

Modern Slavery Transparency Statement 2019

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 2019.

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.

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.



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

May 2019

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 (Rosyth) 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, from four sectors: Marine, Land, Aviation and Nuclear, 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.

Expenditure via 3rd party suppliers accounts for a significant part of our turnover and our customers rely on us to provide a robust and effective supply chain. We have over 10,000 suppliers (many of whom are small and medium sized enterprises) and have strategic relationships with around 300 of them. Each sector categorises their suppliers into tiers:

- **Strategic Suppliers:** Supplier collaboration is strategically focused supporting mutual growth
- **Preferred Suppliers:** These are business selected suppliers with whom we have scale trading relationships. Collaboration delivers added value and enhanced performance
- **Key Suppliers:** These are important suppliers who are key to effective business operations
- **Mandatory Suppliers:** These are entities with whom we must transact (for example local or national tax authorities and customer specified suppliers)

In addition to sector specific activities we have a Group-led category management approach for common expenditure across Babcock group. These leads provide subject matter expertise into Business Units and Bids and support supplier development activities in the following areas:

- **Plant & General Engineering**
- **Facilities Management**
- **Corporate Services**
- **IT**
- **Construction**

2. Slavery and human trafficking policies

We welcome the opportunity to contribute positively to global efforts to ensure that human rights are understood and observed.

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 in our operations across the world.

We believe that a culture of respect for and promotion of human rights is embedded throughout our business and can be demonstrated by our commitment to ethical conduct in everything we do. This is summarised in the **Babcock Code of Business Conduct policy** 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 is reviewed annually, describes the Company's expectations of all those 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 is designed to provide 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 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. This toolset continues to be reviewed on an annual basis.

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

The supplier qualification process is fully explained 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 potential suppliers to demonstrate their

capability 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 for us or our customers and will not accept any behaviour contrary to our codes.

5. Effective action taken to address modern slavery

No instances of modern slavery have been identified during the year in any of our sectors in 2018/19.

6. Training and awareness

We are raising awareness of Modern Slavery across the business to ensure employees have a clear understanding of the issues and how to proceed where a risk is identified.

We have embedded our “being babcock” principles and our Code of Conduct is displayed 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.

We continue to raise awareness of Modern Slavery within our Procurement & Supply chain function and have a dedicated internal webpage to raise awareness, explain the current legislation, Babcock policy and internal escalation points