



## SLAVERY AND HUMAN TRAFFICKING STATEMENT

For the financial year ending 31 December 2018

### Introduction

Modern slavery is a crime and a violation of fundamental human rights and Marshall Aerospace and Defence Group (Marshall ADG Ltd and subsidiary undertakings "MADG") has a zero-tolerance approach. We are committed to acting ethically and with integrity in all our business dealings and relationships and to ensure modern slavery is not taking place anywhere in our business, or in any of our supply chains. 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.

The Modern Slavery Act 2015 (the "Act") introduced changes in UK law focused on increasing transparency in supply chains. Specifically, large businesses are required to disclose the steps they have taken to ensure their business and supply chains are free from modern slavery.

This statement sets out the steps we have and are taking to ensure that slavery and human trafficking are not taking place in any of our supply chains or businesses (in practice MADG applies this to all subsidiaries, including those which do not meet the Section 54 (2) threshold) and this statement is made pursuant to section 54(1) of the Act. ***This statement applies specifically to Marshall ADG Ltd and Marshall of Cambridge Aerospace Ltd (subsidiary) as required in terms of Section 54 (2) of the Act, collectively referred to in the remainder of this statement as MADG.***

### Company Structure

MADG's five operating divisions form the cornerstones of its principal activities. The operating divisions include Military Aerospace, Advanced Composites, Land and Aero Structures, Major Projects and Aero People.

MADG's operations are global and MADG employs circa 2100 colleagues across its businesses as at date of statement.

Principal suppliers provide a broad range of products and services to the businesses.

In addition, MADG has non-core commercial infrastructure arrangements with other suppliers who support the businesses.

MADG complies with:

- Employment laws in the UK and in every country that it operates.
- National and international laws governing supply chain management.

### Policies

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. We have adopted a Modern Slavery Policy which reflects 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. Training on the policy, and on the risk our business faces from modern slavery in its supply chains, forms part of the induction process for all individuals who work for us, and regular training will be provided as necessary. Our zero-tolerance approach to modern slavery is communicated to all suppliers, contractors and

business partners at the outset of our business relationship with them and reinforced as appropriate thereafter. Our modern slavery policy forms part of our contract with all suppliers (Comprehensive clause included in our terms and conditions of purchase and a copy of the policy is provided simultaneously). Suppliers are required to confirm that no part of their business operations contradict this policy.

Employees, directors or officers of MADG who breach the policy may be subject to disciplinary action taken in accordance with our disciplinary procedure. Serious breaches may be regarded as gross misconduct and may lead to immediate dismissal further to our disciplinary procedure.

Everybody to whom the policy applies is expected to co-operate to the fullest extent possible in any investigation into suspected breaches of the policy or any related processes or procedures. The modern slavery policy is reviewed by the MADG Executive Team on an annual basis. Everyone is required to avoid any activity that might lead to, or suggest, a breach of the policy and they are encouraged to raise concerns about any issue or suspicion of modern slavery in any parts of the business or supply chains of any supplier tier at the earliest possible stage.

If they are unsure about whether a particular act, the treatment of workers more generally, or their working conditions within any tier of our supply chains constitutes any of the various forms of modern slavery, they are able to raise it with their manager in the first instance. Employees are also able to notify the Marshall of Cambridge (Holdings) Ltd Group Company Secretary if they know of any modern slavery incident (actual or potential). Furthermore, employees are able to contact the Marshall of Cambridge (Holdings) Ltd independent whistle blowing hotline service operated by "Expolink".

### **Our suppliers and Due diligence processes**

MADG conducts due diligence on its suppliers. This due diligence includes an online search to ensure that a particular organisation has never been convicted of offenses relating to modern slavery. We may request on-site audits to include a review of working conditions. As mentioned previously, our modern slavery policy forms part of our contract with all suppliers and they are required to confirm that no part of their business operations contradict this policy.

In addition to the above, as part of our contract with suppliers, we require that they confirm to us that:

1. They have taken steps to eradicate modern slavery within their business
2. They hold their own suppliers to account over modern slavery.
3. (For UK based suppliers) They pay their employees at least the national minimum wage / national living wage (as appropriate).
4. (For international suppliers) They pay their employees any prevailing minimum wage applicable within their country of operations.
5. We may terminate the contract at any time should any instances of modern slavery come to light.
6. They collate our approach into an overarching policy document.

Suppliers must accept these terms.

### **Risk assessment**

This is part of the wider approach to risk management. We continue to review our supply chain management process to ensure all those in our supply chain and contractors comply with our values and their legal obligations. This includes seeking confirmation from key suppliers that they have implemented contractual

arrangements which prohibit modern slavery and trafficking and seeking confirmation that they have adopted their own anti-slavery and human trafficking policies.

As confirmed we have also introduced changes to our standard terms and conditions of trading to require suppliers to comply with all applicable anti-slavery and human trafficking laws. Our key commercial supply arrangements already contain specific provisions regarding slavery and human trafficking and contractual arrangements will be updated, where necessary, upon renewal.

#### Risk mapping by country

The following is considered broadly as part of this mapping exercise:

Legislative frameworks, enforcement, resilience to corruption, labour rights, government efforts to combat modern slavery, socio-economic indicators, gender equality and the protection of children from exploitation. The minority of our suppliers are U.K / E.U based. The U.K is considered to be low risk and most European countries are considered as being on the cusp of low risk too.

Most of our suppliers are U.S.A based. The U.S.A promulgated the “End Modern Slavery Initiative Act of 2015” with the purpose of eradicating domestic modern slavery and human trafficking. Multiple pieces of legislation exist at national and federal level which target eradicating corruption and slavery within commercial supply chains and enforcement. However, only Californian companies, with a turn-over of more than USD 100 million are required to report in line with the “California Transparency in Supply Chain Act of 2010”. Be that as it may, geographically this is considered to be a low risk country. No current risks have been identified, but MADG will continue to monitor the status quo with due regard to emerging risks.

High risk countries are considered to be Russia, India and China and less than one percentage (1%) of our suppliers are based in these countries.

Further steps:

- We do visit all of these suppliers in high risk areas regularly and we will ensure that travelling company representatives are briefed before they depart.
- Regarding high risk countries, it has been proposed that the Ethics Committee be party to signing off the Supplier approval process with due regard to risk eradication.

#### **Measuring effectiveness**

We have not identified any instances or indications that either slavery or human trafficking occurs in our supply chain. As such, we have not considered it necessary to adopt any formal performance indicators to measure how effective we have been to ensure that slavery and human trafficking is not taking place in any part of our business or supply chains. We do not consider that the current MADG contract KPI's in place, make the supply chain more vulnerable to slavery. We intend to continue to keep this under review.

Further steps:

- Continue to conduct online searches at set intervals against current suppliers to ensure that they have not been convicted of offenses relating to modern slavery.

#### **Training for Staff**

Training on the Modern Slavery policy is conducted, and on the risk our business faces from modern slavery in its supply chains, which forms part of the induction process for all individuals who work for us, and regular training will be provided as necessary. Our zero-tolerance approach to modern slavery is communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and reinforced as appropriate thereafter.

We also have two existing e-Learning providers who offer a Modern Slavery Act 2015 training module to staff.

### **Further Steps**

As set out above, MADG continues to take a variety of further steps to ensure that neither slavery nor human trafficking occurs either in our business or in our supply chain.

### **Approval**

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 December 2018.

### **This statement applies to:**

- Marshall ADG Ltd
- Marshall of Cambridge Aerospace Ltd (subsidiary)

Signed by

A handwritten signature in black ink, appearing to read 'Alistair McPhee'.

*Alistair McPhee, Chief Executive*  
Marshall Aerospace and  
Defence Group

Date: 17 June 2019