

Slavery & Human Trafficking Statement for the year ended 31 December 2021

This Slavery and Human Trafficking Statement, made pursuant to Section 54 of the Modern Slavery Act 2015, summarises the steps which Meggitt PLC and its subsidiary companies (the "Group") has taken to address the risk of slavery and human trafficking ("modern slavery") in its operations and supply chains during the year ended 31 December 2021.

Our Organisation

Meggitt is a world leader in aerospace, defence and selected energy markets. More than 73,000 aircraft rely on Meggitt's critical technologies, sub-systems and components. Our global operations are focused on providing high performance solutions, adapted to meet unique customer requirements. Our product portfolio includes thermal solutions; wheel and brake systems; fire detection, protection and control; aircraft safety and security equipment; advanced polymers and composites, including radomes and seals; avionics; and sensing and condition monitoring systems. Innovation is at the heart of everything we do. Operating through four divisions: Airframe Systems; Engine Systems; Energy & Equipment; and Services & Support, we employ over 9,000 people across 40+ manufacturing facilities and sales offices in Europe, North America and Asia.

Our Supply Chain

Our supply chain and approximately 70% of our direct material 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 manage our supply chain, we have approximately 300 dedicated employees in our procurement team across the Group that are aligned to support our sites. We also have a central indirect procurement team for services that fall outside manufacturing. Due to the industries within which we operate, our overall business effectiveness relies on our relationships with our external supply base.

We expect our suppliers, their employees and their supply chains to operate in a way that supports our commitment to strong ethical standards.



Modern Slavery

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour, child labour and human trafficking and corresponding recruiting or housing practices, 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.

Meggitt has a zero-tolerance approach to modern slavery. We are committed to acting ethically and with integrity in all our business dealings and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our business or our supply chain.

We seek to ensure transparency in our own business and in our approach to tackling modern slavery throughout our supply chain, consistent with our obligations under the UK's Modern Slavery Act 2015 as well as aligned United States Government's policy and contract obligations prohibiting trafficking in persons and other relevant regulations. We expect the same high standards from all of our contractors, suppliers and other business partners.

Overall Risk in Our Business and Supply Chain

Our Business

We consider the risk of modern slavery taking place in the Company's business taking into account:

- the geographical locations of the Groups operations and the low prevalence of forced labour in these areas;
- the policies adopted by the Company and the assurance processes in place;
- the Company's recruitment processes; and
- the absence of reports of concerns or incidents regarding forced labour,

we consider the risk of modern slavery and human trafficking occurring within the Company's operations to be low and the arrangements described below to be proportionate and effective.

Our Supply Chain

We also consider the risk of modern slavery and human trafficking in our supply chain taking into account:

- the identity and nature of the Company's suppliers;
 - the robust screening process applied to our suppliers;
 - the high level of engagement with our suppliers and strong relationship with them;
 - the countries in which our suppliers are based and the prevalence of forced labour in these areas;
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- the products supplied and the products considered to be high risk in terms of modern slavery;
- the additional assurance provided by our higher risk suppliers; and
- the absence of reports of concerns or incidents regarding forced labour in our supply chain,

we consider the risk of modern slavery and human trafficking occurring within the Company's supply chain to be moderately low and the arrangements described below to be proportionate and effective.

The statement below contains a summary of our internal policies and processes as well as the mechanisms we use to manage risk in our supply chain.

Our Policies

Integrity is one of our three Meggitt Values and we are committed to achieving the highest standards of ethical conduct in our business. We also expect the same commitment from our suppliers and all others working on our behalf. Our Policies reflect this commitment.

Code of Conduct

The [Meggitt Code of Conduct](#) applies to our entire workforce and our suppliers, whatever their job and wherever they are located. The Code sets out our commitment to:

- treat everyone fairly and with dignity and respect;
- recruit people for their aptitude, skills, experience and ability;
- ensure compliance with the principles of the United Nations Universal Declaration of Human Rights;
- support and respect international human rights within Meggitt's sphere of influence;
- not knowingly be complicit in human rights abuses; and
- only contract with suppliers and other third parties who can meet our standards or pass our checks with regards to labour and welfare conditions,

and is clear that non-compliance with requirements of the Code could result in disciplinary action, including probation, suspension and termination of employment and legal action.

Corporate Responsibility and Sustainability Policy

The Code of Conduct is supported by a number of other policies that clarify the behaviour expected by Group employees and set out minimum standards to be applied throughout the Group.

Our [Corporate Responsibility & Sustainability Policy](#) documents our values relating to the management of social, ethical and environmental matters and sets out our commitment to:



- uphold our employees' human rights and support the Ten Principles outlined in the United Nations Global Compact, relating to human rights, labour, the environment and corruption;
- protect the health, safety and welfare of our employees, visitors and contractors;
- support the principle of equal opportunities in employment and offer fair levels of remuneration;
- ensure that we do not engage in modern slavery practices and take all reasonable measures to ensure that our suppliers and other third parties acting on our behalf do not engage in such practices;
- maintain fair working relationships with our suppliers at all times and encourage our suppliers and contractors to adopt and implement our principles and policies
- carry out appropriate due diligence on suppliers and third parties; and
- encourage our contractors and suppliers to adopt recognised standards and the standards we set ourselves in our policies and Code of Conduct.

Ethical Business Conduct and Anti-Bribery & Corruption Policy

Our Ethical Business Conduct and Anti-Bribery & Corruption Policy states our commitment to integrity, honesty, and respect for others in all our business relationships. The highest standard of ethical behaviour is expected from employees, directors and from those who act on the Group's behalf in the performance of their professional responsibilities and in their own personal conduct. The Policy was revised in 2021 to introduce the principle of "Know Your Counterparty" through which Meggitt seeks to understand the business structure, the directors and management, the business model, the business areas and territories of each Meggitt counterparty, including customers, suppliers, and commercial intermediaries.

Action since 1 January 2021

Steps taken during the year to strengthen our policies include:

Reviewed the Code of Conduct to ensure that it remains appropriate in clarifying our values and expectations, including those relating to human trafficking and modern slavery, and approved it for continued use across the Group.

Revised and merged the Ethical & Business Conduct Policy and Anti-Bribery & Corruption Policy, simplifying the requirements that complement our Code of Conduct.

Mitigating the Risk of Slavery and Human Trafficking

The following processes are in place throughout our organisation to embed our values and ensure compliance with our policies:

1. Combatting Human Trafficking Compliance Plan

As a supplier to the United States Government and US Government prime contractors, we fully support the US Government's zero tolerance policy prohibiting trafficking in persons and, as required by US Regulations, we have adopted a [Compliance Plan](#) to establish mandatory procedures to combat human trafficking and modern slavery in our organisation.

Whilst US regulatory requirements mandate that the Compliance Plan be implemented at certain sites which perform work on behalf of the US Government, we recognise that the Plan represents current best practice in this area and are extending it across our entire organisation.

Pursuant to the Compliance Plan:

- All of our employees, supply chain and those that work on our behalf will be made aware of and support our commitment to identify, prevent and report concerns regarding modern slavery and human trafficking.
- All of our suppliers, subcontractors, recruiters, translators, agents and those who act on our behalf are expected to have in place similar awareness and related procedures to prevent trafficking in persons and to also monitor, detect and take remedial actions if any of their employees, suppliers or agents have engaged in such activities.
- All of our employees are required to undergo specific Human Trafficking training and acknowledge in writing that they have reviewed and agreed to adhere to this Compliance Plan during the on-boarding process. In addition, employees at all levels must participate in periodic training on compliance with requirements of the Plan.
- Employees with credible information about human trafficking or modern slavery violations must report their concern immediately to Meggitt Legal Counsel, our independently run Speak Up Line, or the US Government's Global Human Trafficking Hotline.

Recognising the role certain functions and bodies can play in managing the risk associated with human trafficking and modern slavery, the Compliance Plan places additional obligations on our HR and Procurement functions, recruiters, suppliers, subcontractors and agents.

2. Speak Up Line

The Group operates and encourages the use of a confidential and anonymous Speak Up Line. The hotline is operated by an independent external service provider, which allows employees to speak in confidence to someone who is neither an employee nor their line manager. The external provider reports all disclosures to the Group Director Corporate Compliance,



Ethics and Corporate Responsibility, who is responsible for ensuring that calls are investigated independently from the Company's management. The hotline is a free-phone telephone number, which is widely publicised at Meggitt sites, in the Code of Conduct and on the Group's intranet.

Employees are actively encouraged to report any behaviour inconsistent with the Code of Conduct or any Group Policies, including any actual or suspected incidents of modern slavery, via the Speak Up hotline.

Throughout the year the Company received no reported concerns regarding modern slavery in its operations, either via Meggitt Legal Counsel, the Speak Up Line, or the US Government's Global Human Trafficking Hotline. If such an issue was reported, the Company would immediately undertake a thorough investigation of the issue and if substantiated, the Company would put in place robust action plans to protect any victims and eliminate the issue.

3. Annual Confirmations process

We obtain annual confirmations from the business units, divisions and product groups with regard to compliance with Group Policies and processes.

Through this process, all of our business units, product groups and divisions have confirmed:

- compliance with the Group's Policies and procedures in 2021; and
- that they are not aware of any individuals working for the business, or working for the businesses' suppliers, contractors or subcontractors, being employed as a result of modern slavery or human trafficking.

4. Ethics Compliance processes

We have a comprehensive Ethics Programme led by the Group Director Corporate Compliance, Ethics and Corporate Responsibility. This includes:

- regular reviews of our Code of Conduct and our Corporate Responsibility and Sustainability Policy and Ethics Business Conduct and Anti-Bribery & Corruption Policy to ensure that they remain appropriate;
 - a schedule of mandated training material to be rolled out to all employees and tailored training for employees in specific functions;
 - annual review of our Combatting Human Trafficking Compliance Plan (noted above) to ensure that it remains effective in combatting human trafficking and modern slavery and responsive to regulatory obligations;
 - an independent Speak Up hotline (noted above) and notice to all employees of a dedicated US Global Human Trafficking Hotline; and
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- a designated Ethics Champion at each site who is available to provide confidential assistance to our workforce.

5. Robust HR Processes

We have HR and operational processes which reduce the risk of modern slavery and human trafficking. Our HR function is responsible for all recruitment activities and in doing so follows standard recruitment procedures. We use reputable employment agencies and temporary labour agencies in sourcing labour and conduct appropriate due diligence on any new agency we engage.

Our supply chain: mitigating risk of slavery and human trafficking

As customers we play an active role in supplier development and have adopted various means to clearly communicate our expectations to our suppliers and monitor their compliance with them. We recognise that we cannot eliminate all risk of modern slavery and human trafficking in our supply chain and 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. 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.

Action since 1 January 2021

During the year we reduced our direct supplier count by approximately 250 suppliers and continued actions to develop relationships with existing suppliers.

We manage risk in our supply chain in the following ways:

1. Standard Purchasing Conditions

Our suppliers are encouraged to agree to our [standard purchasing 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.

2. Site visits

Supplier oversight during 2021 was maintained by a combination of planned quality audits on key suppliers and wider engagement by our supplier development engineers, either through direct visits where possible or via remote engagement where restrictions applied. While these visits and engagement activities did not include a formal audit of the labour and welfare conditions of the suppliers' workforce, they provided visual oversight of our suppliers' employees and their work environments, providing assurance

that our direct suppliers respect human rights and do not use child or forced labour.

3. Supplier Engagement

Account Reviews are held at site level with key suppliers to maintain high levels of engagement, providing an opportunity for both parties to share important updates, discuss key issues, review performance metrics and agree improvement actions. To compliment this, we also hold Quarterly Business Reviews at a commodity level, with our key strategic suppliers, which are more focussed on group level performance (for suppliers supporting multiple sites) and provide an opportunity to share updates and review progress towards longer term strategic objectives.

4. Screening processes

The Group rigorously screens and approves new suppliers as part of the onboarding process. As part of this screening, suppliers are required to demonstrate compliance to industrywide acknowledged policies, including those relating to human rights and modern slavery.

5. Risk Assessment and Assurance from Higher Risk Suppliers

We conduct a risk assessment to identify our higher risk suppliers based on spend and geographical location. Members of our procurement team engage with those identified as higher risk and seek additional assurance.

Our definition of 'higher risk' supplier includes those located in the top 100 countries in terms of prevalence of modern slavery. At the end of 2020, we identified 24 higher risk suppliers. The products supplied by these 24 higher risk suppliers were cross referenced against the list of products by source country identified by the Global Slavery Index as at risk of forced labour. This identified 1 higher risk supplier that provided products considered to be at risk of modern slavery.

Action since 1 January 2021

During Q1 2021 our procurement function engaged with the 24 higher risk suppliers, in particular the supplier providing the product considered to be at risk of modern slavery, to ensure that they understand our zero tolerance approach to modern slavery and human trafficking and comply with our requirements in respect of labour and welfare conditions.

Payment Practices

We understand the correlation between poor payment practices and modern slavery and remain committed to maintaining fair working relationships with our suppliers at all times. The factors that determine our current payment periods are our standard terms and conditions or the individual agreements that we make with suppliers. Our payment terms are consistent with terms and conditions prevalent across the global aerospace industry. We also offer financing arrangements to our suppliers. We report on payment practices in the UK as required, and a further statement on UK payment practices is disclosed on our website.

Governance

Compliance with our Code of Conduct and Group Policies is monitored by the [Corporate Responsibility Committee](#) to ensure that they remain effective. The Committee also reviews supplier engagement practices and this statement on modern slavery.

The Corporate Responsibility Committee:

- monitors and reviews compliance with the Corporate Responsibility and Sustainability Policy and scrutinises the effectiveness of the delivery of the policy requirements;
- ensures appropriate resources are available for the implementation of the Corporate Responsibility and Sustainability Policy;
- ensures that appropriate training is provided for employees, where appropriate;
- reviews the adequacy and security of the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing and ensures that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action.

The Committee reports to the Board on its activities. No matters of concern were identified by the Corporate Responsibility Committee in 2021.

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 2021. Previous statements can be found on our website.

Approved by the Board of Directors of Meggitt PLC on 24 February 2022.



Antony Wood
Chief Executive
Director, Meggitt PLC

24 February 2022
