



UK Modern Slavery Act Statement

FISCAL YEAR 2022/23

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 below.



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 in Lystrup (Aarhus). The other production site is 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 Arab Emirates, India, Indonesia, Singapore, the United Kingdom, and the United States. Terma employs 1659 committed employees worldwide. Terma has been signatory to the UN Global Compact since April 2017. We have committed ourselves to supporting 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 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.

Our Progress

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

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Allies in Responsibility

Terma's CSR strategy Allies in Responsibility 2020-2023 contains 6 focus areas: Anti-Corruption, Diversity, Employee, Health & Mental Wellbeing, Employee Safety, Human Rights, and Responsible Supply Chain Management.



We support the UN Sustainable Development Goals

Human Rights

Operating in the Aerospace, Defense and Security sectors, Terma delivers products and services foremost in times of peace, but also in times of conflict. Therefore, human rights is a key focus for us. We work with the UN Guiding Principles on Business and Human Rights (UNGPs), which require companies to have in place a human rights policy, due diligence processes, and grievance and remediation mechanisms, such as reporting channels.

Due Diligence

Terma conducts due diligence on our third parties both for our upstream and downstream value chain. Human rights are a key component of this. We set human rights requirements for our third parties via our Business Relationship Code of Conduct, which is aligned with internationally agreed standards for responsible business conduct, the UNGPs and the OECD Guidelines. Our suppliers are asked to complete a CSR self-assessment where they indicate whether they have a human rights policy, a due diligence process, and grievance and remediation mechanisms in alignment with the UNGPs. Moreover, our customers and end-users are screened for adverse human rights issues. Our Business Relationship Code of Conduct is published [here](#).

Human Rights Impact Assessment

A human rights impact assessment is a process for identifying, preventing, or mitigating risks of adverse impacts from business operations and services on, at minimum, all 48 human rights listed in the International Bill of Human Rights.

Over the past three years, we conducted annual human rights impact assessments for the Danish locations, and this year we expanded and looked at an additional country location. All locations with an excess of 50 employees are in scope for a human rights impact assessment.

Our office in Germany, Terma GmbH, is the biggest subsidiary and therefore was chosen as the second location to have a dedicated human rights impact assessment. This assessment looked at both potential and actual impacts.

As a part of our human rights program, we revisit our impact assessment annually to assess and address any actual human rights impacts during the year. Therefore, in the beginning of 2023, we once again revisited the impact assessment for our Danish locations, involving various departments across the organization. We use the employee survey results and reporting channels to identify actual impacts on rights. Our assessments are published [here](#).

Awareness and Training

We have sought to continuously create awareness around our human rights approach, both internally and externally. It is not only vital that employees are aware of the reporting channels available to them, but we also wish to show why we have decided to focus on human rights and how it is relevant to everyone.

On 10 December 2022, to mark the International Human Rights Day, we published another global portal message to our employees to commemorate the day and once again create awareness about the human rights impact assessment, encouraging employees to provide feedback.

Employee Code of Conduct

The purpose of Terma's global Employee Code of Conduct is to guide all employees, describe Terma's policies and commitments. This is updated on a biennial basis and can be read [here](#).

The Employee Code of Conduct is divided into 5 overall topics: Anti-Corruption & Business Ethics, Human Rights, Security, Environment and Global Trade Compliance, each with individual sets of related policies, commitments, and expectations towards Terma's employees.

Our human rights policy, which is aligned with the UNGPs, is included in our Employee Code of Conduct. All employees are required to undergo our mandatory Employee Code of Conduct training, where they, among others, are introduced to the UN Guiding Principles and the 48 human rights.

Next Steps

During the coming financial year 2023/24, we will continue our annual assessments, and once again expand the scope to include another location outside of Denmark. Moreover, we will commence a project to conduct human rights impact assessments on our product series.



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Responsible Supply Chain Management

Through Terma's Responsible Supply Chain Management Program (RSCM), we conduct due diligence on suppliers with a focus on human rights, anti-corruption, the environment, and conflict minerals.

Over the past three years we have worked to embed this program in the regular supplier process, and it has been a great success. By the end of the FY2022-23, we have finalized due diligence on 85% of our active suppliers, and dialogue is ongoing with the remaining.

We continuously work to build supplier capacity in the areas for which we require information, and we are working on developing tools to optimize and automatize the process based on the experiences and learnings.

Conflict minerals

This year we have updated Terma's Conflict Mineral Reporting, based on the industry standard template. This information can then be shared with our customers on request. We used the data collected from our suppliers and incorporated it into our own CMR template.

Reporting Channels

Terma has two reporting channels: Ethics Line and Tell us your concerns, where employees and other stakeholders can report concerns or issues relating to, among others, human rights.

Tell us your concerns is our global internal case management system solely dedicated to Terma employees. It is for all concerns, incidents, and issues, which do not qualify for reporting via Terma's Ethics Line.

Ethics Line is Terma's global (multilingual) whistleblower system, which 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. Employees and third parties can report anonymously or by name to the system. More information about Ethics Line can be found [here](#).

All cases are confidential, regardless of whether the cases are reported to Ethics Line or Tell us your concerns. Executive Management receives a monthly compliance report, which includes the number of cases reported in the two systems. The Board of Directors receives this information quarterly. At the end of each financial year, the number of cases and their categories are communicated to the whole organization as well as in Terma's annual CSR report.

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 2022 till 28 February 2023. For further information on our activities and progress, please see our Corporate Social Responsibility Report.

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

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