

## Corporate Responsibility & Sustainability

### 2017 Social Performance Data

Our social performance data covers identified material issues focused on our employees. These include safety and health; training and development; diversity and inclusion; employee engagement; and charitable donations.

### Safety and Health

Cobham endeavours to create and embrace a safe, healthy and environmentally-aware culture and framework that actively fosters employee engagement at all levels. Our strategic objective is to transform the organisational safety, health and environment (SHE) culture, with a deep insight into stakeholder needs. Failure to deliver consistently high standards of health and safety could lead to accidents or incidents resulting in prosecutions, fines, loss of assets, business interruption and widespread reputational damage.

The Group's workplace SHE programme, called 'Zero Harm', promotes continuous improvement in performance. Its objective is to minimise injuries and illnesses occurring in the workplace, improve environmental sustainability and ensure employee wellbeing. Accountability for implementing the Group's SHE strategy rests with line management. This is monitored by a Group SHE Committee, which is chaired by the Chief Executive. Technical expertise is provided through a Group SHE Council - comprising senior Business Unit SHE professionals under the leadership of both a dedicated Group SHE Senior Director and the Corporate Responsibility and Sustainability Vice President.

The Group's three-year strategy is to:

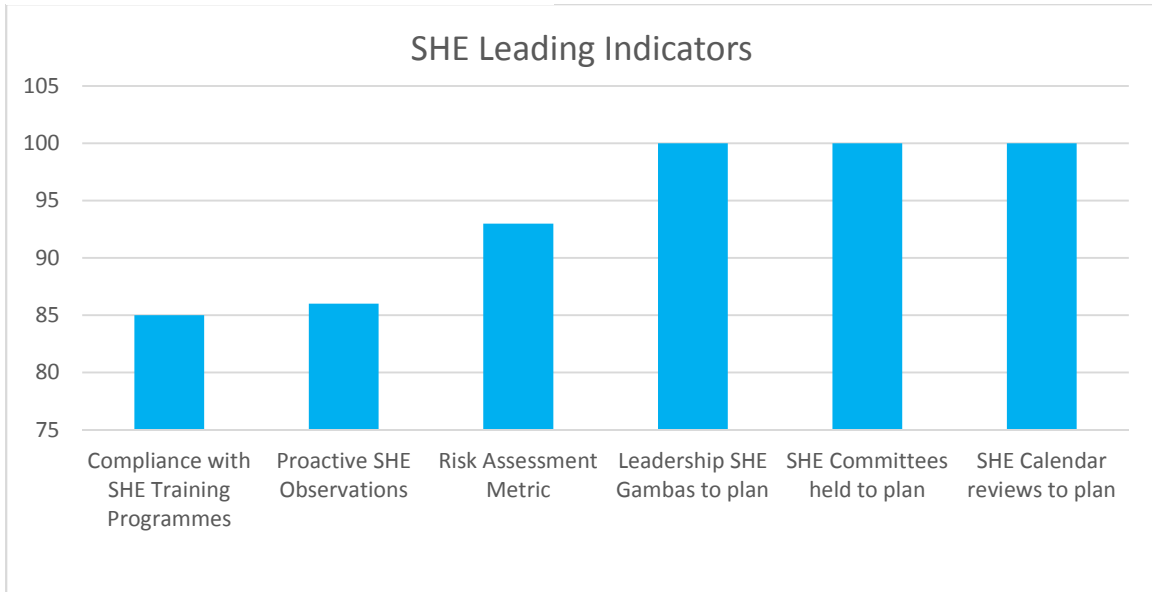
- continually improve safety, health, environmental & sustainability performance;
- drive a proactive and learning SHE culture through engaged and empowered people at all levels;
- derive business efficiencies through the implementation of an integrated, standardised SHE management system across the organisation.

### Performance

Cobham continues to enhance its SHE programme, and has built further on the transformational work undertaken in 2016. 2017 saw the first full year of implementation of our new global SHE standards, revised against Group-wide expectations for risk management during the previous year. Compliance with these standards is measured, and Cobham's businesses are expected to achieve a minimum compliance target by YE 2017, with the target increasing five percentage points in 2018. Testing is through means of annual self-assessment, periodic peer-to-peer auditing and biennial external audit. In 2017 all assessed sites achieved or exceeded the minimum SHE compliance target, an improvement compared to 2016 when 5 of the 47 sites assessed did not achieve the standard.

In addition, the Group Executive also monitors SHE performance on a monthly basis, using a balanced scorecard of leading and lagging indicators. Leading indicators (indicators that correlate with future performance) are used to drive correct behaviours. They include safety training, risk assessments, workplace inspections, SHE committees, reporting of safety observations and SHE calendar reviews. Lagging indicators (indicators that are based on historic performance) are used to measure effectiveness of the approach, and these include the incidence of workplace injuries and illness, environmental issues and regulatory intervention. During 2017, the Group achieved 94% of its leading indicators.

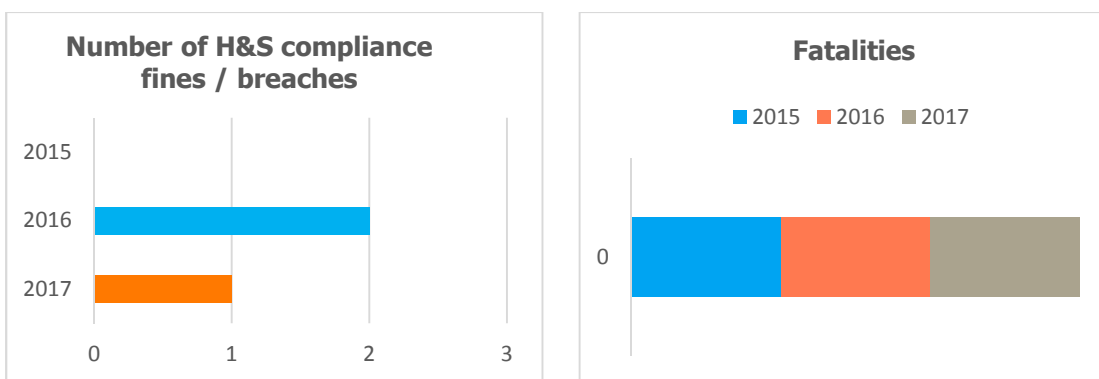
**Figure 1: SHE Leading Indicators**

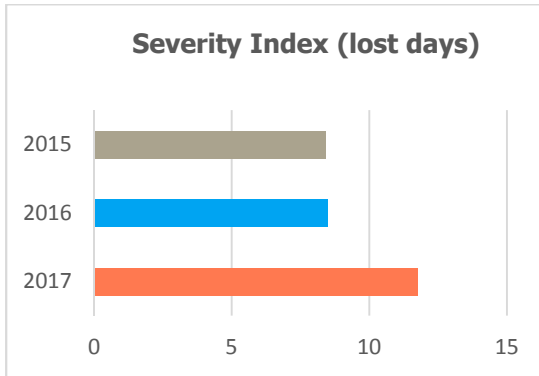
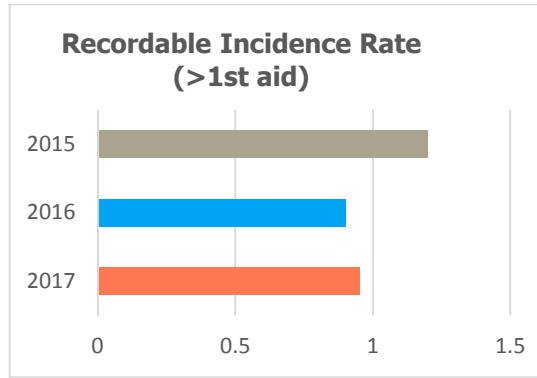
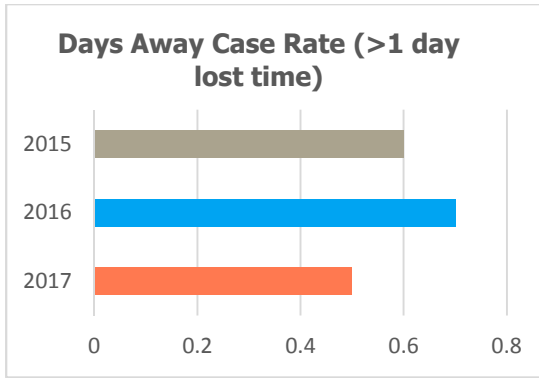


With regard to lagging indicators, there were again no fatalities in 2017. The occupational lost time injury and illness incident rate (number of cases resulting in one or more days lost time or restricted duties) fell to its lowest level since the Aeroflex acquisition in 2014, at 0.503 incidents per 200k hours worked (compared to 0.720 in 2016). Manual handling, minor hand injuries, and slips and trips were the most common causes of injury or illness that resulted in lost time during 2017. This is consistent with prior years.

There was one significant regulatory intervention. In May 2017, a defective 40 metre electrical lead that was used to power aircraft on the ground at the Aviation business in Adelaide, Australia was identified which led to the issuance of a prohibition notice by the government regulator for South Australia (Safework SA). All defective leads were removed from service and destroyed immediately, and a new world-wide inspection regimen implemented to prevent recurrence.

**Figure 2: SHE Key Performance Indicators**

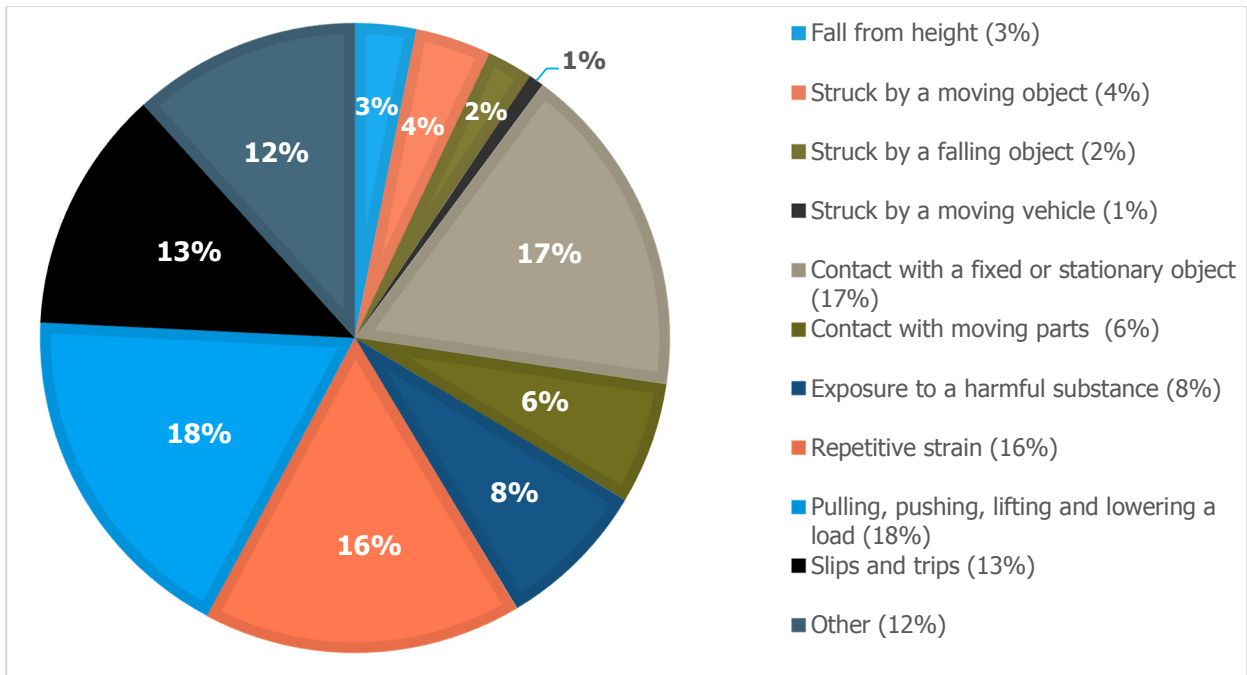




## Occupational injuries and illnesses by type

We record occupational injuries and illnesses together to understand the greatest causes of lost time. Manual handling, minor hand injuries, slips and trips were the most common causes of injury or illness that resulted in lost time during 2017. This is broadly consistent with prior years.

**Figure 3:** Occupational Injuries and Illnesses by type



## Ethics

Cobham operates in specialist markets, a number of which are highly regulated. It is Group policy to comply with all applicable laws and regulations.

The Group is committed to sustaining an ethical culture. The Cobham Ethics and Compliance Programme (CECP) has been developed to support this culture through a range of policies, processes and activities. The implementation and effectiveness of the CECP is overseen by the Business Ethics and Compliance Committee (BECC), and ultimately the Board. The programme is underpinned by the Cobham Code of Business Conduct (CBOC) which outlines the Group's core values and the behavioural standards it mandates for all its officers, employees and representatives on a range of issues, including anti-bribery and anti-corruption.

Cobham has a clearly stated zero-tolerance approach to bribery and corruption in any form. All employees are required to receive training on the CBOC and other ethics and compliance training, including anti-corruption. Cobham maintains an independent Ethics Helpline and website where potential violations can be reported. In 2017, it sought to improve the handling of concerns raised via the Ethics Helpline through a range of steps, including providing specialist training to a panel of newly appointed internal investigators.

Cobham measures the effectiveness of the CECP and improvements to it through a range of KPIs, one of which is the completion of mandatory CBOC training. In 2017, 99.8% (2016: 99.5%) of Cobham employees completed CBOC training.

## Employees

The ability to attract and retain talented and engaged employees is critical to enable us to deliver our growth plans, deliver on our key programmes and meet our ongoing commitments. The talent strategy looks to create a talent and organisational development framework that ensures Cobham is a high-performing and sustainable organisation. The Group has developed a fresh approach to talent for 2018, which looks to continue to develop both our pipeline of leadership and technical capability through structured development programmes. The continued progress against development of career frameworks linked to development and reward structures, provides employees with transparency around routes for career progression within the organisation.

The Group continues to invest in its emerging talent, and as a result has increased the number of places within both the graduate and apprentice development programmes. The Group has also created a vocational scheme to attract emerging talent and provide an additional pathway into key management and technical roles. The graduate development programme continues to expand its geographical reach, with opportunities for graduates created in Denmark, in addition to existing opportunities in the U.S. and the U.K. Alumni from the graduate and apprentice schemes are progressing into senior roles and are increasingly featuring on succession plans, evidencing the success of the schemes. The graduate scheme continues to be accredited by the Institute of Mechanical Engineers and the Royal Aeronautical Society. In 2017 the Group employed 4.5% (2016: 4.2%) of its UK workforce as apprentices, graduate or undergraduate placements, putting it on track to meet its 5% Club commitment by 2019 – for further information see [www.5percentclub.org.uk](http://www.5percentclub.org.uk).

The Group uses voluntary staff turnover to measure the effectiveness of its talent retention and employee engagement. In 2017, the Group's voluntary employee turnover was 10% (2016: 9.7%) against a target of <10%. The turnover is not unexpected with the evolution of Group organisational structures, ways of working and culture. Management expects staff turnover to decrease overtime.

## Diversity & Inclusion

Competition for talent is growing in the Group's markets. A combination of ageing populations and declining numbers of university graduates is leading to greater competition for the same talent across industries and geographies, particularly for science, technology, engineering and mathematics

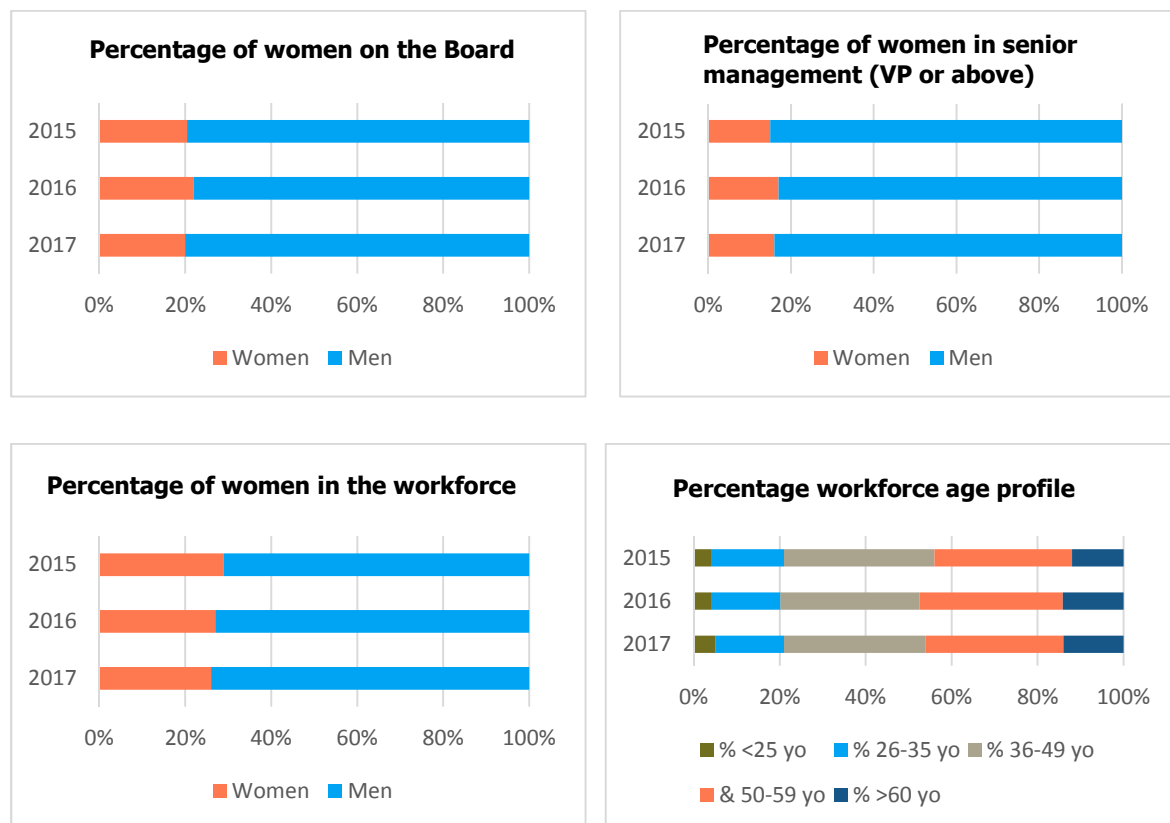
disciplines on which the Group relies. Cobham must attract and retain the right skills in order to meet its plans. Ensuring the Group’s culture supports the creation of a diverse workforce will ensure that the Group can attract and retain key talent from all backgrounds. Cobham is committed to developing an inclusive workplace where employee differences are valued, enabling everyone to fully contribute.

Under the UK Equality Act 2010 regulations, which apply to legal entities with at least 250 employees, Cobham is required to report gender pay gap data. Gender pay gap data for the five Cobham legal entities is available at: <http://www.cobham.com/the-group/corporate-responsibility-and-sustainability/performance-data-policies/performance-data/>.

Ensuring that the Group is able to attract and retain a diverse workforce aligns with the Group’s principal risks relation to a shortage of appropriate skills and talent as well as a failure to comply with laws and regulations.

The Group gender diversity profile in 2017 included 26% (2016; 27%; 2015: 29%) female representation within the workforce. Female representation in senior management positions was 16% (2016: 17%; 2015: 15%). There were two female Non-executive Directors in 2017 (20%).

**Figure 4:** Gender Diversity in the Cobham workforce



## Charitable Donations

Cobham believes that community issues are best addressed locally wherever possible. Individual sites are encouraged to manage their operations and activities with due consideration for the well-being of their neighbours and local communities. In 2017 Cobham donated £275,726 (2016: £269,933) to a range of good causes including armed services, rescue and health based charities, as well as local community interests. It is Cobham’s policy not to make political donations.