

# Slavery and Human Trafficking Statement

Esterline Technologies Corporation and all its subsidiaries (Esterline) are committed to supporting fundamental human rights and believe in the dignity and worth of all individuals. We do not use or allow the use of slave or forced labor or human trafficking in our business activities and expect our suppliers to adhere to these same principles. We condemn any degrading treatment of individuals.

This statement is made pursuant to Section 54 of the United Kingdom's Modern Slavery Act of 2015 and details the steps Esterline has taken to ensure that slavery and human trafficking is not taking place in our business and supply chains. It constitutes our slavery and human trafficking statement for the fiscal year 2017. We will review, update, and publish this statement annually.

## Organizational structure and supply chains

Esterline, a Delaware corporation formed in 1967, is a leading specialized manufacturing company principally serving aerospace and defense customers. Our products are found on most military and commercial aircraft, helicopters, and land-based systems. We also serve the industrial/commercial and medical markets.

We design, manufacture and market highly engineered products and systems for application within the industries we serve. We operate our businesses in three key technology segments: Avionics & Controls, Sensors & Systems and Advanced Materials.

We have over 50 manufacturing facilities located in a number of countries: Belgium, Canada, China, the Dominican Republic, France, Germany, India, Japan, Mexico, Morocco, the United Kingdom and the United States. We also have sales and service operations located in Brazil, China and Singapore. We have a global team of 13,255 employees, approximately 36% of whom are based in the United States, with the remainder distributed among the other countries in which we operate.<sup>1</sup> Labor unions represent approximately 12% of the 4,825 U.S.-based employees.

We work with over 25,000 vendors from countries around the world to source both raw materials and components to fabricate and assemble our products. We have long-term contracts with most of our key suppliers given the highly regulated nature of the industries in which we operate. As a contractor and subcontractor to the U.S government, we are subject to various laws and regulations that are more restrictive than those applicable to private sector businesses. The long-term nature of our customer relationships is reflected in our supplier base, which is also stable over time.

## Organizational policies

We have a global Code of Business Conduct and Ethics, which is available in 14 languages and can be found at

<http://www.esterline.com/CorporateResponsibility/Ethics/CodeofBusinessConductEthicsandCertification>.

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<sup>1</sup> Numbers accurate as of September 29, 2017

[aspx](#). The Code of Business Conduct and Ethics communicates our human rights standards, including freedom from forced labor and human trafficking. This code applies to everyone in Esterline at all levels and in all countries where we do business. Employees are required to sign a Code of Conduct Certification annually to demonstrate their commitment and compliance with this Code. This code is further supported by a specific corporate policy on human rights.

We have a Combating Trafficking in Persons Policy (Policy), which can be found at <http://www.esterline.com/CorporateResponsibility/HumanRights/LaborTrafficking.aspx>, that prohibits Esterline, our employees, agents, subcontractors and subcontractor employees from engaging in activities that are known enablers of human trafficking as identified in Federal Acquisition Regulation (FAR) 52.222-50 - Combating Trafficking in Persons. These activities include charging recruitment fees, withholding employee identity or immigration documents and using misleading or fraudulent practices during the recruitment of employees, as well as providing arranged housing that fails to meet host country housing and safety standards. This Policy was published in April 2016 and is now being implemented across all subject business units.

All Esterline supervisors, managers, and executives are required to read and adhere to our Policy and related procedures. We maintain local ethics advisors in our business units to further support policy adherence. We are committed to updating our business conduct and ethics policies periodically to include lessons learned and reflect new insights into improving our effectiveness in the fight against slavery and human trafficking.

We also have a Supplier Code of Conduct (Code) that applies to all Esterline suppliers and to all supplier facilities performing work for Esterline. Esterline's key suppliers are expected to sign a certification committing to the principles contained within the Code. The Code was published in March 2017 and makes clear that we expect our suppliers to adhere to our human rights standards, including our Policy regarding slavery and human trafficking, and to have management systems in place to support compliance with the Code. The Code expects our suppliers to have documented ethics and compliance policies, to implement their own code of conduct, and to flow down the principles of their code to their own supply chain.

### **Due diligence and assessing and managing risk**

Esterline assessed our supply chain for risk of human rights abuse throughout our global operations after launching our human rights program in March 2016. The risk assessment process takes into consideration country and sector risks and will recur annually. As we identify risks in our supply chain associated with specific facilities, we will develop mitigation plans to help ensure these facilities are meeting our human rights standards. The results of the assessment will inform any further company-wide training and support needs. In fiscal year 2019, we will begin including our human rights standards in our formal internal audit plan to ensure that we are meeting our standards.

Esterline is working with a third-party provider, Assent Compliance, to help us address risks of modern slavery and human trafficking, especially throughout our global supply chain. We are using a modified

version of the Slavery and Trafficking Risk Template (STRT)<sup>2</sup> to survey our suppliers to assess the risk of slavery and human trafficking. This risk screening approach directly engages suppliers and, as such, fosters constructive dialogue and further raises supplier awareness of our expectations with regards to protecting workers from slavery and human trafficking. It also collects data in a standardized, efficient manner flowing down and gathering information through deep supply chains.

Following the success of a pilot program in fiscal year 2016, in fiscal year 2017 we began surveying our tier 1 suppliers and service providers who operate in sectors with significant risk of human trafficking for slavery and human trafficking risk using a modified version of the STRT. To date, we have surveyed approximately 2,600 tier 1 suppliers. We are currently evaluating our exposure to slavery and human trafficking risk based on the responses received and intend to develop a strategy to work with suppliers that have an elevated risk. We are committed to working with our suppliers to address identified risks. We aim to do so using a range of approaches, including online supplier training on modern slavery.

Esterline also detects risks through its Ethics Helpline which is accessible in 14 different languages and is open to company employees, suppliers' employees, and contractors to report suspected violations of Esterline policies, including its Policy and Code. A link to the Helpline is available at <http://www.esterline.com/CorporateResponsibility/EthicsHelpline.aspx>. All reports are treated as confidential, whether provided through telephone or website, and reporters may remain anonymous where permitted by law. Esterline is committed to fostering an environment where people feel free to raise issues, including issues regarding slavery and human trafficking, and we will investigate as appropriate to the issue raised. We will not tolerate disrespectful behavior or other forms of retaliation aimed at an individual who makes an ethics report in good faith or provides truthful information in an investigation.

### **Key performance indicators**

After completing its initial supply chain risk screening process in fiscal year 2017, Esterline has established and is monitoring key performance indicators to measure progress in reducing its risks of modern slavery and human trafficking. These KPI's include the percentage of our suppliers evaluated by Assent, the number of issues related to human trafficking raised through our Helpline process, and the percentage of management training completed during the year.

### **Training**

Esterline employees at subject manufacturing facilities are required to complete the Esterline Combating Trafficking in Persons General Awareness Training every three years, in addition to annual refresher training during the interim years. In fiscal year 2018, we plan to roll-out training for management and procurement staff specific to slavery and human trafficking to further supplement the training that we already provide our employees.

### **Approval**

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<sup>2</sup> The Slavery and Trafficking Risk Template (STRT) is an industry standard open-source template available at [www.sraglobal.org](http://www.sraglobal.org)

This statement was approved on behalf of the Board of Esterline Technologies Corporation and its subsidiaries by the undersigned on March 31, 2018.



Curtis Reusser

Chairman, President & CEO