



Modern Slavery Transparency Statement 2020

This statement relates to Babcock International Group PLC, covering all business regions, operating companies and business units throughout the world, including wholly owned and partly owned subsidiaries. The statement relates to the financial year ending 31 March 2020.

At Babcock we are committed to conducting our dealings, whether with customers, suppliers, employees or the communities in which we are based, with the utmost integrity and as such we are steadfast in our support for the elimination of modern slavery in all its forms. All our businesses, wherever they are located and wherever they have dealings in the world, are required to respect people and to value their diversity.

Our aim is to create an inclusive organisation where everyone's skills and contributions are welcomed and valued. This approach is enshrined in our Babcock Code of Conduct, detailed in our "being babcock" guidelines and also embedded in our attitude to health and safety. Modern slavery falls within the governance pillar of our Group wide sustainability Strategy.

This document explains the steps Babcock is undertaking to prevent, detect and respond to modern slavery within our business and supply chains. It has been approved by the Board of Babcock International Group PLC and is made in accordance with Section 54(1) of the Modern Slavery Act 2015.

A handwritten signature in black ink that reads "Archie Bethel". The signature is written in a cursive, flowing style.

Archie Bethel
Chief Executive Officer for and on behalf of Babcock International Group PLC and group companies
May 2020

Relevant companies for the purposes of section 54(2) of the Modern Slavery Act 2015:

- Babcock Aerospace Limited
- Babcock Airports Limited
- Babcock Communications Limited
- Babcock Critical Services Limited
- Babcock DSG Ltd
- Babcock Integrated Technology Limited
- Babcock Land Limited
- Babcock Marine (Clyde) Limited
- Babcock Marine Training Limited
- Babcock Mission Critical Services Offshore Limited
- Babcock Mission Critical Services Onshore Limited
- Babcock Networks Limited
- Babcock Rail Limited
- Babcock Support Services Limited
- Babcock Training Limited
- Babcock Vehicle Engineering Limited
- Cavendish Nuclear Limited
- Devonport Royal Dockyard Limited
- Holdfast Training Services Limited
- Rosyth Royal Dockyard Limited

1. Structure, business and supply chain

Our business is principally involved in the delivery of critical, complex engineering services, which support national defence, save lives and protect communities. We operate in three key markets: Defence; Aerial Emergency Services and Nuclear, through four sectors: Marine, Nuclear, Land and Aviation, providing services to pre-dominantly governmental or blue chip customers, approximately 90% of whom are located in the UK, Europe, North America, Australia or New Zealand.

External expenditure via third-party suppliers, including Original Equipment Manufacturers (OEMs), accounts for approximately 50% of our turnover and our approach and ability to manage these relationships affects our ability to deliver performance and margin. Our procurement and supply chain function develops and delivers optimal supply chain solutions, which enable us to return value to our customers, shareholders and communities. We buy a wide range of goods and services and need reliable, high performing suppliers across our supply chain. We have over 10,000 suppliers, with strategic relationships with around 300 of them. These suppliers range from OEM's to Small and Mid-size Enterprises (SMEs). We build appropriate engagement models with these partners and preferred suppliers effectively to drive quality and innovation across our supplier base.

2. Slavery and human trafficking policies

As an international business, we recognise our responsibility for upholding and protecting the human rights of our employees and other individuals with whom we deal throughout our supply chain and in our operations across the world.

We believe that we have embedded a culture of respect for human rights throughout our business which is demonstrated by our commitment to ethical conduct in everything we do. Additionally our **Babcock Code of Business Conduct policy** which summarises our commitment and compliance with this policy is mandatory for all employees, business advisors and business partners. We expect the same commitment from our suppliers and for them to flow down that commitment through the Supply Chain.

The **Babcock Supplier Code of Conduct**, which we review annually, describes the Company's expectations of all suppliers doing business with Babcock. In addition to communicating Babcock's values, it mandates full compliance with all laws and regulations. It also addresses the proper handling of intellectual property and other sensitive data, health, safety and environmental concerns as well as Human Rights.

This Group-wide Supplier Code of Conduct provides clarity about our expectations of methods used to deliver environmental and social responsibility. The code reflects the same standards that we hold ourselves and enables a consistent approach to our customers in delivering to the highest ethical standards.

Supplier Code of Conduct:

Our suppliers should either be willing to subscribe to our Code or confirm they have equivalent standards and procedures in their own businesses.

Key Areas

Our People

- Inclusion and diversity
- Dignity and respect
- Human Rights

Our Business

- Anti-bribery and corruption
- Gifts and hospitality
- Conflicts of interest
- Anti-trust and competition

Our World

- Health and safety
- Environment
- Community engagement

Our Assets

- Intellectual property
- Confidential information
- Cyber security

Our Due Diligence

Whistleblowing

3. Due diligence procedures

We continue to deploy our modern slavery risk assessment via our due diligence toolsets for new and existing suppliers.

This due diligence toolset assists with supply chain awareness and facilitates measurement of supplier mitigation activities relating to modern slavery. We review this toolset on an annual basis.

Businesses should use appropriate processes to qualify, on-board and periodically revalidate sub-contractors, to ensure compliance with commercial, regulatory and legal requirements.

We explain the qualification process to our suppliers in our Procurement & Supply Chain functional principles and sector specific policies. The level of detail gathered from the supplier is appropriate to the type of supply.

4. Identifying, assessing and managing risk

We continue to believe that our exposure to the risks of modern slavery is low within our own business and supply chain.

This assessment is under continuous review so that we can determine if circumstances change that require us to take additional actions. We work in collaboration with other industry leaders to create a process that optimises risk management whilst encouraging the use of SMEs. Babcock requires all potential suppliers to demonstrate their capacity to meet our contractual requirements. We also look for a clear demonstration of commitment to corporate social responsibility. We expect high standards of conduct from our suppliers in what they will do either for us or for our customers. We will not accept any behaviour contrary to our codes.

5. Effective action taken to address modern slavery

We have not identified any instance of modern slavery during the year across our supply chain.

6. Training and awareness

We continue to raise awareness of Modern Slavery within our procurement and supply chain function. As procurement professionals, we understand what modern slavery is, what the key identifiers are and how proactively to address and manage this risk.

We have embedded our “being babcock” principles and display our Code of Conduct at all our sites.

We also display information about a confidential whistleblowing line that can be used for reporting breaches of the codes of conduct at all our sites.

Additionally this year we have launched mandatory Modern Slavery Awareness modules targeted at over 300 named key Procurement and Supply Chain individuals across the function whose functions mean they are involved supplier engagement, supplier sourcing, supplier selection, supplier on-boarding/due diligence or supplier performance management.

Amongst other related issues, these modules highlight high-risk sectors where additional care may be needed when on-boarding suppliers. It also highlights the due diligence processes we mandate the use of and the indicators of forced Labour as well as information about whistleblowing helpline.

We host these mandated modules on our internal learning management system where we can track completion. We have also hosted an extended selection of modules and resources on our dedicated Modern Slavery internal webpage so anyone within the organisation can complete them. This page also contains a selection of links, which explain the current legislation, Babcock policy and internal escalation points.