

2016 Modern Slavery Statement

We oppose modern slavery and human trafficking in all its forms and are committed to acting ethically and with integrity in all our business dealings and relationships.

Statement Scope

In compliance with section 54 of the Modern Slavery Act 2015, this modern slavery statement (Statement) sets out the steps the organisation has taken during the financial year [ending 31 December 2016] to ensure that slavery and human trafficking is not taking place in any of its supply chains, and in any part of its own business. We have used the UK government's guidance in preparing this Statement which covers Cobham Plc and all of its 100% owned subsidiaries.

Cobham's Organisational Structure, Business and Supply Chains

Cobham is a leading global technology and services innovator, respected for providing solutions to the most challenging problems, from deep space to the depths of the oceans. We employ about 11,000 people primarily in the USA, UK and Australia. Our technology operations design, assemble, test and service Tier 1 platforms/fully integrated systems, Tier 2 major subsystems, Tier 3 integrated assemblies and Tier 4 components. We are focused on commercial (e.g. aerospace, wireless, marine SATCOM, space and outsourced aviation services), defence and security end markets. The majority of our manufacturing is outsourced. Our global operations and supply chains are highly complex. We have over 12,000 suppliers and other commercial third-party relationships.

Our business is divided into four Sectors supported by Executive and Functional management at Head Office:

- *Cobham Advanced Electronic Solutions (CAES)* provides critical defence electronic solutions on land, at sea, and in the air and space, by moving data through off-the-shelf and customised products including RF, microwave, and high reliability microelectronics, antenna subsystems and motion control solutions. CAES has 3,270 employees and primarily operates from the USA with small operations in Mexico, Sweden and the UK. Because of the classified nature of the programmes that CAES works on in the USA, it is required to be managed separately from the rest of the Group under a Special Security Agreement (SSA);
- *Cobham Communications and Connectivity (CCC)* is a world leading supplier of robust, high performance equipment and solutions that enable reliable connectivity anywhere, anytime, in the most demanding environments. Our solutions give our customers a competitive edge in aerospace, avionics, satellite and radio, wireless and mobile connectivity markets. CCC has operating locations in Denmark, Finland, France, South Africa, Sweden, UK and USA. Smaller product development and sales operations are based in China, Germany, India, Ireland, Japan, Russia, Singapore and the United Arab Emirates;
- *Cobham Mission Systems (CMS)* is the world's leading supplier of critical control solutions (air-to-air refuelling, life support and weapons carriage) that increase the safety and mission capabilities of personnel and equipment in extreme environments. CMS has operations in the UK and USA; and
- *Cobham Aviation Services (CAVS)* delivers outsourced fixed and rotary wing aviation services for military and civil customers worldwide through military training, special mission flight operations, outsourced commercial aviation and aircraft engineering. The majority of CAVS' operations are in Australia and the UK with smaller operations in Bahrain, Brunei, Cyprus, Dutch Antilles, Kenya, Papua New Guinea, Trinidad & Tobago and Qatar. With the exception of commercial air services in Australasia, the majority of Sector's operations are attached to military services and co-located on military bases.

Codes and policies

Our Code of Business Conduct (the "Code") underpins everything we do and extends to every individual working for or on behalf of the Group. The Code requires all Cobham employees to act ethically and comply with legal requirements at all times, putting our principles into practice in everything we do. Our Code specifically references our approach to human rights and is available at

<https://www.cobham.com/media/1878855/code-of-business-conduct-en.pdf>.

Compliance with the Code is the individual responsibility of every employee. Each employee has the responsibility to bring violations of the Code to the attention of his or her Supervisor/Manager and is encouraged to do so. If inappropriate to do so for any reason, an Employee should speak to another appropriate Supervisor/Manager, Human Resources, the local Business Ethics and Compliance Officer (BECO), or Sector Ethics Officer (SEO), or contact the Cobham Helpline, which is operated by an independent third party ("Helpline") and where reports may be submitted anonymously. Our Helpline is overseen by our Group Audit Committee and every report submitted is assessed and investigated.

All our suppliers are required to sign up to our Supplier Code of Conduct (the "Supplier Code") which sets the Groups expectations for our supply chains on ethical, labour and environmental issues including modern slavery and human trafficking, including the following:

- Exercise due diligence over their supply chains to support the International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work on a risk prioritised basis;
- Work towards operations and supply chains that are free from slavery and human trafficking;
- Supply all raw materials, components and subassemblies from responsibly-sourced minerals in accordance with relevant legislation and best practice and be able to demonstrate this through due diligence processes;
- Provide workplaces that aim to be injury-free and incident-free for all employees, visitors and contractors;
- Pay their workforces at least a statutory minimum wage;
- Support the principles of freedom of employment choice and freedom of association;
- Eliminate child labour in a way that is sympathetic to the needs of the local community;
- Provide a working environment that is free from bullying, harassment, intimidation or fear; and
- Ensure equal opportunities for all in employment without discrimination on grounds of race, religion, sexual orientation or gender.

The commitments set out in the Supplier Code are required to be extended down through the supply chain, so that a supplier with whom we have a direct contractual relationship (i.e. a Tier 1 supplier) in turn bears the responsibility for ensuring compliance across their own direct supply chain (i.e. Tier 2 supplier) and so on (Tier 3, Tier 4 etc). Our Supplier Code can be found at <https://www.cobham.com/the-group/suppliers/supplier-documents/>.

We have issued a dedicated Anti-Slavery and Human Trafficking Policy to address this issue. Our policy states:

- We are committed to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in our own business or in any of our supply chains;
- We will address this in a risk prioritised way based on ensuring regulatory compliance, meeting our contractual requirements as well as conducting more detailed assessment of our policies, procedures and practices in those industry sectors and countries in which we operate that are considered to be at high risk of modern slavery and human trafficking;
- We will implement specific controls through our Code of Business Conduct and associated policies and practices;
- We will provide supporting guidance and training to all employees;
- We will publicly report on our progress in implementing this policy in accordance with all applicable legal requirements and regulatory guidance;
- We will request our contractors, suppliers and other business partners follow the same standards;
- We will include specific prohibitions as part of our contracting processes against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children; and
- We expect that our suppliers will hold their own suppliers to the same high standards and cascade these expectations along their supply chains.

Our policy applies to all persons working for us or on our behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners.

Due diligence processes

Our due diligence processes are focussed on ensuring compliance with the regulatory requirements in the countries in which we operate. It also considers the risk of modern slavery and human trafficking taking place in our own operations and those of our global supply chains in terms of geographic risk and industry sector risk.

The process for implementing the policy includes two strands, one focussing on our own internal operations and the second focussing externally on our global supply chains. Both strands employ a prioritised, risk-based due diligence approach.

Internal operations

The Human Resources (HR) function is responsible for identifying potentially high risk operations by reviewing site locations and activities against relevant legislation (e.g. US Federal Acquisition Regulation clause 52.222-50, Combating Trafficking in Persons) as well as industrial sector and geographic risk using the 2015 USA State Department report, *Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains* (<https://www.state.gov/documents/organization/237137.pdf>) and the Global Slavery Index 2016 (<http://www.globallslaveryindex.org/>). Potentially high risk operations are then further assessed against key risk factors. In the event of any such factors being present then the HR team is responsible for identifying and closing any gaps in its processes and procedures. The information is captured annually as part of our corporate responsibility reporting process.

Global Supply Chains

The Procurement function is responsible for assessing our global supply chains for modern slavery and human trafficking risks. The process utilises a third party supplier compliance software system to evaluate the Group's existing and new suppliers based on legal requirements, contractual terms, industrial sector risk and geographic risk (using the same information sources for our own operations). First tier suppliers identified from this process are required to complete an anti-slavery and human trafficking risk template covering their modern slavery exposure as well as their codes, policies, procedures and practices in place to address it. As per our Supplier Code, we expect a similar approach to our own to be adopted and extended down to their suppliers and so on down the supply chain. The third party compliance software system will centrally capture all supplier responses. Any supplier non-compliance (e.g. failure to respond to our compliance questionnaire) will be escalated to a Supplier Review Board comprising the Executive Vice President Operations and Supplier Management, Senior Vice President Strategic Sourcing and Business Unit Procurement Leads. The Supplier Review Board will agree next steps, which may include audit (announced or unannounced), training, capacity building or contract termination/rejection.

The contracts and commercial function is responsible for ensuring suppliers sign up to the policy and Supplier Code, putting anti-slavery and human trafficking terms and conditions into relevant supplier contracts, and reviewing performance against the contract where appropriate.

Due to the requirements for operational separation between the CAES Sector and the rest of the Group, the CAES Sector will have its own third party supplier compliance system and Supplier Review Board. CAES will provide aggregated information on its global supply chains to support preparation of the annual Statement. The Sector will also be directly responsible for compliance with disclosure requirements under the California Transparency in Supply Chain Act 2010.

Assessment of the potential risk of modern slavery taking place in our operations and global supply chains

Sector	Regulatory & contractual requirements	Operations in high risk industrial sectors	Operations in high risk countries
CAES	<ul style="list-style-type: none"> MSA 2015¹ CTSCA 2010² FAR 52.222-50³ 	<ul style="list-style-type: none"> Computer and electronic product manufacturing Electrical equipment, appliance and component manufacturing 	
CCC	<ul style="list-style-type: none"> MSA 2015 FAR 52.222-50 	<ul style="list-style-type: none"> Computer and electronic product manufacturing Electrical equipment, appliance and component manufacturing 	<ul style="list-style-type: none"> Product design, development, maintenance, calibration, support and sales are undertaken from small operations in China, India, Russia and the United Arab Emirates.
CMS	<ul style="list-style-type: none"> MSA 2015 FAR 52.222-50 		
CAVS	<ul style="list-style-type: none"> MSA 2015 	<ul style="list-style-type: none"> Commercial air services 	<ul style="list-style-type: none"> Helicopter flying, training and maintenance services provided to UK military and/or national air forces in Bahrain, Brunei, Cyprus, Qatar and Trinidad. Aircraft charter services provided to Ok Tedi Mining Limited in Papua New Guinea.

Based on the potential risk areas identified above, we completed a gap analysis against 'red flag' practices that could potentially indicate the occurrence of modern slavery and human trafficking in our operations. These 'red flag' practices include lack of 'right to work' procedures, hiring of child labour, withholding identity or travel documentation, holding employee debt, use of unlicensed third party recruitment agencies, coercive hiring practices, use of vulnerable workers, poor working conditions, lack of employee consultation and representation, lack of whistle blowing procedures and lack of employee grievance procedures. The review confirmed that the Group has the necessary procedures in place to manage the potential for modern slavery and human trafficking occurring in our operations. However, several opportunities were identified to strengthen our policy, procedures and practices which will be addressed in during 2017.

¹ Modern Slavery Act 2015

² California Transparency in Supply Chain Act 2010

³ United States Federal Acquisition Regulation clause on Combating trafficking in persons

Assessment of the risk in our global supply chains is scheduled for 2017 and will be included in our Statements from 2018 going forward.

Training and capacity building of personnel

All Cobham employees will receive awareness training on our Anti-Slavery and Human Trafficking Policy as part of the annual e-learning training on our Code with information on how to report policy violations. Annual Code training participation is reported as a Group key performance indicator in our Annual Report and Accounts.

Further detailed training on our Anti-Slavery and Human Trafficking Policy requirements will be provided to those functions directly responsible for its implementation (i.e. human resources, procurement, contracts and commercial).

More detailed awareness training will also be given to personnel considered likely to directly encounter human trafficking activities in the course of their work e.g. flight and cabin crew on commercial air services.

Effectiveness of our approach

During 2016, training was completed by all HR leads or their delegated representatives who cascaded training to their HR business partners at locations considered to be potentially at high risk of modern slavery and human trafficking based on our high level risk assessment. Training for procurement, contracts and commercial, and commercial air services flight crew is scheduled for 2017.

With the exception of CAES, a third party supplier compliance system was procured during 2016 to cover our global supply chains. Business unit procurement leads were engaged through the Supplier Management Council and training materials prepared for business unit procurement staff. Training is scheduled for the first quarter of 2017 prior to commencing the anti-slavery and human trafficking risk assessment campaign. All suppliers deemed to be at high risk will be requested to complete a risk template on their exposure to modern slavery and human trafficking as well as the policy and practices they have in place to combat it in their own operations and supply chains. The system also includes a training module which can be used to raise suppliers' awareness. CAES has committed to procuring and implementing a third party supplier compliance system during 2017 using the same approach as the rest of the Group and providing the aggregated results of its assessment for inclusion in our Statements from 2018 going forward.

During 2016:

- 99.5% of our employees completed training in our Code including general awareness training regarding slavery and human trafficking (Target = 100%);
- 100% of our HR leads or their delegated authorities completed training on our Anti-Slavery and Human Trafficking Policy and due diligence processes (Target = 100%);
- 100% of our own operations completed a high level risk assessment (Target = 100%);
- 100% of our high risk operations completed a more detailed risk assessment (Target = 100% high risk locations); and
- 100% of our existing and new suppliers (excluding CAES) were entered into our third party supplier compliance software system (Target = 100%).

During 2017 we plan to:

- Assess all existing and new suppliers for high risk of exposure;
- Request all potentially high risk suppliers to complete a anti slavery and human trafficking risk template;
- Address procedural gaps identified as part of our own operations risk assessment; and
- Provide greater clarity on 'red flag' issues in our policy.



David Lockwood

Chief Executive

27 April 2017