



UK Modern Slavery Act Statement

Fiscal year 2018/19

INTRODUCTION

Terma is committed to ensuring the prevention of modern slavery and human trafficking in our own business as well as in our global supply chain.

Modern slavery, including human trafficking, servitude, forced, or compulsory labor, is a global issue that transcends countries, sectors, and industries. It constitutes some of the most severe human rights abuses in the global society today.

This statement highlights the progress and steps undertaken by Terma in support of this commitment and is published in compliance with the UK Modern Slavery Act 2015.

OUR BUSINESS

Terma is an international privately-held company within the aerospace, defense, and security industry, owned by the Thomas B. Thrige Foundation. We have deep and proud roots in Denmark, tracing our origins back to 1944.

Terma is present in four distinct Business Areas; Aeronautics, Space, Surveillance & Mission Systems, and Support & Services, as illustrated in our business model on page 2.

We work closely with national defense forces, public authorities, and international organizations worldwide to provide security for people on land, at sea, and in the air.

In space, we are engaged in state-of-the-art projects enabling people to deal with new and future challenges, including the environment and climate change.

Terma's expertise and capabilities are within technological niches, and our products are part of larger solutions in multi-partner projects. Therefore, our business highly depends on building partnerships and strong alliances.

Geographically, Terma's headquarters and one of two production sites are located in Lystrup (Aarhus), and the other production site in Grenaa, placing our core business operations in Denmark. Our international presence spans across the world, currently with offices in Germany, Belgium, the Netherlands, United Kingdom, France, United Arab Emirates, India, Singapore, and the United States. Terma employs more than 1,500 committed employees worldwide.

Terma has been signatory to the UN Global Compact since April 2017. We have committed ourselves to support the Ten Principles, which have guided and inspired our work with Corporate Social Responsibility (CSR), including human and labor rights.

OUR GLOBAL SUPPLY CHAIN

As part of a highly technological industry, delivering mission-critical solutions, it is only natural that we place strict requirements on our suppliers, in terms



Terma's radar of engagement

Structuring our work with CSR, we have decided to adopt the four focus areas of the United Nations Global Compact (UNGC) placing Responsible Supply Chain at the very core of our model as it encompasses all four areas and forms a key priority for Terma.

of quality, specifications, and general professional and ethical business conduct. Our suppliers are selected by trained and skilled Quality Engineers against specific strict criteria.

In addition, we require that our suppliers adhere to legal requirements and to environmental, anti-corruption, and human and labor rights requirements and standards.

We have a wide supplier base with 2,442 suppliers of goods and services located in 45 countries worldwide.

Conflict Minerals

We acknowledge that components used in some of our products are at risk of modern slavery, specifically electronics components, as these typically contain tantalum, tin, tungsten, and gold. These metals, often named 3TG, have become known as "conflict minerals" because they may in part be sourced from illegal mines in the Democratic Republic of Congo or neighboring countries where their exploitation and sales play a role in the ongoing civil war and local unrests.

We have integrated this dimension in our procedures towards our suppliers, and we aim to ensure that we only use minerals that are responsibly sourced.

Our Business Model

The relationship between our core business operations and the value we create for society and our stakeholders is illustrated in the below business model.

Key Resources

- 

Financial capital
Finance investments and production
- 

Human resources
To operate our business, we depend on our highly skilled and diverse workforce
- 

Natural resources
We rely on energy and water in our production facilities
- 

Facilities
Two production facilities located in Denmark. In total, operations at 16 locations in 9 countries on 3 continents
- 

Partnerships
Our business partners are essential for our operations and development
- 

Supply chain
Supplies in goods, materials, and services to support our own production

Business Activities

- Mission-critical products, software, and services for space missions**

100+ space missions and **1,000+** space projects rely on Terma's expertise and know-how
- Airborne solutions and manufacturing of electronics and aerostructures**

2,500+ aircraft rely on Terma's self-protection solutions
- Radar surveillance to secure national borders and critical infrastructure and to keep people safe**

3,000+ SCANTER radars installed (coastal surveillance, Vessel Traffic Services, Surface Movement Radar, and naval applications)
- Command and control systems and self-protection for naval vessels**

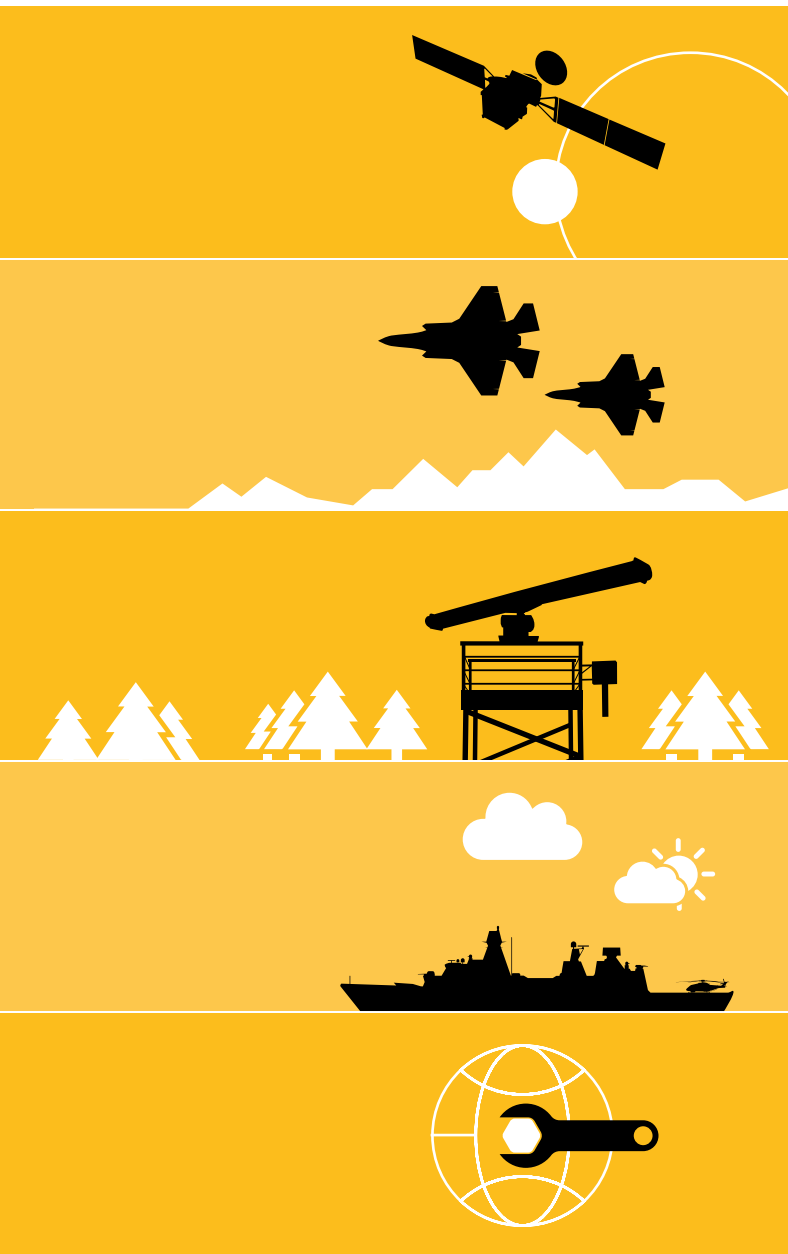
16 navies and coast guards worldwide rely on Terma's naval solutions
- Maintenance, support, and update of Terma products in the global defense and security market**

4,000+ radar systems, aircraft, and navies supported worldwide

Our Background

Terma has deep and proud roots in Denmark, tracing its origins back to 1944. Terma is owned by the Thomas B. Thrige Foundation, which is an independent legal entity without owners. Long-term ownership allows Terma to focus on steady development and is without doubt one of the reasons why our company still thrives after so many years of existence. The Thomas B. Thrige Foundation supports two main

purposes; activities benefitting the Danish business community, primarily within craftsmanship, industry, and extended higher education at foreign universities. The Foundation grants 40–70 donations annually to universities, technical or scientific museums, research purposes, international scientific conferences, PhD students, and case competitions for university students.



Value Creation

Revenue

We create value for our owner, the Thomas B. Thrige Foundation

Tax contributions

We comply with relevant legislation and pay our taxes in the countries where we operate

Responsible employer

We provide a working environment where our employees feel safe and valued, have opportunities for personal and professional development, and where all their human rights are respected

Customers

We create value for our customers and enable them to keep people safe

Contribution to communities

We engage in partnerships with local communities

Responsible supply chain management

We set requirements regarding human rights, the environment, and anti-corruption to our suppliers



OUR PROGRESS

In recognition of the importance of the UK Modern Slavery Act and the UN Guiding Principles on Business and Human Rights, we continuously work with human rights and assess the robustness and efficiency of our processes and procedures.

Updated Human Rights Policy

In connection with the Employee Code of Conduct, we updated our Human Rights Policy to include specific reference to the 48 human rights, as listed in the International Bill of Human Rights. With the Employee Code of Conduct e-learning, employees were trained in human rights, why they are important, what they cover, as well as an overview of the 48 human rights.

Updated Supplier Code of Conduct

We have also updated our Code of Conduct for Suppliers and Service Providers to include reference to among others the said 48 human rights, as well as a to our whistleblower system *Ethics Line*, which is accessible to all employees of third parties and stakeholders to Terma.

Our Code of Conduct for Suppliers and Service Providers describes the requirements within Human Rights, Environment, Ethical Business and Fair Operating Practices, Quality and Responsible Sourcing, as well as Information and Data Protection that we expect our suppliers and service providers to comply with.

Due Diligence

We are currently in the process of dividing our suppliers into categories and assessing the risk profile of each category. The type of risk profile will define the due diligence process that the supplier will go through.

Moreover, we have partnered up with an external third party, who is in the midst of assessing the majority of our key suppliers that we use in our production process. These suppliers are asked to document their process within human rights, anti-corruption, and conflict minerals.

We believe that this partnership will provide us with valuable insights, which will strengthen our supplier risk categorization and risk profiles and thereby strengthen our due diligence process.

Ethics Line

To further strengthen our compliance efforts and programs, Terma's global multilingual whistleblower system *Ethics Line* has been established. It offers a confidential and safe channel where any employee or third party can report concerns, if they suspect that serious illegal misconduct or other potential wrongdoing is taking place.

Terma's Ethics Committee presents an annual report to the Board of Directors on the status of the *Ethics Line*. If any issues are reported, such issues are presented in the report in an anonymized way. This information is also presented in Terma's annual CSR Report.

GOING FORWARD

In the upcoming fiscal year, we will continue our dedicated work on the Responsible Supply Chain Management Program, which will describe our due diligence process, third party risk profiles, and various procedures and processes. Moreover, we will continue to strengthen our processes within responsible sourcing of minerals.

Human Rights Impact Assessment and Due Diligence

In the coming year, we will establish a human rights due diligence process. It is important for us to get a clear picture and overview of the human rights impact that we cause and contribute to, as well as those we are linked to, due to the nature of our industry. Thus, it is a key priority in 2019 to commence conducting thorough human rights impact assessments that will address our potential and actual impacts regardless of whether we cause, contribute, or are linked to these. As we work in various industries, we will conduct a human rights impact assessment for each industry to ensure that we pinpoint the exact potential human rights impacts we have in each of our business activities.

Moreover, conflict minerals are commonly associated with human rights abuses, such as the use of forced labor, child labor and unsafe and unhealthy working conditions. Therefore, conflict minerals will be addressed in our human rights impact assessment.

APPROVAL

This statement is prepared and published pursuant to Section 54(1) of the UK Modern Slavery Act 2015 and constitutes the slavery and human trafficking statement for Terma A/S and its subsidiaries worldwide for the fiscal year 1 March 2018 to 28 February 2019.

For further information on our activities and progress, please see our Corporate Social Responsibility Report 2018/19.

The statement is approved and signed by the Executive Management of Terma A/S.

Jens Maaløe
President & CEO

Per Thiesen
Executive Vice President & CFO

Steen M. Lyneskjold
Executive Vice President & COO