



Modern Slavery Act statement

Introduction

Halma plc (Halma) supports the provisions set out in the Modern Slavery Act 2015 (Act) and has taken steps to prevent modern slavery occurring in its supply chain and within its own operations.

This statement has been published in accordance with Section 54 of the Act and applies to Halma and its subsidiaries (the Group). The individual companies which meet the requirement to report under the Act have been specifically mentioned below.

Halma has worked in partnership with STOP THE TRAFFIK since 2019, a UK-based charity which works to disrupt and prevent human trafficking by raising awareness, informing and equipping individuals, organisations and communities to take action to combat this global crime. STOP THE TRAFFIK conducted a modern slavery risk mapping exercise on our supply chain. Over the coming year, we will be working with STOP THE TRAFFIK to assess the output from this exercise and identify areas of risk.

Business Structure and Supply Chains

Halma employs over 7,200 people in 44 businesses operating in more than 25 countries. Halma plc does not have a centralised procurement function. Each business is a separate legal entity, and has its own board of directors with accountability within a clear legal and compliance framework.

Our purpose - to grow a safer, cleaner, healthier future for everyone, every day - drives our strategy and culture. Our companies and products have a core focus on safety, health and environmental markets.

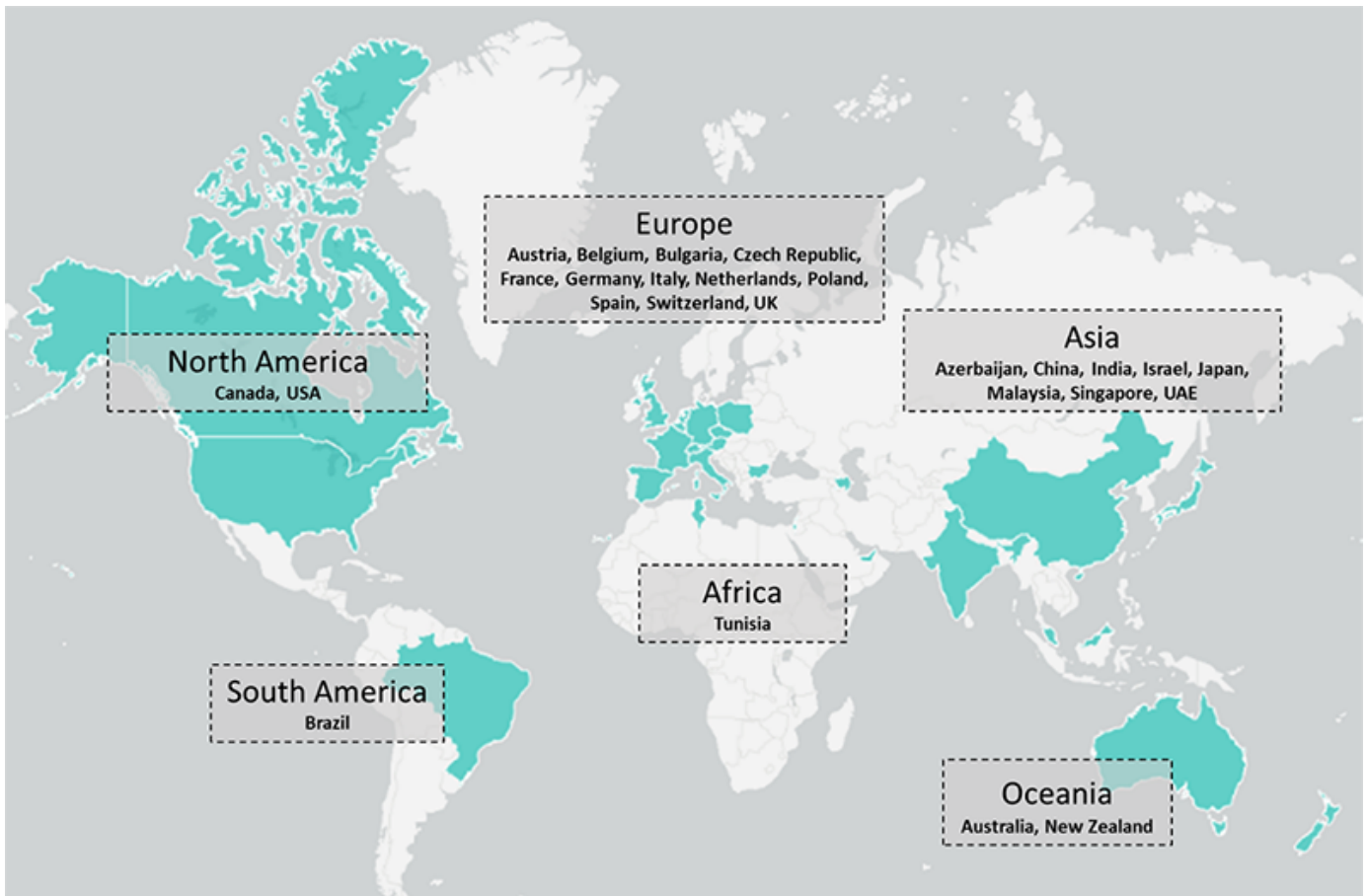


Figure 1: Distribution of Halma's production and office facilities

Our 44 businesses are grouped within four sectors:

1. Process Safety – 7 Businesses
Technologies that protect people and assets at work.
2. Infrastructure Safety – 13 Businesses
Technologies that save lives, protect infrastructure and enable safe movement.
3. Environmental & Analysis – 11 Businesses
Technologies that monitor and protect the environment and ensure the quality and availability of life-critical resources.
4. Medical – 13 Businesses
Technologies that enhance the quality of life for patients and improve the quality of care delivered by healthcare providers.

You can find out more about our businesses and what they do [here](#).

The location of our businesses and corporate offices can be found in our Group directory [here](#).

Halma is the parent company of the Group and employs a leadership team who set the framework under which our businesses operate. We have an autonomous organisational structure with each Halma company a separate legal entity run by a board of directors and officers with clear lines of accountability. As the directors and officers of their companies, local management are empowered to lead their business and are responsible for developing their own supply chains, but must operate within the Group's compliance and control framework. All businesses are required to complete a semi-annual internal control certificate which confirms that they have complied with key areas of control and compliance mandated by in Group's policies and procedures (see Policies and Procedure below for more information). This certificate includes a specific provision confirming that all employees have read and signed our Code of Conduct which communicates our approach to critical human rights, business conduct and ethical matters, including modern slavery.

8 Halma companies have either met, or met in the past, the reporting criteria under the Act:

- **Apollo Fire Detectors Limited (Apollo)**
Designs and manufactures fire detectors for commercial and industrial applications.
- **Bureau d'Electronique Appliquée S.A. (BEA)**
Designs and manufactures motion, presence and safety sensors.
- **CenTrak, Inc. (CenTrak)**
Designs and manufactures real-time location services for healthcare facilities.
- **Crowcon Detection Instruments Limited (Crowcon)**
Designs and manufactures gas detection instruments.
- **HWM-Water Ltd (HWM)**
Designs and manufactures monitoring and telemetry equipment for water, wastewater and gas networks.
- **Medicel AG (Medicel)**
Designs and manufactures specialist eye surgery instruments.
- **Microsurgical Technology (MST)**
Designs and manufacturers surgical devices and instruments used to improve sight.
- **Texecom Limited (Texecom)**
Designs and manufactures electronic intruder alarm systems.

In 2019, STOP THE TRAFFIK conducted a modern slavery risk mapping of our global supply chain, which is effectively the aggregate of the separate supply chains of each individual Halma company. The findings of this project showed that our companies spent approximately £540 million annually with over 11,000 suppliers across 60 countries. The majority of our suppliers operated in the USA (33%), the UK (28%), China (7%), and Germany (4%). Approximately 3,900 of these suppliers were considered to be 'significant suppliers' (meaning a total annual spend of £10,000 or more) and collectively represented approximately 97% of our annual supplier expenditure. These significant suppliers were distributed across 49 countries. The suppliers by continent is shown in figure 2 below.

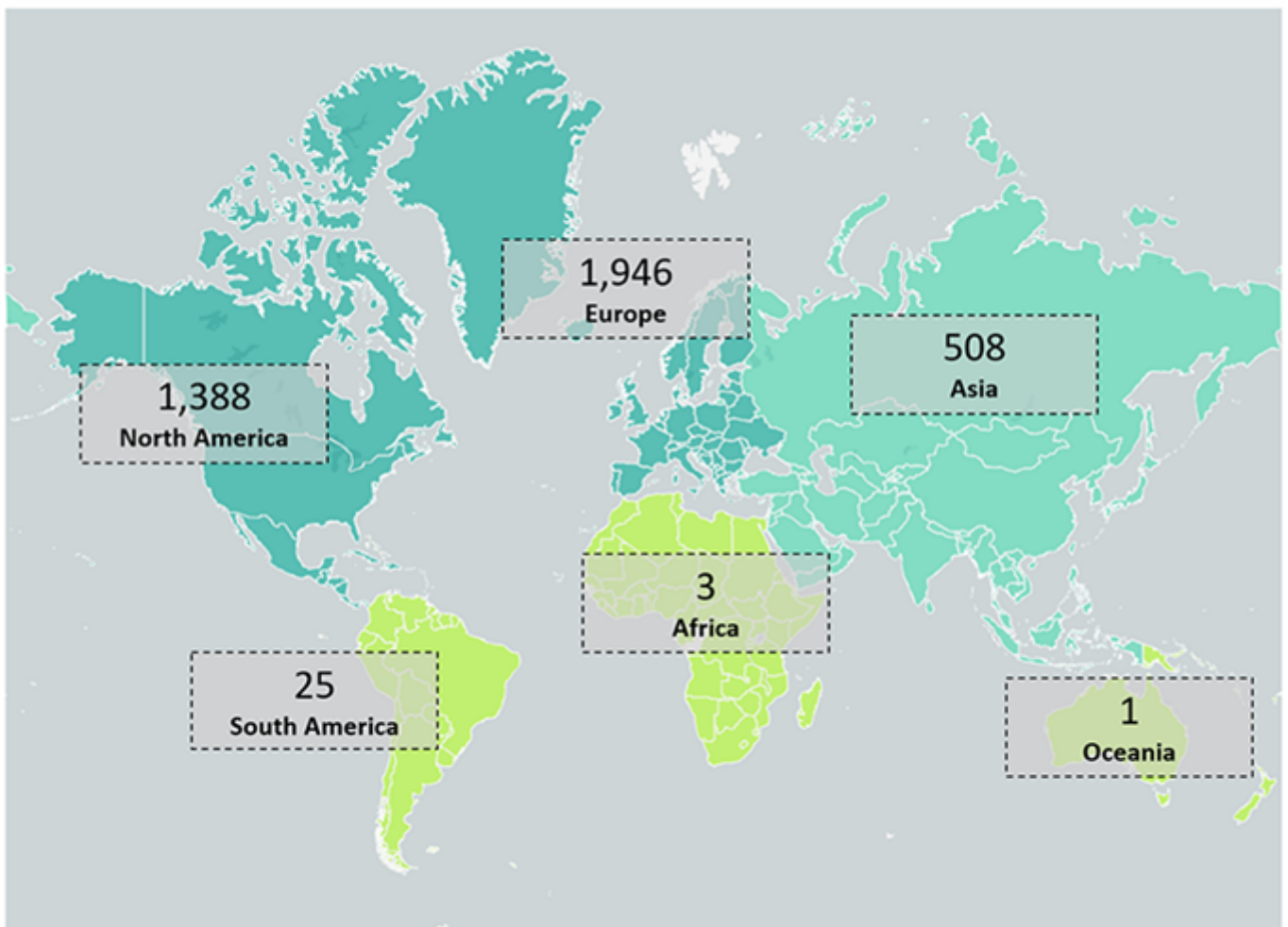


Figure 2: Distribution of significant suppliers in 2019 representing approximately 97% of annual expenditure

Policies and Procedures

Halma has a culture of openness, integrity and accountability. We require our employees to act fairly in their dealings with fellow employees, customers, suppliers and business partners. We are committed to preventing modern slavery and human trafficking in our operations and in our supply chains. The Group has a range of policies and procedures which mitigate the risk of modern slavery.

1. Modern Slavery Act Policy

Halma has created a policy for all businesses within the Group, in order to promote a culture of awareness and best practice on Modern Slavery. This policy is important as it encourages a consistent approach to modern slavery prevention across our decentralised company structure.

The policy outlines:

- What modern slavery is, which industries are at heightened vulnerability, which countries and sectors are known to be high-risk, and which indicators should raise concerns.
- The requirements of the Act.
- Recommendations for best practice mitigation and methods for determining their operations and supply chain modern slavery risk.

All businesses are required to review and consider the areas set out within the policy.

2. Code of Conduct

Our worldwide Code of Conduct (Code) sets out the ethical standards that govern the activities of the Group, our employees, and business partners. The Code includes a specific provision concerning the prevention of modern slavery and human trafficking, setting out:

- Our clear commitment to never tolerate, or engage with those who do tolerate modern slavery, human trafficking, and other abuses of labour rights.
- An explanation of how modern slavery prevention falls within the remit of our Human Rights and Labour Conditions Policy.

The Code is available on our [website](#) and has been translated into 9 languages which include the official languages of 20 of the 26 countries our businesses operate in.

It is a Group-wide requirement that all of our employees receive, and sign to acknowledge that they have read, the Code.

3. Human Rights and Labour Conditions Policy

Modern slavery prevention falls within Halma's human rights approach to sustainability. Halma's Human Rights and Labour Conditions policy endorses the dignity and rights of all individuals as established in the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. The policy commits Halma to integrate compliance with human rights throughout the Group's activities, ensuring that human rights are respected at all times and are protected within the Halma's sphere of our influence.

The Policy includes several commitments which are key for modern slavery prevention:

- To never tolerate forced or bonded labour, and to never require employees to leave deposits or identity documents with their employer.
- To never tolerate child labour and to require all employees to be above the minimum legal working age.
- To respect any employee's right to form or join a trade union, and to never discriminate against members of trade unions.
- To ensure that employees always have the freedom to leave their employer.

Our Human Rights and Labour Conditions Policy can be found [here](#).

4. Whistleblowing Policy

The Group has a clear whistleblowing policy and an established third-party whistleblowing service, accessible both online and by telephone, which allows employees in any of our businesses to raise concerns in confidence, anonymously (where permitted by law) and independent of their company. Our third-party whistleblowing facility is not limited to employees and can be used by anyone, including our customers and suppliers.

In order to ensure that the mechanism remains accessible and trusted by our employees, the whistleblowing policy explains how the process works, how anonymity will be preserved, and an assurance that a whistleblower will not be treated negatively for raising an issue in good faith. Halma's Board (and Audit Committee where concerns relate to potential financial misconduct or fraud) reviews the nature of reports made through the whistleblowing channel in order to ensure that it remains an effective mechanism for raising concerns, that such reports are properly investigated under the direction of the Company Secretary and that there are no recurring trends that would suggest underlying cultural or ethical issues in the Group.

Any suspected or confirmed cases of modern slavery or human trafficking should be reported through the whistleblowing service. No suspected or confirmed cases of modern slavery have been reported to date.

Our Whistleblowing Policy can be found within our [Code](#).

5. Sale and Distribution Terms and Conditions

During 2018/19, our UK businesses updated their standard sale and distribution terms and conditions. These terms specifically include a clause on compliance with anti-slavery laws and require distributors to not engage in any modern slavery practice. During 2019/20 our US lawyers created standard sale terms requiring anti-slavery compliance.

Risk Assessment

In 2019/20 Halma worked with STOP THE TRAFFIK to conduct a modern slavery risk map of our global supply chain.

STOP THE TRAFFIK's inherent risk mapping methodology consists of ranking each supplier on a scale of 1 to 5 based on their economic sector and country of operation, where 1 is the lowest risk of modern slavery, and 5 is the highest. These rankings combine intelligence from multiple open-source datasets with analysis from STOP THE TRAFFIK's human trafficking Research and Intelligence Team. The inherent risk mapping is a theoretical modern slavery ranking which identifies where risks are most likely to be within our supply chain, it does not confirm their existence.

The risk-mapping project identified that 13.5% (£72.9m) of our 2018/19 procurement expenditure related to 422 suppliers categorised as high-risk due to their country of operation or economic sector. These suppliers broadly fell into two risk areas:

1. Manufacturers in China producing electrical and metal components for our products.
2. Suppliers operating across Europe and North America in high-risk sectors, providing our company with services such as logistics, warehousing, labour provision, and construction.

Based on these inherent risk findings, we have worked with STOP THE TRAFFIK to develop a mitigation plan that will prioritise the Halma companies which are most exposed to these types of high-risk suppliers. We will be providing support and advice to these Halma companies to enable them to conduct effective due diligence and mitigate their inherent supply chain risk.

Due Diligence

Our supplier due diligence activities are conducted at the individual company level.

Below is a summary of the steps taken to prevent modern slavery by those companies that meet, or have met in the past, the Modern Slavery Act threshold.

1. Apollo

Apollo's commitment to respecting human rights and preventing modern slavery is outlined in its supplier handbook which is sent to all suppliers. This handbook clearly states that all Apollo suppliers are required to comply with modern slavery laws and respect human rights, and that failure to do so could void supplier agreements.

All suppliers are assessed annually for a variety of risk variables, including modern slavery prevention. Risk factors such as suppliers' country of operations, membership to the Responsible Business Alliance, and company Modern Slavery Statements are all assessed. When a supplier is perceived to be high-risk for modern slavery, full on-site audits are carried out. Apollo will use STOP THE TRAFFIK's risk mapping process to inform its annual supplier assessment. In addition, the Apollo board and relevant employees have undertaken Halma's Modern Slavery Act compliance training.

2. BEA

All of BEA's suppliers are audited before starting any new business, a specific question on compliance with the Modern Slavery Act is a key trigger before new business can commence with BEA.

For incumbent suppliers, BEA Quality and Purchasing teams visit and audit each supplier regularly (this can be every four months or every two years, depending on vendor turnover with BEA). These audits review working conditions, the working environment, worker safety and labour conditions.

BEA do not have any business with any vendors that operate in countries deemed, by STOP THE TRAFFIK, as high-risk for modern slavery.

In 2019/20, BEA reviewed its purchasing terms and conditions to ensure that they met best practice. BEA's purchasing terms and conditions now include a specific requirement on the adherence to the UK Modern Slavery Act which all suppliers must comply with. These purchasing terms and conditions can be viewed on the BEA [website](#) and are available in English, French and Chinese.

The BEA board and relevant employees have undertaken Halma's Modern Slavery Act compliance training.

3. CenTrak

As a part of new supplier due diligence and on-boarding, implemented in 2019/20, all new suppliers are required to complete a supplier questionnaire related to modern slavery and human trafficking. The questionnaire establishes each supplier's operations and supply chain risk. It includes questions which review: the policies and procedures the suppliers have introduced to mitigate their modern slavery risk; how they manage their own supply chain risk; and what awareness training the supplier has conducted. The CenTrak board and relevant employees have undertaken Halma's Modern Slavery Act compliance training.

4. Crowcon

Crowcon conducts a preliminary modern slavery risk assessment on all its suppliers. This risk assessment is based upon geography, the commodity being purchased and the nature of the transaction.

In 2019/20, Crowcon has continued to audit and assess all of its key suppliers. Crowcon's supplier quality manager has visited the majority of suppliers that are located in high-risk countries according to the Global Slavery Index. All core suppliers have been required to complete a supplier quality audit questionnaire - which includes questions on preventing modern slavery and vetting sub-contractors and suppliers.

Crowcon plans to refresh its code of conduct agreements with its suppliers and also send updated supplier questionnaires, which include questions regarding their suppliers' modern slavery risk, so that the tier two supply chain can be assessed for high-risk activities. The Crowcon board and relevant employees have undertaken Halma's Modern Slavery Act compliance training.

5. HWM

This is the first year that HWM has qualified for reporting under the Modern Slavery Act. HWM has complied with Halma's Modern Slavery Act policy and all senior management and those involved in supply chain have undertaken Halma's Modern Slavery Act compliance training. Staff have re-signed the Halma Code of Conduct, confirming their understanding and commitment to the policy. The findings from STOP THE TRAFFIK's risk mapping will help to identify any high-risk suppliers and prioritise mitigation activities.

6. MediceL

MediceL's supplier quality agreement includes a provision that requires suppliers to comply with the Modern Slavery Act. In addition, MediceL uses a Supplier Labour Standard Assurance Questionnaire that requires suppliers to provide due diligence information such as the number of migrants they employ, if there is a workers' representative and a summary of the steps that have been taken to mitigate risk, such as labour standards policies and informing staff of their rights. Every new or existing supplier based in a country with a perceived high prevalence of modern slavery is being audited. The MediceL board and relevant employees have undertaken Halma's Modern Slavery Act compliance training.

7. MST

This is the first year that MST has qualified for reporting under the Modern Slavery Act. MST has complied with Halma's Modern Slavery Act policy and all senior management have undertaken Halma's Modern Slavery Act compliance training. MST has performed a risk assessment using data from NGOs to identify high-risk suppliers in locations where prevalence is high and government oversight is low. An on-site audit was carried out in 2019 for its largest risk supplier in India. MST has reviewed policies and initiated updates to its standard supplier agreement for all purchases, which now require compliance with the Modern Slavery Act.

8. Texecom

Texecom is committed to respecting human rights and preventing modern slavery. Texecom has fully complied with Halma's Modern Slavery Act Policy and members of the board, and senior leadership team, have undertaken Halma's Modern Slavery Act compliance training. Texecom are rolling out new supplier monitoring and compliance requirements through 2020/21 to further reduce risk factors. This will include a supplier handbook that will define to its suppliers the consequences of not complying with the Modern Slavery Act. The findings from STOP THE TRAFFIK's risk mapping will help to identify any high-risk suppliers and prioritise mitigation activities.

Training

During 2017/18, Halma launched online modern slavery awareness training in partnership with VinciWorks. Senior management, subsidiary board directors and other relevant employees are automatically enrolled on this course. To date, over 2,800 employees have successfully completed this online compliance training, an increase of 1,600 since our last statement. The training covers:

- What modern slavery is and which groups are at heightened vulnerability.
- How modern slavery affects UK companies and what are the legal implications.
- How to identify high-risk suppliers and operations.
- How to identify cases of modern slavery and how to report concerns.

Compliance Statement

As Group Chief Executive, I will continue to lead this important agenda for our Halma and our Group and will report annually on the steps that we have taken and will be taking to prevent modern slavery.

A copy of this Statement is available on the Company's website at www.halma.com and also at the Modern Slavery Registry which is maintained by the Business & Human Rights Resource Centre.

This statement was approved by the Board of Halma and signed on its behalf by:

Andrew Williams

Group Chief Executive

7 July 2020