

Modern Slavery Act Statement

Our structure, business and supply chain

Headquartered in the UK, Meggitt PLC is a global engineering group specialising in smart engineering for extreme environments – components and sub-systems providing critical functionality in challenging market applications within civil aerospace, military and energy markets. Our products are on more than 72,000 aircraft, hundreds of turbines and oil and gas platforms, as well as thousands of land vehicles worldwide. We employ around 12,000 people across over 40 manufacturing facilities in Europe, North America and Asia. Organisationally, our business is divided into four divisions, as described on our [website](#).

Our new employees are recruited by our in-house recruitment and HR teams or through agencies. All employees receive comprehensive induction training when they join the company and the importance of good ethical practices is reinforced through our CR&S Policy which includes the importance of human rights issues. Globally, our sites pay the minimum basic wage and in the UK, employees receive at least the National Minimum Wage. We encourage all employees and workers to 'speak up' via a confidential help-line. We engage with our employees through regular town halls and employee briefings, communications through our intranet and our employee resource groups; in some countries we also have formal employee representative groups.

Contractors tend to only be used to support our business in areas where we don't have the expertise in-house and specialist services are required, sometimes at short notice and for short periods of time e.g. IT services. Prior to starting all employees and workers are screened.

To support the production of our engineered products, supplying services and parts such as fuel, engine, safety, braking, training, sealing and defence systems, fire protection and control, thermal management, electrical power, advanced composites, condition monitoring, motion control, sensors and avionics, we rely on external suppliers. Our supply chains are complex and diverse, both geographically, and in the nature of the suppliers we work with, in Europe, the US and Asia. This is because the components that we purchase are used to deliver highly technical and complex engineered products to predominantly long-established, primarily global companies or governmental customers. Our direct supply chain ultimately supports our products and services. We also have an indirect supply chain to help us service the operational needs of our manufacturing facilities and offices.

To help manage our supply chain, we have over 250 dedicated employees in our procurement team that are aligned to support our product groups. We also have a central indirect procurement team for services that fall outside manufacturing. The procurement team is supported by a small team that focus on procurement excellence and supplier development.

Due to the industries within which we operate, we recognise that our overall business effectiveness relies on our relationships with and dependency upon our external supply base. To this end we have embarked upon a long-term strategy of rationalising our supply base, recognising fewer suppliers with a 'preferred/recommended' status enabling us to drive to new levels of engagement and partnership. Our aim is to focus our energies and time on developing relationships with our suppliers to ensure they meet our standards on quality, delivery and compliance. As we move ahead on this journey, we recognise that it is critical that we engage with our supply base on a regular basis.

Accountability, roles and responsibilities

The Board is ultimately responsible for maintaining high standards of corporate governance. The Board is also responsible for risk management and internal control and for maintaining and reviewing its financial and operational effectiveness. Executive management are responsible for determining our Group policies and processes. The businesses are responsible for implementing them, with internal and/or external audits to confirm business unit compliance.

During 2019, the Board delegated to the Corporate Responsibility Committee (“CR Committee”) on-going monitoring of CR activities including ethics and business conduct, environment, charity and community. The CR Committee also monitors our commitments set out in our Corporate Responsibility and Sustainability Policy (CR&S Policy) and ensures that the Board meets its responsibilities on stakeholder engagement and reporting requirements including the Modern Slavery Act 2015.

The day to day responsibilities of the Board and the Chief Executive for overseeing the CR&S Policy in 2019 were delegated as follows:

- the Group Operations Strategy Director had functional responsibility for health, safety and the environment;
- the Group HR Director led initiatives focused on culture, diversity, inclusion and employee engagement; and
- the Group Company Secretary had functional responsibility for charity and community matters and ethics and business conduct.

Our approach and performance against our values and commitments are regularly reviewed by the Board as well as the CR Committee.

Our policies in relation to slavery and human trafficking

Our [Code of Conduct](#) which was reviewed in 2019 states that Meggitt PLC and all subsidiary companies will conduct business fairly, impartially, and in full compliance with all applicable laws and regulations. We are firmly committed to integrity, honesty and respect for others in all our business relationships, including those with customers, suppliers, communities where we conduct business, and amongst employees. This means that all our businesses, wherever they are located in the world and wherever they have dealings in the world, are required to respect people and to value their diversity.

Our [Ethics and Business Conduct Policy](#) which was reviewed in 2019 states that Meggitt is firmly committed to integrity, honesty, and respect for others in all its business relationships; including those with customers, suppliers, communities where we conduct business, and amongst its employees. The highest standard of ethical behaviour is expected from Meggitt employees, directors and from those who act on the Company’s behalf in the performance of their professional responsibilities and in their own personal conduct.

Our [CR&S Policy](#) was updated in 2019 to ensure it reflects the strategic goals of the company which is conducting business in a manner which achieves sustainable growth for the long term success whilst demonstrating a high degree of social responsibility. Our CR&S Policy states that Meggitt PLC recognises the important responsibility it has to balance the interests of its shareholders, employees, customers, suppliers, and the wider community and recognises that the responsible and sustainable development of our business is very important for its long term success. The policy commits us to ensuring that (i) Meggitt and our employees do not engage in

practices such as slavery, human trafficking, forced labour and child labour and do not violate applicable laws and regulations relating to slavery, human trafficking, forced labour and child labour; and (ii) that we take all reasonable measures to ensure that our suppliers and other entities acting on our behalf do not engage in practices or violate applicable laws and regulations relating to slavery, human trafficking, forced labour and child labour.

Training

All employees are required to undertake mandatory training on our Code of Conduct and examples are given on how to apply the principles and provisions laid out in our policies. In 2019, this included examples relating to slavery, human trafficking, forced labour and child labour.

We also have a comprehensive Ethics Programme, including Ethics and Business Conduct and Anti-Corruption Policies and an independent whistleblowing hotline which enables employees to raise questions or concerns confidentially or anonymously, 24 hours a day, 7 days a week from anywhere in the world. There is also a dedicated US Global Human Trafficking Hotline. Each site has a designated Ethics Champion who is available to assist employees who have questions or concerns.

HR, commercial and procurement teams receive specific annual awareness training on modern slavery to help them recognise key risk areas.

A risk based approach

Sector and business partner risks

Our risk management processes require identified risks throughout the Group to be owned by a named individual. They must review them regularly and consider related new risks. The likely timeframe within which the impact of risks might be felt ('risk velocity') and how we prioritise risks is considered as part of our risk management strategy and feeds into our assessment of long-term viability. Our system of internal control is designed to manage, but not to eliminate, the risk of failure to achieve business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss. Our most significant risks that may affect our business are identified in the Risk section of on page 44 of our [Annual Report](#).

Our supply chain and 70% of our direct spend can be broadly categorised into 11 sectors as follows: machining, printed circuit boards, fasteners, consumables, electric components, electric assemblies, cable/wire, metal fabrications, castings, forgings and raw materials. To help us monitor our supply chain more effectively, our procurement teams are aligned to products and our business groups. It also enables us to work more effectively with our suppliers to share best practice. We also recognise that we have long standing relationships with some of our suppliers and we are dependent on them to provide specialised components. As we recognise that we cannot eliminate all risk of modern slavery and human trafficking in our supply chain, our primary focus is on maintaining good working relationships with our suppliers to ensure we have open lines of communication especially where we have key dependencies.

We monitor and respond to industry concerns. To date this has included assessing our supply chain to ensure suppliers are conflict mineral free. This is an area where we are aware concerns have been raised within the industry around modern slavery. We use a third party to carry out due diligence on our suppliers where the use of conflict minerals in products is suspected.

Geographic and transaction risks

We categorise higher risk suppliers each year by assessing the location of the supplier using the Global Modern Slavery Index as a guide to identify higher risk countries against our total spend. For suppliers we have assessed to be higher risk due to spend and geographic location, we oblige them to actively confirm their compliance with our policy which prohibits engaging in practices such as slavery, human trafficking, forced labour and child labour as set out in our CR&S Policy. Globally, our suppliers have to agree to our [supplier terms and conditions](#) and comply with our policies on slavery, human trafficking, forced labour and child labour or agree to terms and policies that are similar to ensure that their principles and practices are aligned with our expectations and standards.

For US Government contracts and subcontracts, we reinforce our zero tolerance policy towards human trafficking and slavery and we enforce our Standards of Business Conduct for the United States Government Marketplace and mandatory supplier terms and certifications, regarding trafficking in persons as required by US Government regulations.

Progress to date

The Board and CR Committee receive annual updates on progress being made. In 2019, we took the following steps:

- In September 2019 we revamped our risk management process, which annually assesses our supply chain per site covering the top 80% of spend. During this process, our Procurement & Quality teams reviewed suppliers across a range of criteria, with geographical location and financial risk as a key criteria. This process highlighted where potential high risks exist and also has helped us to develop a site audit plan carried out by the quality function for the following year.
- We took opportunities during the year to rationalise and reduce the number of direct and indirect suppliers that we use, which will help to reduce our supply chain risk. This included looking at the number of recruitment firms that we use as well as facility providers such as cleaning, catering and site security.
- We held our annual supplier conference – this provided an opportunity for us to share high level strategies with our suppliers as well our procurement and supply base strategy and challenges. Industry trends were also discussed.
- We carried out refresher training for all employees on our Code of Conduct and held modern slavery and human trafficking awareness sessions with the procurement and HR teams.

Monitoring our progress

The following features allow the Group to monitor the effective implementation of policies and process controls by business units:

- A business performance review process (including financial, operational and compliance performance);
- Semi-annual business unit and divisional sign-off of compliance with Group policies and processes;
- Compliance programmes and external audits (including trade compliance, ethics, anti-corruption, health, safety and environmental);

- An effective internal audit function which, primarily, performs business unit reviews by rotation (including finance, programme management, IT, HR and ethics); and
- A whistleblowing line to enable employees to raise concerns.

There is now more active engagement with preferred suppliers as our approach to supply chain management is evolving to reduce the complexity of our supply chain. We will continue to focus on ensuring we have good communication channels and relationships with our suppliers to openly discuss areas of concern and best practice.

Adherence to anti-slavery

- During 2019, we have had no reported incidences or indicators of modern slavery in our business or supply chain.
- We recognise that good communication channels and accountability are key to success, particularly with sensitive issues such as modern slavery. As such, we continue to promote awareness about the risks of modern slavery in our supply chain annually and the importance of 'speaking up'.

This statement is for Meggitt PLC (0432989) and its subsidiary companies Meggitt (UK) Limited (00629814) and Meggitt Aerospace Limited (03477890) for the financial year ended 31 December 2019. Previous statements can be found on our website.

Approved by the Board of Directors of Meggitt PLC on 20 February 2020.



Antony Wood

Chief Executive