

Introduction

This statement sets out Xtrac Ltd.'s actions to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its own business and its supply chains. This statement relates to actions and activities during the financial year 1 October 2017 to 30th September 2018, and is published on behalf of Xtrac Ltd. and its subsidiaries.

Xtrac Ltd. recognises that it has a responsibility to take a robust approach to slavery and human trafficking, and is absolutely committed to maintaining and improving systems and processes to prevent slavery and human trafficking related to our own operations and that of our supply chain.

Our business

Xtrac is the world's leading manufacturer of motor racing and high performance automotive transmission solutions with over 350 employees located in the UK and US. The company has its head office in the UK at Thatcham, Berkshire and regional facilities in the US located in Indianapolis, Indiana and Mooresville, North Carolina.

Our Supply Chain

Our supply chain comprises the engagement of sub-consultant and subcontractor organisations to carry out works and services on our sites, as well as the sourcing of processes, materials and manufactured products. We play an active role in supplier development and have adopted various means to clearly communicate our expectations of our suppliers.

The relationship with many of our suppliers has been established over a number of years and is built upon mutually beneficial factors, where we have close links and contact with the owners or directors, typically reflecting the fact that we partner with small and medium sized operations in the main.

As and when we appoint new contractors or suppliers, we pre-qualify any new business through a series of due diligence measures, relating to company performance, HS&E compliance and references to establish that they are suitable.

Supply Chain Due Diligence process

As part of our initiative to become and remain world class in all we do, we strive to build long standing relationships with our suppliers, sub-consultants and subcontractors and make clear our expectations of business behaviour. We have systems in place to;

- Identify and assess potential risk areas when considering taking on new suppliers and regularly review our existing supply chains.
- Conduct supplier audits or assessments and take steps where required to improve substandard suppliers' practices, including providing advice to suppliers;
- Invoke sanctions against suppliers that fail to improve their performance in line with an action plan or seriously violate our supplier code of conduct, including the termination of the business relationship.

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. Our Xtrac Values guide reflects our commitment to acting ethically and with integrity in all our business relationships. Our recruitment policy reflects our commitment to using regulated recruitment agencies and to comply with the Immigration, Asylum and Nationality Act 2006, ensuring staff are entitled to work in the UK and not doing so illegally and under duress.

Training

We have zero tolerance to slavery and human trafficking and to maintain awareness and ensure a high level of understanding of the risks of modern slavery and human trafficking in our business this statement is available on the Intranet to all staff.

Specific training on this legislation has been given to the Procurement department. This took the form of a presentation and outlined the effects it has on Xtrac Ltd and what actions need to be carried out by this department in conjunction with the suppliers.

Awareness training was provided to all of Xtrac Ltd.'s Quality Engineers in the same format as the Procurement staff, and highlighted how they can work alongside the buyers during supplier visits and audits. Similar awareness training was given to all other buyers within Xtrac Ltd – these are buyers who do not work directly in the Procurement department, but still have buying duties as part of their role. This awareness training used the same presentation and gave a general outline of the work to be carried out by the Procurement department. It explained that supplier auditing would be commencing and what this might mean for them.

New employees are introduced to these policies during their company induction process.

We appreciate the need to raise awareness of modern slavery issues, and this annual statement is the platform for this development.

Progress update for financial year October 2017 to September 2018

In our second statement covering the financial year October 2016 to September 2017, Xtrac Ltd outlined that the process of auditing its supply chain to ascertain the current level of knowledge of and compliance with the Act would commence.

The actions undertaken since the last statement focussed primarily on auditing the supply chain. The following have been carried out over the past financial year:

- Supplier auditing – the supplier audit questionnaire and compliance statement has been e-mailed to the suppliers who in the past financial year made up the top 80 per cent of Xtrac Ltd.'s spend. The KPI results of this audit are shown below.
- Recording of supplier audit questionnaire responses and adherence to the Act.
- Raising awareness of the Act and its implications for Xtrac Ltd as a business with our supply chain. This has been conducted during routine supplier visits.

Key Performance Indicators

As outlined in our second statement, KPIs will be included in each statement to demonstrate the progress through our supply chain audit. Four KPIs will be included in these statements going forward:

1. Total number of suppliers live on Xtrac's system (orders placed with the financial year this statement relates to)
2. Number of suppliers approached for audit
3. Number of supplier responses received
4. Number of suppliers who comply with the Act (are able to supply their own statement or have signed our declaration form)

Current figures are as follows:

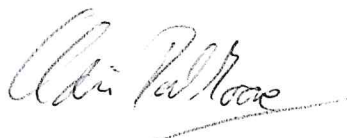
1. 605 live suppliers
2. 63 suppliers approached for audit – 10%
3. 22 suppliers responded – 34% of group audited, 4% of total live suppliers
4. 22 suppliers who comply with the Act – 34% of group audited, 4% of total live suppliers

Next steps

Throughout the next financial year we propose the actions:

- Assess the feedback from the current round of supplier audit questionnaires and where necessary take further steps to ascertain the adherence to this legislation. If required, risk assessments will be carried out to determine the topics required to be covered by this further audit and how stringent it would need to be.
- Follow up with all suppliers included in the first round of supplier auditing who have yet to respond to the questionnaire. This is to ensure that as a minimum Xtrac Ltd.'s top 80% of spend is compliant with the Act.
- Continue supplier audit process through the distribution of supplier audit questionnaires.
- Create formal KPI reporting process for the audit results. This will streamline the current manual process and ensure this information is available to any stakeholder who requests it.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the financial year ending 2018.



Adrian Moore
Chief Executive Officer

January 2019