

Contents

- 1. MODERN SLAVERY - CONTEXT3
- 2. GROUP STRUCTURE AND CORPORATE GOVERNANCE3
- 3. SLAVERY AND HUMAN TRAFFICKING STATEMENT4

1. Modern Slavery - context

The Modern Slavery Act 2015 ("the Act") requires certain businesses to provide disclosures about the way they address issues, if any, in their supply chains concerning slavery and human trafficking.

SCISYS PLC and its subsidiaries recognise and firmly believe that modern slavery, human trafficking and forced labour is an abhorrent abuse of human rights which pervades communities across the globe.

Therefore these disclosures are aimed to provide SCISYS shareholders and the public better information on the way SCISYS complies with the Act.

SCISYS is committed to implementing and maintaining procedures to raise awareness and avoid complicity in human rights violations that could occur as a result of its business operations either directly or through using its supply chain. There are many forms of coerced labour and this statement seeks to address only those types that could occur as a result of SCISYS operating its business.

2. Group structure and Corporate Governance

SCISYS PLC is quoted on AIM in the UK and holds the following shareholdings in its subsidiaries:

- 100% in SCISYS UK Limited which is based in Chippenham, Wiltshire, UK;
- 100% in SCISYS DE Holding GmbH, which is based in Bochum, Germany;
- 11% in SCISYS DE GmbH, which is based in Bochum, Germany;
- 100% in Xibis Limited, which is based in Oadby, Leicester.

SCISYS DE Holding GmbH holds the following shareholding in its subsidiaries:

- 100% of the shareholding in ANNOVA Systems GmbH, which is based in Munich, Germany;
- 89% of the shareholding in SCISYS DE GmbH.

As an AIM quoted company SCISYS is not subject to the UK Corporate Governance Code, but applies it where appropriate for a company of its size. The SCISYS board ensures good corporate governance is undertaken. It has robust and accessible governance structures in place, implemented through detailed PLC policies and procedures, together with a risk register, which is reviewed at least annually by the executive Directors and the Company Secretary. Legal updates are also brought to the PLC board's attention by SCISYS' General Counsel. The PLC board is aware of its obligations under the Modern Slavery Act 2015 ("the Act") and is committed to operating its business on an ethical basis and setting the tone for an ethical culture within the SCISYS group.

3. Slavery and Human Trafficking Statement

This statement is written for the SCISYS Group ("SCISYS").

SCISYS has a zero tolerance policy and requires its supply chains to be transparent and accountable in this respect. SCISYS will not support a supply chain where SCISYS is aware of or has reasonable grounds to believe that modern slavery is taking place. SCISYS will terminate supply contracts in these circumstances, wherever possible. SCISYS is carrying out a number of steps to develop an appropriate and effective response to the requirements of the Act as part of its commitment to comply effectively.

SCISYS is confident that slavery and human trafficking is not taking place by SCISYS towards its own staff and any IT contractors it engages. SCISYS predominantly employs staff in the UK (SCISYS UK Limited) and in Germany and in France (SCISYS DE and ANNOVA). Staff can be required to work in other, mainly European countries. All staff are employed under employment conditions and are required to sign an employment contract. Any IT contractors are usually engaged on industry standard conditions.

SCISYS provides bespoke software solutions and software products for a range of clients, including blue-chip corporations and the public sector. It is primarily a "people business" and depends upon its staff to write and manage complex IT software solution projects. SCISYS meets and exceeds the national minimum wage and follows the living wage standard where applicable. Since 1 January 2015, there is a general minimum wage in Germany. Compliance with the Minimum Wage Act (*Mindestlohngesetz*) is ensured by imposing a criminal responsibility of the employer as well as a liability for the employer's commercial customers. There is also a minimum wage requirement in France, which SCISYS complies with.

Additionally SCISYS purchases hardware and IT equipment and licences through a purchasing procedure either operated by or devolved to its trading divisions or via a central department. This equipment and software is purchased predominantly within Europe from large companies, which will have their own modern slavery policies in place. SCISYS believes that the risk of modern slavery occurring is considerably higher for purchases outside Europe, and this will be taken into account when choosing suppliers.

SCISYS annual spend on such purchases is circa 10% of its total Group turnover. The supply chain comprises predominantly blue chip companies which SCISYS audits. Compliance with the Act now forms part of that audit process.

The SCISYS verification process involves at least a two-yearly assessment of its major suppliers by way of a self-assessment questionnaire and/or review of its modern slavery statement. In addition SCISYS reserves the right to audit individual suppliers on an "as needed" basis to verify compliance. The Modern Slavery helpline (0800 0121 700) is available to employees with any concerns.

SCISYS is also seeking to raise awareness about the possibility of indirectly supporting slavery through its third party supply chain. Staff are being made aware of this through targeted staff induction and training. To that end, staff are encouraged to seek assurances from suppliers that they are taking steps from within their own

supply chain to identify and tackle possible areas of modern slavery. Staff are able to report any concerns to the Company Secretary who will take appropriate and prompt action.

Where appropriate SCISYS will seek contractual terms requiring its suppliers to have in place and provide when requested a copy of their own Modern Slavery policies. SCISYS' own standard terms and conditions also reflect the requirements of the Act.

This statement is made in accordance with section 54(1) of the Modern Slavery Act 2015 and constitutes SCISYS' slavery and human trafficking statement, appearing on the SCISYS website and also in the PLC policies section of the SCISYS UK intranet (<http://intranet.scisys.co.uk/PLC/default.aspx>).

This was approved by the SCISYS Board on 13 December 2017. It constitutes the SCISYS PLC Modern Slavery Statement for the financial year ending 31 December 2017.



Signed,

Steve Brignall, Director, 4 January 2018

END OF DOCUMENT