd, Chief Executive Officer, STARCO Europe A/S