



UK Modern Slavery Act Statement

FISCAL YEAR 2021/22

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 located in Lystrup (Aarhus). The other production site is located 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, and the United States. Terma employs 1752 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.

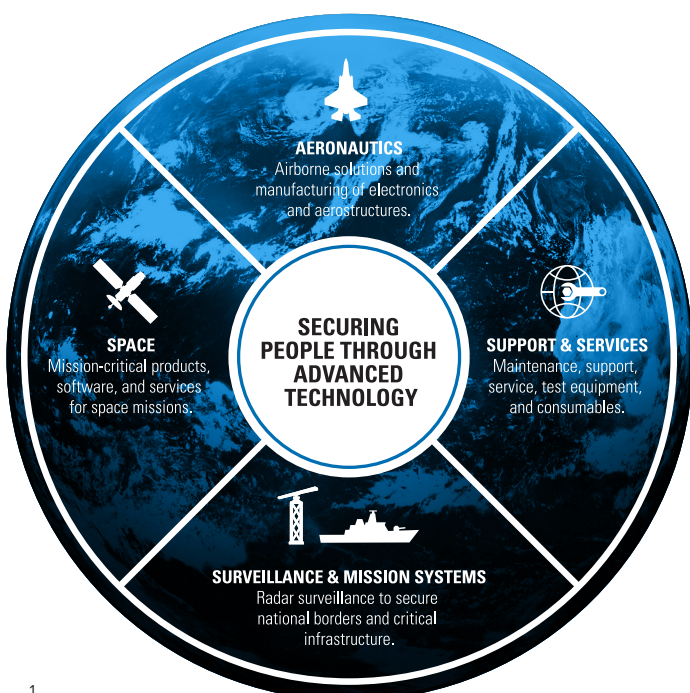
Our Global Supply Chain

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 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.



UK Modern Slavery Act Statement



Allies in Responsibility

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

Allies in Responsibility is a means to support the collective discourse and become a trusted partner within the sustainable development agenda. Therefore, all six focus areas are carefully aligned with specific UN Sustainable Development Goals (SDGs). This will cement Terma's position as a valued and trusted employer, business partner, and customer.



We support the UN Sustainable Development Goals

Human Rights

As a company operating in the Aerospace, Defense, and Security sectors, human rights are an essential focus area for us.

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 the UN Guiding Principles for Business and Human Rights and the OECD Guidelines. Our suppliers are asked to complete a CSR self-assessment where they are asked whether they have a human rights policy, a due diligence process, and grievance and remediation mechanisms in alignment with the UNGPs. You can read more about this under the section [Responsible Supply Chain Management](#). Moreover, our customers and end-users are screened for adverse human rights issues.

Human Rights Impact Assessment

Last year, Terma published its first human rights impact assessment covering our 3 Danish locations, including our headquarters in Lystrup.

Our Danish locations constitute 82% of our employees. The process included identifying risks or potential impacts on all 48 human rights, assessing actions, processes, and systems to prevent or mitigate potential impacts and indicators to measure effectiveness.

As it was the first year, our human rights impact assessment only focused on potential impacts. As a part of our human rights due diligence process, we revisit our impact assessment annually to assess and address any actual human rights impacts during the year. Therefore, in the beginning of 2022, we revisited the impact assessment for our Danish locations, involving various departments across the organization. Moreover, we also consulted the feedback from our employees, as they were encouraged to read the assessment and provide suggestions for improvements in preventing or mitigating impacts. Both assessments can be read [here](#).

Awareness and Training

We decided to publish our first impact assessment in June 2021 in connection with the 10-year anniversary of the UNGPs. A global portal message dedicated to all our employees was made where we celebrated the event, created awareness about the UNGP, and introduced Terma's human rights impact assessment. Employees were encouraged to engage and provide feedback on the assessment.

Moreover, on 10 December 2021, 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.

We believe that it is important to continuously create awareness as it ensures embeddedness. Messages need to be repeated in various contexts and different formats. Therefore, besides the awareness campaigns, employees are informed about human rights and the UNGPs via the mandatory Employee Code of Conduct training which they need to take every second year. The training describes 48 human rights and the UNGPs.

Training of relevant departments within the UNGPs is also key for supporting our due diligence process. Our Sourcing and Procurement Department has been trained and is thereby better equipped to answer suppliers' questions.

Next Steps

Next financial year 2022/23, we will conduct a human rights impact assessment for one of our locations abroad. The assessment will be made in close collaboration between the CSR & Compliance Department and the relevant stakeholders at the chosen location as it is important that the assessment is embedded in the location and reflects the local context. This will also ensure that the stakeholders have the knowledge and capacity to update the assessments going forward.



UK Modern Slavery Act Statement

Responsible Supply Chain Management

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

Rollout of the Program

In May 2021, Terma's Responsible Supply Chain Program was launched. Prior to the launch, the relevant guides, checklists, and material were developed, and a training session was held for all employees in Procurement and Sourcing. The training session introduced the program and process, and the participants were informed about the requirements and how Terma will conduct the program. Once the training was completed, the purchasers began reaching out to our suppliers to have them undergo the due diligence process.

During the financial year 2021/22, 35% of our active suppliers have undergone the due diligence process. We are confident that we will reach our target of all active suppliers having undergone the due diligence process by end FY2022/23. We are continuously working on developing tools to optimize and automatize the process based on the experiences and learnings.

Learnings

Since we are in the initial year of the program, we have gathered some learnings. The task has proven much larger and more time consuming than anticipated. Many of our suppliers were unfamiliar with, for instance, the UN Guiding Principles on Business and Human Rights and filling out a Conflict Mineral Reporting Template. Furthermore, the Procurement and Sourcing departments have had little training in due diligence processes. Therefore, we see the program as a journey together with our suppliers who are expected to raise the bar over the coming years while we increase our knowledge and abilities as well.

Ethics Line

It is important to take our compliance temperature regularly to strengthen our compliance culture and mindset. In 2019, Terma's global multilingual whistleblower system *Ethics Line* was 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 cases are reported, the topics reported on and other statistical anonymized information are presented in the report. This information is also disclosed 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 2021 till 28 February 2022.

For further information on our activities and progress, please see our [Corporate Social Responsibility Report 2021/22](#).

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

Jes Munk Hansen
CEO & President

Per Thiesen
CFOO & Executive Vice President

Steen M. Lyneskjold
CCO & Executive Vice President