

## **Raytheon Systems Limited Statement on Slavery and Human Trafficking for Financial Year 2017**

This Statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Company's slavery and human trafficking statement for the current financial year.

### **Raytheon Systems Limited Structure**

Raytheon Systems Limited ("RSL") is a subsidiary of Raytheon Company. We are a prime contractor and major supplier to the UK Ministry of Defence, other large defence sector primes and UK and overseas government entities. We have developed strong capabilities in mission systems integration in defence, national security and commercial markets. RSL designs, develops and manufactures a range of high-technology electronic systems and software at facilities in Harlow, Glenrothes, Gloucester, Manchester, Waddington and Broughton.

Our supply chain consists of 600 active suppliers, 90%+ of which are UK or US companies. We also do business with suppliers in a number of other countries around the world though predominantly in mainland Europe. Around 25 - 35 of these international suppliers are active for RSL at any given time.

### **RSL Policy on Slavery and Human Trafficking**

Our business practices embody and reflect our values which include treating people with respect and dignity. These same values are the foundation for our Code of Ethics and Conduct ("**Code**") and our policies and procedures.

Our Code and our terms and conditions with domestic and international suppliers, require compliance with all applicable government laws, rules and regulations (including laws prohibiting human trafficking and forced labour). Suppliers are expected to be proactive as regards ethical issues so that they promptly raise with us any such issues, violations of the Code or governmental rules and regulations.

### **Responsibility for Anti-Slavery and Human Trafficking Initiatives**

RSL's Director of Commercial and Supply Chain Management has taken ownership of this statement, it has been signed by a member of the Board of Directors and approved by the Company's leadership team at the monthly operations meeting held on June 7 2018. Ongoing compliance will be actively monitored by the Company's leadership.

The Director of Commercial and Supply Chain Management is responsible for initiatives involving the Supply Chain and the Director of Human Resources is responsible for initiatives regarding the Company's staff.

### **RSL Employment Policies**

**Employee Conduct:** The Code makes clear to employees the actions and behaviour expected of them when representing the Company. The Company strives to maintain the highest standards of

employee conduct and ethical behaviour. Specifically, employees are encouraged to report any concerns related to the direct activities or the supply chains of the Company. This includes any circumstances that may give rise to an enhanced risk of slavery or human trafficking. A dedicated helpline has been set up to deal with such reports, guaranteeing anonymity where requested.

**Contractor Process:** The Company uses only specified, reputable employment agencies to source labour and always verifies the practices of any new agency before accepting workers from that agency.

### **Supply Chain Due Diligence Policies**

The Company uses existing processes to identify and mitigate risks at various stages of the supply chain process and will use continuous improvement techniques to further strengthen this regime.

#### Requirement and Supplier Identification

- Where possible, we re-use trusted suppliers who have already undergone due diligence.

#### Supplier Assessment and Selection

- We assess all new key suppliers using the tailorable Raytheon Enterprise Supplier Assessment (RESA) tool and maintain records of the results. Supplier procedures for combating slavery and human trafficking in their supply chains will be assessed as part of this process dependent on the risk category of the purchases concerned.
- All potential suppliers from high risk countries are screened for compliance with anti-bribery legislation by a dedicated International Supply Chain function. These assessments do not specifically deal with Modern Slavery, but companies who can demonstrate a good track record on these issues may be considered low risk due to their demonstration of an ethical stance.

#### Contracting with Suppliers

- We contract with all suppliers on the basis of compliance with all local laws.

#### Management of Suppliers

- RSL monitors supplier performance of their obligations based on risk and value criteria.
- RESAs are repeated on a regular basis, depending on the type, regularity and value of goods and services provided.
- For high value subcontracts, dedicated resource is applied to manage supplier performance. As well as assessing progress on contractual deliverables, these resources ensure that suppliers are performing work in compliance with contractual and legal requirements. This is achieved by regular on site visits which concentrate, amongst other things, on the Health & Safety aspects of how the work is being performed. This is particularly important for non-UK/US/Western European suppliers.

## Supply Chain Risk Assessment

We have conducted a risk analysis of our supply chains in terms of slavery and human trafficking based on the commodities purchased and the geographic location of the suppliers involved.

Purchases of components and services from UK and European markets, or from elements of our US parent company or shared US based suppliers, are considered to be low risk.

Higher risks exist when major subcontracts are let for the design, development and delivery of entire products and systems, since these involve more complex multi-level supply chains with large quantities of component parts and raw materials. The majority of such assemblies are sourced from UK, US and Western European companies but for certain projects, they are procured from indigenous sources where risks are considered higher and where oversight is increased as detailed above.

Higher risk also exists in the sub tiers of some purchased products such as workwear, promotional goods and commercial off the shelf IT hardware where material may be sourced from, or manufacture may take place in, developing countries. Similarly, raw material elements of products such as machining and electronic components are considered higher risk since they have long supply chains with less transparency to the purchaser. Where these risks exist, first tier suppliers are expected to manage lower tier supplier obligations. The Company also champions some multi-tier activities such as identification and elimination of conflict materials.

## **Effectiveness in Combating Slavery and Human Trafficking**

We use the following mechanisms to measure how effective we have been in ensuring that slavery and human trafficking is not taking place in any part of our business or supply chains:


- Completion of internal and supply chain assessments;
- Use of labour monitoring and payroll systems; and,
- Personal contact with the next link in the supply chain for high risk purchases to ensure their understanding of, and compliance with, our expectations.

## **Training**

Awareness training has been delivered to the Company's Leadership Team and Supply Chain and Human Resources staff.

We will build and expand on the existing awareness training and work with our supply chain to ensure their level of awareness of the requirements of the Modern Slavery Act is consistent with RSL's expectations.

## **Signed on behalf of the Board of Directors of Raytheon Systems Limited**

Signature :  Name: JOHN A. REILLY  
Position: 