

# MODERN SLAVERY ACT 2015 – SECTION 54 STATEMENT

## INTRODUCTION:

Dialight plc and its affiliates (collectively, “Dialight”) fully support the UK government’s zero tolerance policy in respect to modern slavery and is committed to implementing internal procedures to ensure our business does all it can to safeguard against such practices. Sustainability is not a preference or “luxury” for Dialight but one of the founding principles of our business. It permeates our global operations and is the key driver to our long-term corporate strategy. Dialight understands that sustainability is not simply an environmental or technical concern but a value that applies equally to the human resources impacted by our supply chain. As such, we continue to review and update our processes and procedures to make our work force and business partners more aware of modern slavery issues and human trafficking activities.

## OVERVIEW OF DIALIGHT’S BUSINESS:

Dialight is a global lighting solutions company that manufactures and sells LED lighting products into the industrial market. Our LED lights are designed to work in harsh environments, providing business critical lighting in the most challenging natural and artificial conditions possible. Dialight also has a signals and components division, which sells electronic components, traffic lights and niche vehicle lights. We operate through a combination of manufacturing partnerships and in-house manufacturing capacity.

## DIALIGHT GROUP STRUCTURE:

Dialight plc is the corporate group’s ultimate holding company, with its shares listed on the main market of the London Stock Exchange. Dialight has a business presence in the UK, USA, UAE, Europe, Brazil, Singapore, Malaysia and Australia (some of which are joint ventures with third parties).

## IDENTIFYING RISK OF EXPOSURE TO MODERN SLAVERY PRACTICES:

The Dialight Legal team operates as the internal working group within the organisation with responsibility for updating and publishing the Section 54 statement in each financial year, working with Dialight’s supply chain team to supervise the operation of our anti-slavery policy and provide further training to Dialight staff as required.

### Dialight’s existing supply chain

Our supply chain is our single greatest risk area for exposure to modern slavery practices and human trafficking, particularly our operations in Mexico given the country’s ranking in the global slavery index<sup>(1)</sup>. Dialight has a global network of suppliers but our key partners are primarily based in the USA, Mexico, Asia and Europe. Dialight currently operates the following in-house manufacturing sites:

- Ensenada, Mexico (serves global business);
- Malaysia (principally for signals and components); and
- Denmark and Brazil (top level assembly plants).

Much of the manufacture of Dialight’s lighting products continues to be outsourced to Sanmina Corporation’s Guadalajara Mexico manufacturing plant. Sanmina is a globally recognised specialist manufacturer for electrical goods/products and have comprehensive business ethics policies in place.

Sanmina has adopted the EICC Code of Conduct<sup>[2]</sup> which prohibits practices of slavery and human trafficking, establishing common business ethics standards for companies operating in the electronics industry supply chain. Furthermore, Sanmina must comply with the California Transparency in Supply Chains Act 2012 and the UK Modern Slavery Act 2015<sup>[3]</sup>.

#### Current due diligence on new suppliers

Before Dialight contracts with new suppliers, its supply chain team will work with our quality assurance department to ensure the candidate supplier has a proper quality assurance system in place, sufficient capacity to supply Dialight requirements, and comply with regulations applicable to the commodity or services we procure. On site supplier audits are performed by Dialight supply chain specialists as and when necessary. Before new supply agreements are signed, the Finance and Legal departments will undertake certain due diligence on the relevant supplier group, which includes a new search for reported illegality, regulatory breaches and non-compliance with sanctions etc. Only after the new supplier has satisfied all of these requirements will they achieve Dialight “approved vendor status” and be added to the Dialight approved vendor list, which is a controlled document. All of Dialight’s suppliers are generally asked to contract on Dialight’s General Conditions of Purchase, which explicitly require the customer to comply with the UK Modern Slavery Act 2015.

#### Outbound supply chain

Dialight serves customers directly and via wholesale distributors. With both types of arrangements, the underlying commercial contract is reviewed and negotiated by the Dialight Legal department, with local law advice sought when necessary from external law firms or regulatory experts. It is Dialight’s starting position to ask customers to sign up to its standard form terms & conditions of sale and/or distribution agreement. Both documents require the customer to comply with Dialight’s policies.

#### DIALIGHT EMPLOYMENT PROCEDURES:

All Dialight employees, both permanent and temporary, are employed on local contracts of employment in line with local market standards. Right to work checks are undertaken by our HR team for all new employee hires and we only use reputable recruitment agencies of proven quality.

#### DIALIGHT BUSINESS ETHICS FRAMEWORK:

In keeping with Dialight’s commitment to act ethically, sustainably and with integrity in relation to all its business dealings, many of our existing policies are relevant and mutually supportive in ensuring that no modern slavery practices or human trafficking activities are tolerated in any part of our business.

#### Business Code of Conduct

Dialight’s Business Code of Conduct is an overarching document that sets out, in practical common-sense terms, what acting in a “professional”, “moral” and “ethical” manner means on a day-to-day basis. We aim, where possible, to apply the code to all our business partners around the world, including suppliers, agents, representatives, distributors and consultants. It sets out the type of working environment Dialight seeks to create, one in which there is respect for fundamental human rights and where forced labour is not tolerated.

## Business Partner's Policy

This short-form policy available on our [website](#) and sets out the basic business standards required from our business partners, including sales agents or representatives, consultants, distributors, suppliers and sub-contractors. It is publicly available and explicitly states that our business partners should maintain their own anti-slavery & human trafficking policies and generally operate in accordance with the UN Universal Declaration of Human Rights.

## Anti-Bribery & Corruption policy

This internal policy outlines Dialight's position on preventing and prohibiting bribery, in accordance with the UK Bribery Act 2010. Dialight does not tolerate any form of bribery or corruption within or outside the organisation. Given that many examples of modern slavery practices and human trafficking activities go hand in hand with corrupt business practices, we would hope this policy would also identify and prevent scenarios whereby modern slavery may be a factor.

## Whistleblowing policy

Dialight believes a discreet and effective whistle blowing procedure is essential for encouraging an environment of openness and integrity. Dialight's anonymous whistleblowing hotline, available to all employees, offers employees a confidential mechanism by which complaints can be raised within the organisation – this will also cover our new anti-slavery policy going forward.

## MODERN SLAVERY AWARENESS: STEPS TAKEN BY DIALIGHT IN 2017

1. **Anti-Slavery policy.** We have implemented a group wide anti-slavery policy, which has been approved by the Dialight board and circulated to all employees. The policy sets out what modern slavery and human trafficking practices are, the warning signs/how to identify these and how to respond. This policy is reviewed and updated each year (as required).
2. **Anti-Slavery training.** Dialight has used a third party training services provider to roll out a global compliance training program, including an anti-slavery module. This training involved a short interactive course on modern slavery and tested all learners on their understanding of the topic. Completion rates are reviewed monthly and only once an employee has achieved the required pass rate is the employee deemed compliant with the program for that year. This training is issued to new joiners and is reissued to all Dialight staff on an annual basis.

## NEXT STEPS: NEW MEASURES FOR 2018

Dialight continues to monitor and evaluate the effectiveness of its Anti-Slavery compliance program and to consider how best to drive compliance. As a result, Dialight has engaged a third party compliance services organisation to perform detailed and specialist due diligence and on-going compliance and risk reviews on all Dialight suppliers.

## BOARD APPROVAL:

This statement has been approved by the Dialight board of directors.

## GROUP CHIEF EXECUTIVE OFFICER ENDORSEMENT:

I fully support and agree with this Section 54 Statement as required under the UK Modern Slavery Act 2015.

A handwritten signature in black ink, appearing to read "Martin L. Rapp". The signature is fluid and cursive, with the first name "Martin" being the most prominent part.

MARTIN L. RAPP  
GROUP CHIEF EXECUTIVE OFFICER, DIALIGHT PLC

<sup>[1]</sup> Mexico ranked number 36 out of 167 in the Global Slavery Index 2016

<http://www.globalslaveryindex.org/index>

<sup>[2]</sup> Electronic Industry Citizens Coalition's Code of Conduct <http://www.eiccoalition.org/standards/code-of-conduct/>

<sup>[3]</sup> <http://www.sanmina.com/social-responsibility/ethics-governance/anti-trafficking-slavery/>