

UK Modern Slavery Act Statement

The United Kingdom Modern Slavery Act of 2015 requires certain businesses to provide public disclosures regarding efforts to eradicate slavery and human trafficking from their supply chains and to ensure it is not occurring in its own organisation. This disclosure is intended to provide our customers, suppliers, partners, employees, and the public with information that will allow them to make more informed decisions concerning SPI Lasers UK Ltd (the “Company”).

The Company’s principal activities are the design, development, engineering and manufacture of optical fiber-based laser sources for a range of markets and applications. The Company’s products are based on an innovative and proprietary fiber technology platform which enables high performance together with a substantial reduction in the size of the product and the total cost to the end-user compared to more traditional lasers.

The Company has offices in China, South Korea and the US for sales representation and product application activities.

The Directors recognise that the Company’s future success in a highly competitive world depends upon its employees and the development of their skills and abilities. The Company ensures that all its employees, including interns, worldwide are paid at levels above their respective country’s national minimum wage.

It is the Company’s aim that there shall be equal opportunities throughout the Company including its policies and practices on recruitment, training, promotion, and performance management. There will be no discrimination on the grounds of an employee’s sex, gender reassignment, marital status, race (which includes colour, nationality and ethnic or national origins), disability, sexual orientation, religion or belief, or age.

The Company’s employee recruitment policy includes provision for disabled employees, providing further necessary training and any reasonable adjustments taking account of their particular needs. The Company also supports employees who have become disabled during employment with the Company, with the aim to maintain their pre-disability position.

Communication with employees is achieved through regular Company briefings, information bulletins and individually through team meetings and individual performance discussions. The Company also has a policy of consulting with employees about matters that may concern them. In addition, the Company has launched an intranet that enables its employees ready access to HR policies, handbooks, and health & safety information.

Since the Company’s formation, SPI Lasers has always led its business with integrity, focused on complying with applicable laws and regulations. We are committed to conducting business with suppliers who support our high standards of ethical conduct. We support the humanitarian goal of eliminating slavery and human trafficking in supply chains, and ensuring that it is not present in our own organisation.

The Company strives for exemplary quality in its products and processes – and also in its conduct. The conduct of each employee at SPI Lasers has a significant influence on the

reputation of our company. As the Management of SPI Lasers, we have specified in a [Code of Conduct](#) the basic standards for ethical business conduct which we expect all employees of the SPI Lasers group of companies, worldwide to adhere to.

The Code of Conduct encompasses respect for fair competition; rejection of bribery and corruption, tax evasion and subsidy fraud; compliance with all regulations regarding international trade, product safety, safety in the work place, and environmental protection; avoidance of conflicts of interest; protection of the Company's assets and proprietary information; and the protection of personal data.

The Company expects each and every employee of the SPI Lasers group of companies worldwide to act in accordance with this Code of Conduct and the values of SPI Lasers and asks them to be conscious of the responsibility that they bear for the reputation of the Company. This reputation is of immeasurable value to us.

The Code of Conduct contains general standards for ethical business conduct but does not currently contain specific provisions addressing human trafficking and slavery. The Company has adopted supply chain and quality policies and procedures that support our goals of responsible supply chain management (including support of efforts to eradicate slavery and human trafficking from the supply chain).

The Company evaluates prospective suppliers through a risk based approach:

- **Verification:** The Company's supplier evaluation includes: condition of facilities and production equipment; employee qualification, product systems, and workplace organisation and safety; quality management and maintenance; supplier management and logistics including quality and supply agreements with their suppliers; innovation capacity and development; strategic alignment and economic stability including revenues per employee; and ethical criteria.

Ethical criteria includes: observance of laws; prohibition of corruption and bribes; respect for employee's fundamental rights; prohibition of child labour; employee health & safety; environmental protection with regard to legal and international standards; and observance of ethical criteria in the work place.

The evaluation does not explicitly refer to slavery and human trafficking.

- **Audit:** The Company audits suppliers based on a risk-based approach. The audits are not unannounced and are not performed by an independent third party. Visits are arranged in advance, and responses to the supplier evaluation verified.
- **Certification:** Our suppliers are required to certify that they do not incorporate conflict materials in their products. Our suppliers are not currently required to certify that they comply with the laws regarding slavery and human trafficking of the country or countries in which they do business.

- **Internal Accountability:** Notification of violation of company policies and procedures, including the Code of Conduct, is via management or via a confidential email address to the Company's legal department. All such reports of allegations of violations will be promptly investigated and, if the result of the investigation indicates that corrective action is required, the Company will decide what steps to take to rectify any problem and/or avoid the likelihood of its recurrences.
- **Training:** The Company provides training for new and existing employees on its Code of Conduct and asks them to return a signed letter in which they confirm that they have read and agree to abide by its requirements. The training does not explicitly refer to slavery and human trafficking.

Improvements to the Company's procedures that will be investigated in the present financial year include:

- Implementation of a Supplier Code of Conduct that explicitly requires suppliers to certify that they comply with the laws regarding slavery and human trafficking of the country or countries in which they do business.
- Inclusion of explicit references to slavery and human trafficking in the Company's quality management systems for suppliers.

The undersigned being all the board of directors of SPI Lasers UK Ltd approved this statement by unanimous consent dated 9th January 2017

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DR. THOMAS FEHN

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MR. THOMAS REINAUER

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MR. DON RIDDELL

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DR. MALCOLM VARNHAM