

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

UK Modern Slavery Act 2015

INTRODUCTION

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

Schmidtsche Schack, a division of the ARVOS Group is committed to combat slavery and human trafficking.

This statement is made pursuant to section 54(1) of the UK Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the financial year ending on March 31, 2019 and was approved by the Executive Board of the ARVOS Group on January 31, 2019.

ORGANISATIONAL STRUCTURE

We are a designer and fabricator of process heat transfer equipment. Our company is partner to the world's leading engineering companies, contractors and operators in chemical, petrochemical and metallurgical industries. SCHMIDTSCH SCHACK with its approx. 400 employees operates from its main office and workshop in Kassel, Germany with a branch office in Düsseldorf, Germany. Affiliated offices are located in Wexford/Pittsburgh (USA), Houston/Texas (USA), Kobe (Japan), Shanghai (China) and in Singapore.

OUR SUPPLY CHAINS

Our supply chains include: IT services, procurement of steel, construction and erection services, manufacturing of machined and non-machined small and major metal parts (e.g. tubes) to be integrated into our products and testing services. We procure our supplies primarily from vendors in Western Europe and estimate that our procurements from the UK are less than 1% of our total supply chain spends. Although we believe that there is limited incidence of modern slavery and human trafficking in the steel industry, especially in the Western Europe, we remain extra vigilant in our countries where modern slavery and human trafficking are more prevalent, such as China.

OUR POLICIES ON SLAVERY AND HUMAN TRAFFICKING

We are committed to ensuring that there is no modern slavery or human trafficking in our supply chains or in any part of our business.

In light of the obligation to report on measures to ensure that all parts of our business and supply chain are slavery free we enacted a designated Section 16 on Modern Slavery and Human Trafficking in our Group's Code of Conduct <https://www.arvos-group.com/compliance/code-of-conduct/> and a Section 2 in our Group's Sourcing Policy <https://www.arvos-group.com/compliance/supplier-compliance/>.

Those Sections demonstrate our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure slavery and human trafficking is not taking place anywhere in our supply chains.

DUE DILIGENCE PROCESSES FOR SLAVERY AND HUMAN TRAFFICKING

As part of our initiative to identify and mitigate risk we have made accountable the responsible heads of supply chain to report any issues pertaining to modern slavery and human trafficking to the ARVOS Group Management, who in turn report any issues to the Group's Risk Management Function for immediate action and remediation.

We reserve the right to audit our business partners and our supply chains to help:

- Identify and assess potential risk areas in our supply chains.
- Identify inappropriate employment practices.
- Mitigate the risk of slavery and human trafficking occurring in our supply chains.
- Monitor potential risk areas in our supply chains.
- Protect whistle blowers, including an anonymous online whistle blower procedure.

SUPPLIER ADHERENCE TO OUR VALUES

At Schmidtsche Schack, we have zero tolerance to slavery and human trafficking. To ensure that all those in our supply chain and business partners comply with our values, we operate in line with principles of responsible sourcing, including paying employees at the prevailing minimum wage applicable within their relevant county of operations. Also, we have in place a compliance programme which is designed to require our suppliers and other business partners to confirm adherence to the principles set forth in our above mentioned Policies or to at least, demonstrate that they have equivalent principles and policies in place (self-certification).

TRAINING

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our supply chains and our business, we provide training to our staff as part of our overall Compliance Trainings.

GOING FORWARD

Going forward, we will continue to be vigilant in this area and intend to increase our training and enforcement efforts in the Schmidtsche Schack divisions in countries where modern slavery and human trafficking have had the highest incidence, such as China.

ARVOS GmbH

Kassel, January 31, 2019



Karsten Stückrath (Managing Director)



Thorben Schäfer (Managing Director)